INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF **KALPATARU SATPURA TRANSCO PRIVATE LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **Kalpataru Satpura Transco Private Limited** ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.;

(d) in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

(e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us :

   i. The company has no pending litigation which would impact its financial position except those disclosed in financial statements;

   ii. The company did not have any long-term contract including derivative contract for which there were any material foreseeable losses;

   iii. There were no amounts which were required by the company to be transferred to the Investor Education and Protection Fund, and;

2. As required by Section 143(3) of the Act, based on our audit we report that:

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

For Gianender & Associates
Chartered Accountants
(Firm's Registration No. 004661N)

Jeetender Gupta
(Partner)
(M No. 92547)

Place: New Delhi
Date : 15th May,2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Kalpataru Satpura Transco Private Limited** of even date)

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

We have audited the internal financial controls over financial reporting of **Kalpataru Satpura Transco Private Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Gianender & Associates
Chartered Accountants
(Firm's Registration No. 004661N)

Jeetender Kumar Gupta
(Partner)
(M No. 92547)

Place: New Delhi
Date: 15th May,2018

Annexure 'B' to the Independent Auditor's Report of **Kalpataru Satpura Transco Private Limited** for the Year ended as on 31st March 2018

Annexure referred to in paragraph 2 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date:-

i.
   a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
   b) The Fixed Assets have been physically verified by the management at regular intervals and no material discrepancies were noticed on such verification.
   c) The title deeds of immoveable properties are held in the name of the company.

ii. The Company has no inventory Hence, reporting under Para 3(ii) are not applicable.

iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liabilities partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, reporting under clause (a) to (c) of Para 3(iii) are not applicable.

iv. The Company has not entered into any transaction in respect of loans, investments, guarantee and securities, which attracts compliance to the provisions of the sections 185 and 186 of the Companies Act, 2013. Therefore the paragraph 3(iv) of the Order is not applicable to the company.

v. The Company has not accepted deposits in terms of the provisions of section 73 to 76 of the Companies Act, 2013 and rules framed there under. Therefore the paragraph 3(v) of the Order is not applicable to the company.

vi. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

vii.
   a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has been generally regular in depositing undisputed statutory dues including provident fund, employee state insurance, income tax, service tax, value added tax, cess and other statutory dues during the year with the appropriate authorities. As on 31st March 2018, there are no undisputed statutory dues payables for period exceeding for a period more than six month from the date they become payable.
   b) According to the information and explanations given to us, there were no statutory dues pending in respect of income tax, sales tax, VAT, custom duty and cess etc. on account of any dispute.

viii. In our opinion and according to the information and explanation provided to us, the company has not defaulted in repayment of loans or borrowing to the bank and debenture holders. The Company has not taken any loans or borrowings from any Government or financial institution.

ix. Money raised by way of term loans were applied for the purpose for which it was raised. The Company has not raised money by way of initial public offer or further public offer.

x. According to the information and explanation given to us by the management which have been relied by us, there were no frauds on or by the company noticed or reported during the period under audit.

xi. In our opinion, the managerial remuneration paid or provided by the company are in accordance with the provision of section 197 of the Companies Act read with Schedule V.

xii. The company is not a Nidhi Company, therefore para 3(xii) of the Order is not applicable to the company.

xiii. In our opinion and according to the information provided to us, the transaction entered with the related partied are in compliance with section 177 and 188 of the Act and are disclosed in the financial statements as required by the applicable accounting standards.

xiv. The Company has made private placement of non-convertible debentures during the year in compliance with requirement of section 42 of the companies Act, 2013 and the amount raised have been used for the purposes for which the funds were raised.

xv. According to the information provided to us, the company has not entered into any non-cash transaction with directors or the persons connected with him covered under section 192 of the Companies Act 2013. Therefore, paragraph 3(xv) of the Order is not applicable to the company.

xvi. According to the information provided to us, the company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable to the company.

For Gianender & Associates
Chartered Accountants
(Firm's Registration No. 004661N)

Jeetender Kumar Gupta
(Partner)
(M No. 92547)

Place: New Delhi
Date: 15th May,2018

KALPATARU SATPURA TRANSCO PRIVATE LIMITED
Balance Sheet as at 31st March, 2018

(Rs. in Lakhs)

	Note	As at 31st March 2018	As at 31st March 2017
ASSETS			
Non-current assets			
(a) Property, Plant and Equipments	5	1.63	2.08
(b) Financial Assets			
Others	6 (i)	24,556.18	25,501.45
		24,557.81	25,503.53
Current Assets			
(a) Financial Assets			
(i) Cash and cash equivalents	7	10.54	428.80
(ii) Bank Balance other than (i) above	8	680.00	-
(iii) Others	6(ii)	979.50	995.62
(b) Current Tax Assets (net)	9	132.43	108.19
(c) Other Current Assets	10	3.50	4.46
		1,805.97	1,537.07
TOTAL ASSETS		**26,363.78**	**27,040.60**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	11	1,619.00	1,619.00
(b) Other Equity	12	6,300.66	6,269.59
		7,919.66	7,888.59
LIABILITIES			
Non Current Liabilities			
(a) Financial Liabilities			
Borrowings	13	16,888.28	18,278.00
(b) Deferred Tax Liabilities	14	409.28	-
		17,297.56	18,278.00
Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables		50.90	23.58
(ii) Other financial liabilities	15	1,084.21	849.00
(b) Other Current Liabilities			
Statutory Liabilities		11.45	1.43
		1,146.56	874.01
TOTAL EQUITY AND LIABILITIES		**26,363.78**	**27,040.60**

Significant Accounting Policies
Notes forming part of the Financial Statements 1 to 27

For and on behalf of the Board

In terms of our report attached

For Gianender & Associates
Chartered Accountants
Firm Registration No. 004661N

Kamal Kishore Jain
Director & CFO
DIN : 00269810

Jeetender Kumar Gupta
Partner
(M. No. 92547)
Place:New Delhi
Date : 15th May,2018

Rahul Shah
Company Secretary

Place : New Delhi
Date : 15th May,2018

Saurabh Gupta
Director
DIN : 06856431

KALPATARU SATPURA TRANSCO PRIVATE LIMITED
Statement of Profit and Loss for the year ended 31st March, 2018

(Rs. In Lakhs)

	Note	2017-18	2016-17
Revenue from Operations	16	2,744.60	2,707.15
Other Income	17	53.27	39.68
TOTAL INCOME		**2,797.87**	**2,746.83**
EXPENSES			
Employee Benefits Expense		60.80	55.97
Finance Costs	18	1,887.45	2,027.11
Other Expenses	19	241.61	223.10
Depreciation	5	0.66	0.93
TOTAL EXPENSES		**2,190.52**	**2,307.11**
Profit Before Exceptional Items and Tax		607.35	439.72
Exceptional Items		-	-
Profit Before Tax		**607.35**	**439.72**
Tax Expenses			
Current Tax		-	-
Deferred Tax		409.28	-
Profit for the year		**198.07**	**439.72**
Other Comprehensive Income			
Items that will be reclassified subsequently to Profit or Loss		-	-
Items that will not be reclassified subsequently to Profit or Loss		-	-
Total Comprehensive Income for the year		**198.07**	**439.72**
Earnings per Equity Share			
Basic and Diluted		1.22	2.72
Notes forming part of the Financial Statements	1 to 27		

For and on behalf of the Board

In terms of our report attached

For Gianender & Associates
Chartered Accountants
Firm Registration No. 004661N

Kamal Kishore Jain
Director & CFO
DIN : 00269810

Jeetender Kumar Gupta
Partner
(M. No. 92547)
Place: New Delhi
Date : 15th May,2018

Rahul Shah
Company Secretary
Place : New Delhi
Date : 15th May,2018

Saurabh Gupta
Director
DIN : 06856431

KALPATARU SATPURA TRANSCO PRIVATE LIMITED

Cash Flow Statement for the year ended 31st March, 2018

(Rs in Lakhs)

	Particulars	**2017-18**	**2016-17**
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Net profit before tax	607.35	439.72
	Adjustment for:		
	Depreciation	0.66	0.93
	Finance Cost	1,887.45	2,027.11
	Interest Income	(50.42)	(31.59)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**2,445.04**	**2,436.17**
	Adjustment for:		
	Trade and Other Receivables	727.25	1,094.43
	Trade and Other Payables	37.34	(4.45)
	Inventories	-	2.03
	CASH GENERATED FROM OPERATIONS	**3,209.63**	**3,528.18**
	Income Tax Paid	(24.24)	(3.14)
	NET CASH GENERATED FROM OPERATING ACTIVITIES	**3,185.39**	**3,525.04**
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of Property, Plant & Equipment	(0.21)	(0.41)
	Deposit with Banks	(680.00)	-
	Interest Received	47.93	30.51
	CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	**(632.28)**	**30.10**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Repayment of Long Term Borrowings	(19,403.92)	(1,249.00)
	Proceeds from Issue of Non Convertible Debetures	18,320.00	-
	Finance Cost	(1,887.45)	(2,027.11)
	CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	**(2,971.37)**	**(3,276.11)**
D.	**NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS**	(418.26)	279.03
E.	**Opening Cash and Cash Equivalents**	428.80	149.77
F.	**Closing Cash and Cash Equivalents**	**10.54**	**428.80**
	Particulars	**As at 31st March, 2018**	**As at 31st March, 2017**
	Cash and Cash Equivalent at the end of the year comprises		
	(a) Cash on Hand	-	-
	(b) Balance with Bank		
	(i) In current accounts	10.54	8.80
	(ii) In deposit accounts	-	420.00
	Cash and Cash Equivalent as per Cash Flow Statement	**10.54**	**428.80**

For and on behalf of the Board

In terms of our report attached

For **Gianender & Associates**
Chartered Accountants
Firm Registration No. 004661N

Kamal Kishore Jain
Director & CFO
DIN : 00269810

Jeetender Kumar Gupta
Partner
(M. No. 92547)
Place: New Delhi
Date : 15th May,2018

Rahul Shah
Company Secretary

Place : New Delhi
Date : 15th May,2018

Saurabh Gupta
Director
DIN : 06856431

1. CORPORATE INFORMATION

Kalpataru Satpura Transco Pvt. Ltd. (referred to as "the Company") was incorporated as private limited company on 10th May 2013 with objects of exclusive right and authority to construct, operate, maintain and transfer the 400kv DCDS Transmission Lines in the state of Madhya Pradesh on Design, Build, Finance, Operate and Transfer (DBFOT) basis and provide transmission services for a period of 25 years with an option to extend the period for further period of 10 years mutually agreed for which transmission license has been granted by Madhya Pradesh Electricity Regulatory Commission (MPERC) for transmission of electricity from 2X250 MW extension unit at Satpura TPH effective from 1st November 2013. Accordingly, the Company has entered into Transmission Agreement with M P Power Transmission Company Limited (MPPTCL) to which the entire transmission system is being made available for transmission of power. The project has achieved the Commercial Operation Date (COD) in the month of April 2015.

The Company has its registered office at Plot No. 101, GIDC Estate, Phase – III, Sector – 28, Gandhinagar.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The financial statements have been prepared on historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, in accordance with Ind AS 109, as explained in accounting policies below.

3. USE OF ESTIMATES

The preparation of the financial statements in conformity with recognition and measurement principles of Ind AS requires the Management to make estimates and assumptions that affect the reported balance of assets and liabilities, disclosers relating to contingent liabilities as at the date of the financial statements and the reported amount of income and expense for the period. Estimates and underlying assumptions are reviewed on ongoing basis. Revision of accounting estimates are recognised in the period in which the estimates are revised and future period affected.

4. SIGNIFICANT ACCOUNTING POLICIES

A. Service Concession Arrangements

The company has operating and maintaining the power transmission system including sub-station constructed to provide services for a specified period of time in accordance with the transmission agreement entered into with the grantor.

Under Appendix A to Ind AS 11, this arrangement is considered as Service Concession Arrangement and in accordance with para 16 of the Appendix A to Ind AS 11, rights to receive the consideration from the grantor for providing services has been recognised as "financial assets".

B. Revenue Recognition

Consideration being unitary charges receivable for the period of operation and maintenance of transmission system based on the concession agreement with M P Power Transmission Company Limited (MPPTCL) is accounted on accrual basis net of amortisation of financial assets recognised as per Appendix A to Ind AS 11. Unitary charges are adjusted for conditional incentive / penalty as per concession agreement with MPPTCL.

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

C. Current and Non-Current classification

Assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the balance sheet date. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

D. Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. All other borrowing costs are recognized as expense in the period in which they are incurred.

E. Income taxes

Income tax expense comprises current tax expense and net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current income taxes

Tax on income for the current period is determined on the basis of estimated taxable income and tax credit computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred income taxes

Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Deferred tax is recognised on temporary timing difference between the carrying amount of assets or liability and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognized as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the Company and the assets can be measured reliably.

F. Depreciation

Depreciation on all depreciable Property, Plant and Equipment is provided on Written Down Value (WDV) method based on useful life as prescribed under Schedule II to the Companies Act,2013.

G. Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Classification:

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

All financial liabilities are classified as subsequently measured at amortised cost except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives, are subsequently measured at fair value, with any gains or losses arising on re-measurement recognised in profit or loss.

Financial instruments are classified as a liability or equity according to the substance of the contractual arrangement and not its legal form.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company are recognised at the proceeds received, net of issue costs.

(ii) Initial recognition and measurement:

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial asset and liabilities at fair value through profit & loss) are added to or deducted from the fair value measured on initial recognition of the financial assets or financial liabilities.

(iii) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost, using the effective interest rate method, if:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category generally applies to trade and other receivables.

(iv) Financial asset at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within business whose objective is achieved by both collecting contractual cash flow and selling asset financial asset and the contractual terms of financial asset give rise on specific dates to cash flows that are solely payment of principal and interest on principal amount outstanding.

(v) Financial asset at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or fair value through other comprehensive income. Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

(vi) Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and/or receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged, 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 financial liability are substantially modified, such exchange or modification is accounted as derecognition of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit or loss.

H. 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

I. Impairment

a) Financial asset

Company applies as per Ind AS 109 expected credit loss model for recognising impairment loss on trade receivables, other contractual rights to receive cash or other financial asset.

b) Non-Financial asset

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the higher of the fair value less cost of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss.

J. Provisions and Contingent Asset / Liabilities

Provisions are recognised when there is present obligation (legal or constructive) as a result of a past event, it is probable that company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no disclosure is made.

Contingent assets are not recognised but disclosed in the financial statements when economic inflow is probable.

K. Significant Accounting Judgement, Estimates and Assumptions

Management has assessed the applicability of Appendix A to Ind AS 11: Service Concession Arrangements to the transmission agreement entered into by the company. In assessing the applicability, management has exercised judgment in relation to underlying ownership of the assets, terms of agreement with grantor, ability to determine prices, control over assets and service to be provided, residual interest, assessment of right to guaranteed cash, etc. Based on detailed evaluation, management has determined that this arrangement meets the criteria for recognition as service concession arrangement and contractual rights to receive consideration for service are to be recognised as “financial assets”.

Management has taken key assumptions based on past experience, expected future trends related to inflation, price indexes and assessment of system availability in determining future cash flow and ascertaining the value of financial assets to be recognised.

KALPATARU SATPURA TRANSCO PRIVATE LIMITED

Statement of Change in Equity for the year ended 31st March, 2018

A : Equity Share Capital (Rs. in Lakhs)

Particulars	Amount
Balance as on 1st April, 2016	1,619.00
Changes in equity share capital during financial year 2016-17	-
Balance as on 31st March, 2017	1,619.00
Changes in equity share capital during financial year 2017-18	-
Balance as on 31st March, 2018	1,619.00

B : Other Equity (Rs. in Lakhs)

Particulars	Equity Component of Financial Instruments	Securities Premium Reserve	Debenture Redemption Reserve	Retained Earning	Other Comprehensive Income	Total
Balance as on 1st April, 2016	967.00	4,035.00	-	1,027.87	-	6,029.87
Profit for Year 2016-17	-	-	-	439.72	-	439.72
Other changes during the year	(200.00)	-	-	-	-	(200.00)
Balance as on 31st March, 2017	767.00	4,035.00	-	1,467.59	-	6,269.59
Profit for Year 2017-18	-	-	-	198.07	-	198.07
Other changes during the year	(167.00)	-	198.07	(198.07)	-	(167.00)
Balance as on 31st March, 2018	600.00	4,035.00	198.07	1,467.59	-	6,300.66

In terms of our report attached
For Gianender & Associates
Chartered Accountants
Firm Registration No. 004661N

For and on behalf of the Board

Kamal Kishore Jain
Director & CFO
DIN : 00269810

Jeetender Kumar Gupta
Partner
(M. No. 92547)
Place: New Delhi
Date : 15th May,2018

Rahul Shah
Company Secretary

Place : New Delhi
Date : 15th May,2018

Saurabh Gupta
Director
DIN : 06856431

KALPATARU SATPURA TRANSCO PRIVATE LIMITED
Notes on Financial Statement for the year ended 31st March, 2018

5 Property, Plant and Equipments as on 31st March 2018 (Rs. in Lakhs)

Particular	Gross Block			Accumulated Depreciation			Net Block	
	As at 1st April, 2017	Additions	As at 31st March, 2018	As at 1st April, 2017	For the year 17-18	As at 31st March, 2018	As at 31st March, 2018	As at 31st March, 2017
Furniture & Fixtures	0.91	-	0.91	0.36	0.14	0.50	0.41	0.55
Vehicles	1.53	0.08	1.61	0.63	0.23	0.86	0.75	0.90
Computers	0.19	0.11	0.30	0.16	0.02	0.18	0.12	0.03
Office Equipments	1.11	0.02	1.13	0.51	0.27	0.78	0.35	0.60
Total	**3.74**	**0.21**	**3.95**	**1.66**	**0.66**	**2.32**	**1.63**	**2.08**

Property, Plant and Equipments as on 31st March 2017 (Rs. in Lakhs)

Particular	Gross Block			Accumulated Depreciation			Net Block	
	As at 1st April, 2016	Additions	As at 31st March, 2017	As at 1st April 2016	For the year 16-17	As at 31st March, 2017	As at 31st March, 2017	As at 31st March 2016
Furniture & Fixtures	0.91	-	0.91	0.17	0.19	0.36	0.55	0.74
Vehicles	1.53	-	1.53	0.31	0.32	0.63	0.90	1.22
Computers	0.19	-	0.19	0.11	0.05	0.16	0.03	0.08
Office Equipments	0.70	0.41	1.11	0.14	0.37	0.51	0.60	0.56
Total	**3.33**	**0.41**	**3.74**	**0.73**	**0.93**	**1.66**	**2.08**	**2.60**

(Rs. in Lakhs)

		As at 31st March 2018	As at 31st March 2017
6	**OTHER FINANCIALS ASSETS**		
	(Unsecured Considered good)		
	(i) Non Current		
	Security Deposits	-	1.00
	Deposits with Banks under lien	2.20	2.20
	Service Concession receivables	24,553.98	25,498.25
	TOTAL	**24,556.18**	**25,501.45**
	(ii) Current		
	Accrued Income	4.38	1.89
	Service Concession receivables	974.68	993.73
	Others	0.44	-
	TOTAL	**979.50**	**995.62**
7	**CASH AND CASH EQUIVALENTS**		
	Cash on hand	-	-
	Balance With Banks		
	In Current Accounts	10.54	8.80
	In Fixed Deposit Accounts	-	420.00
	TOTAL	**10.54**	**428.80**
8	**Other Bank Balance**		
	In Fixed Deposit Accounts	680.00	-
	TOTAL	**680.00**	**-**
9	**CURRENT TAX**		
	Advance Income Tax and TDS (net of provisions)	132.43	108.19
	TOTAL	**132.43**	**108.19**
9.1	**Reconciliation of income tax expenses with the accounting profit**		
	Profit before tax	607.35	439.72
	Income tax calculated at 34.61%	210.20	152.19
	Temporary timing differences related to depreciation	199.08	(152.19)
	Income tax expenses recognised in the statement of profit and loss	**409.28**	**-**
10	**Other Current Assets**		
	Prepaid Expenses	3.50	4.46
	TOTAL	**3.50**	**4.46**

(Rs. in Lakhs)

		As at 31st March 2018	As at 31st March 2017
11	**EQUITY**		
	AUTHORISED :		
	16,190,000 (16,190,000) Equity Shares of Rs. 10/- each	1,619.00	1,619.00
	TOTAL	**1,619.00**	**1,619.00**
	ISSUED, SUBSCRIBED and PAID-UP:		
	16,190,000 (16,190,000) Equity Shares of Rs. 10 each fully paid up	1,619.00	1,619.00
	TOTAL	**1,619.00**	**1,619.00**

11.1 Reconciliation of the Equity shares outstanding at the beginning and at the end of the reporting period

Equity Shares	As at 31st March 2018		As at 31st March 2017	
	Numbers	Rs in Lakhs	Numbers	Rs in Lakhs
Shares outstanding at the beginning of the year	16,190,000	1,619.00	16,190,000	1,619.00
Shares outstanding at the end of the year	16,190,000	1,619.00	16,190,000	1,619.00

11.2 The Company has only one class of Equity Shares having par value of Rs. 10 per share. Each holder of Equity Shares is entitled to one vote per share. The dividend is declared and paid on being proposed by the Board of Directors after the approval of the Shareholders in the ensuing Annual General Meeting.

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 liabilities. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

11.3 Details of shareholders holding more than 5% shares in the company

Name of Shareholder	As at 31st March 2018		As at 31st March 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Kalpataru Power Transmission Limited, Holding Company and its nominees	16,190,000	100.00	16,190,000	100.00

		As at 31st March 2018	As at 31st March 2017
12	**OTHER EQUITY**		
	Securities Premium Account :		
	As per last Balance Sheet	4,035.00	4,035.00
	Surplus in the Statement of Profit and Loss :		
	As per last Balance Sheet	1,467.59	1,027.87
	Add : Profit for the year	198.07	439.72
	Less: Transfer to Debenture Redemption Reserve	198.07	-
		1,467.59	1,467.59
	Debenture Redemption Reserve:		
	As per Last Balance Sheet	-	-
	Add: Transferred from Surplus in the Statement of Profit & Loss	198.07	-
		198.07	-
	Loan from Holding Company as equity support	600.00	767.00
	TOTAL	**6,300.66**	**6,269.59**

(Rs. in Lakhs)

13 NON CURRENT BORROWINGS

	As at 31st March 2018		As at 31st March 2017	
	Non-Current	Current	Non-Current	Current
Secured - At amortised cost				
a) Non-Convertible Redeemable Debenture	17,110.88	1,099.20	-	-
Rupee Term Loan				
From Banks	-	-	18,278.00	849.00
Less:				
Unamortised Borrowing Cost	222.60	14.99		
	16,888.28	1,084.21	18,278.00	849.00
Amount disclosed under the head "Other Financial Liabilities" (Refer Note 15)	-	(1,084.21)	-	(849.00)
TOTAL	**16,888.28**	**-**	**18,278.00**	**-**

13.1Rupee Term Loan from Banks during the previous year

The rupee term loan facility from banks is secured in favour of banks by first charge by way of hypothecation of entire moveable property both present and future, first charge by way of hypothecation on entire cash flow, receivables, book debts and revenue of whatsoever nature, intangible assets, first charge by way of hypothecation / mortgage/ assignment of all the rights, titles, interest, benefits, claims or demand of the borrower in project documents, clearances and in any letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party subject to transmission agreement, first charge by way of hypothecation on trust and retention account/ escrow agreement, debt service reserve and any other reserves, other bank accounts, pledge of shares by sponsors upto 26% of the paid up capital of the company.

The company has repaid the entire loan during the year. However, the charges for security was vacated on 05th

13.2 Details of Secured Non-Convertible Redeemable Debenture

The debentures are secured by first charge by way of hypothecation of entire moveable property both present and future (excluding project assets), first charge by way of hypothecation on entire cash flow, receivables, book debts and revenue of whatsoever nature, intangible assets, first charge by way of hypothecation / mortgage/ assignment of all the rights, titles, interest, benefits, claims or demand of the borrower in project documents, clearances and in any letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party subject to transmission agreement, first charge by way of hypothecation on trust and retention account/ escrow agreement, debt service reserve and any other reserves, other bank accounts, pledge of shares by sponsors upto 26% of the paid up capital of the company. In addition to the Pledged Shares, Company has provided a non-disposal undertaking for 25% of equity share .Charge for the security has been created on 05th April,2018.

The debentures is repayable by way of quarterly installments in approximately 18 years and ending on 31st March 2036. Interest is payable at 8.65% p.a. which is fixed for 10 years. Date of Allotment is 27th March,2018.

	As at 31st March 2018	As at 31st March 2017
14 DEFERRED TAX LIABILITIES		
Recognised in the statement of Profit and Loss		
Timing difference related to Depreciation	409.28	-
TOTAL	**409.28**	**-**
15 OTHER FINANCIAL LIABILITIES		
Current		
Current maturities of long term debt (Refer Note 13)	1,084.21	849.00
TOTAL	**1,084.21**	**849.00**

KALPATARU SATPURA TRANSCO PRIVATE LIMITED
Notes on Financial Statement for the year ended 31st March, 2018

(Rs. in Lakhs)

		2017-18	2016-17
16	**REVENUE FROM OPERATIONS**		
	Income from Service Concessions		
	Finance Income	2,469.71	2,414.59
	Operation & Maintenance Income	274.89	292.56
	TOTAL	**2,744.60**	**2,707.15**
17	**OTHER INCOME**		
	Interest on Bank Deposit	50.42	31.59
	Miscellaneous Income	2.85	8.09
	TOTAL	**53.27**	**39.68**
18	**FINANCE COST**		
	Interest on Term Loans		
	on Secured Loans	1,854.67	2,027.11
	on others	32.78	-
	TOTAL	**1,887.45**	**2,027.11**
19	**OTHER EXPENSES**		
	System Operation Charges	118.63	108.15
	Job Work Charges	13.52	26.17
	Power & Fuel	1.68	2.02
	Legal and Professional Expenses	47.02	27.10
	Stores, Spares & Tools consumed	0.42	2.26
	Repairs & Maintenance-Others	0.45	1.91
	Insurance	30.33	34.82
	Travelling Expenses	1.45	1.43
	Bank Charges	5.92	6.99
	Rent, Rates and Taxes	9.92	1.84
	Telecommunication Expenses	0.56	0.84
	Sitting Fee to Non-Executive Directors	1.10	0.90
	Printing & Stationery Expenses	0.27	0.12
	Vehicle/ Equipment Running and Hire Charges	3.22	3.28
	Auditor's Remuneration		
	Audit Fees	1.42	0.92
	Other Services	1.26	
	Reimbursement of Expenses	0.16	0.48
	Miscellaneous Expenses	4.28	3.87
	TOTAL	**241.61**	**223.10**

20 (a) Contingent Liability : Nil (Previous Year - Nil)

(b) Capital Commitments :

The estimated amount of the contracts remaining to be executed on capital account and not provided for are Rs. Nil (Previous Year Rs. Nil Lakhs).

21 Segmental Reporting:

Company is engaged in the business of operating and maintaining the transmission lines and related operations in India. There are no separate reportable segment, as per the reporting and disclosures requirement prescribed by Indian Accounting Standard 108 - Operating Segments.

22 Related Party disclosure as required by Ind AS 24 is as under :

(a) List of Related Parties

(i) Holding Company

Kalpataru Power Transmission Ltd

(ii) Key Management Personnel

(i) Kamal Kishore Jain	Director & CFO
(ii)Dinesh Babulal Patel	Director
(iii)Saurabh Gupta	Director
(v) Chandresh Bhandari	Chief Executive Officer

(b) Transaction and balances with related parties

(Rs. in Lakhs)

S. No.	Particulars	Transaction during the year		Balance as on 31st March,	Balance as on 31st
		2017-18	2016-17		
	Holding Company				
1	Unsecured Loan Taken	-	-	600.00	767.00
2	Unsecured Loan Repaid	167.00	200.00	-	-
3	Rent Paid	0.12	0.12	-	-
4	Reimbursement of Expenses	5.04	6.85	5.04	-
5	Share Capital (including Share Premium)	-	-	5,654.00	5,654.00
6	Purchase of Fixed Assets (Including Taxes)	0.21	-	-	-
	Key Management Personnel				
1	Remuneration				
	Chandresh Bhandari	29.57	2S.23	-	-
2	Sitting Fees				
	Balveermal M Singhvi	0.40	0.45	-	-
	Jayesh Dashrathlal Shah	0.70	0.45	-	-

23 Financial instruments classification and risk management

(a) Capital Management

The company manages its capital to ensure that it will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

(Rs. in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Debt *	17,972.49	19,127.00
Cash and bank balances	690.54	428.80
Net debt	**17,281.95**	**18,698.20**
Total Equity	7,919.66	7,888.59
Net debt to Equity Ratio	**2.18**	**2.37**

* Debt is defined as long-term and current maturities of long term debt, based on repayment schedule.

(b) Break up of financial assets and liabilities carried at amortised cost

(Rs. in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
(i) Financial Assets		
Security Deposits	-	1.00
Deposit with banks under lien	2.20	2.20
Service Concession receivables	24,553.98	25,498.25
Cash and cash equivalents	10.54	428.80
Other Balances with Banks	680.00	-
Others	979.50	1,000.08
(ii) Financial Liabilities		
Borrowings	16,888.28	18,278.00
Trade Payables	50.90	22.43
Other financial liabilities	1,084.21	849.00

(c)Carrying value of Financial Assets in the Financial Statements is approximately same as its fair value.

(d) None of the financial assets and liabilities have been designated as FVTPL or FVTOCI.

(e) Financial risks management:

(i) Market risk - The company is engaged in providing operation and maintenance services in terms of transmission agreement with MPPTCL. It has unconditional contractual right to receive fixed determinable amount towards such services subject to system availability and adjustment on account of variation in wholesale price index (WPI). Thus, it is not exposed to market risk except for system technical failure and variation in WPI.

(ii) Credit risk - It has only one customer, a public sector enterprise and as per past experience, there has been no credit loss on account of customer's inability to pay. Therefore, no provision on this account has been considered.

(iii) Interest rate risk - Interest rate of the company on borrowing is fixed for 10 year i.e. upto 27 March 2028. Thus, it is not exposed to Interest rate risk in near future.

(iv) Interest Rate Sensitivity Analysis - For the year ended March 31, 2018, Company has no variable interest rate borrowing and March 31, 2017, a 50 basis point increase / decrease in interest rate on floating rate liabilities would impact company's profit before tax by approximately 21.75% .

(v) Liquidity risk - The table below summarises the maturity profile of company's financial liabilities.

(Rs. In Lakhs)

Particulars	Payable within 1 year	Payable after 1 year
As at 31st March 2018		
Borrowings	-	16,888.28
Trade Payable	50.90	-
Other financial liabilities	1,084.21	-
As at 31st March 2017		
Borrowings	-	18,278.00
Trade Payable	22.43	-
Other financial liabilities	849.00	-

24 Company has entered into transmission agreement with Madhya Pradesh Power Transmission Corporation Limited (grantor) for obtaining exclusive right to construct, operate and maintain the transmission lines on design, build, finance, operate and transfer (DBFOT) basis for a specified period (concession period) commencing from the date of grant of the Transmission License and receive monthly determinable annuity payments. The agreement provides an option for extension of the concession period. Upon completion of concession period or on termination of agreement, Transmission Lines will vest with the grantor free and clear of all encumbrances. In terms of para 16 of appendix A to Ind AS 11, cost on construction of transmission lines has been recognised as "financial assets". Annuity payments received under the agreement has been accounted as under :

Particulars	For the year ended	
	2017-18	2016-17
Annuity payments (Unitary Charges) received/receivable	3,700.67	3,795.84
Less: Adjusted against finance assets as per Ind AS 11	956.07	1,088.69
Net Income recognised in the Statement of Profit and Loss		
(a) Operation and Maintenance Income	274.89	292.56
(b) Finance Income	2,469.71	2,414.59
	2,744.60	**2,707.15**

25 "Earning per Share" computed in accordance with Indian Accounting Standard (Ind AS) 33 "Earning Per Share":

(Rs. In Lakhs)

Particulars	For the year Ended	
	2017-18	**2016-17**
Net Profit after taxation as per Statement of Profit & Loss	198.07	439.72
No. of Shares at the beginning of the year	16190000	16190000
Total Equity Share outstanding at the end of the year	16190000	16190000
Weighted average no. of equity shares for the year	16190000	16190000
Weighted average no. of diluted equity shares for the year	16190000	16190000
Face Value per share (in Rs.)	10	10
Earning per Share (EPS):		
Basic (in Rs.)	1.22	2.72
Diluted (in Rs.)	1.22	2.72

26 Based on the information received during the year and available with the company, there are no Enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 as on 31st March, 2018. Therefore, Credit balance of such Enterprises Rs. Nil (previous year Rs. Nil). This has been relied upon by the auditors.

27 The previous year's figures have been regrouped or rearranged wherever necessary.

In terms of our report attached
For Gianender & Associates
Chartered Accountants
Firm Registration No. 004661N

For and on behalf of the Board

Kamal Kishore Jain
Director & CFO
DIN : 00269810

Jeetender Kumar Gupta
Partner
(M. No. 92547)
Place : New Delhi
Date : 15th May,2018

Rahul Shah
Company Secretary

Place : New Delhi
Date :15th May,2018

Saurabh Gupta
Director
DIN : 06856431