



## **Agarwal Sanjay & Associates**

Chartered Accountants

### **INDEPENDENT AUDITOR'S REPORT**

TO THE MEMBERS OF GHATAMPUR TRANSMISSION LIMITED:

#### **Report on Financial Statements**

We have audited the accompanying financial statements of **GHATAMPUR TRANSMISSION LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year ended 31<sup>st</sup> March 2018 and a summary of the significant accounting policies and other explanatory information for the year then ended.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

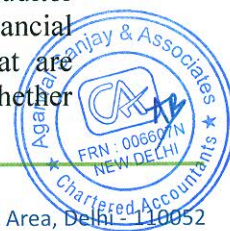
An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether

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the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- (a) In the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2018;
- (b) In the case of Statement of Profit and Loss, loss there was neither profit nor loss for the year ended 31<sup>st</sup> March 2018 and;
- (c) In the case of cash flow statement, of the cash flows for the year ended 31<sup>st</sup> March 2018.

### **Report on other Legal and Regulatory Requirements**

- 1. 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 enclose in the **Annexure-1**, a statement on the matters specified in paragraph 3 and 4 of the said Order to the extent applicable, on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given to us.
- 2. 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 reports on the accounts of the branch offices of the Company, which are required to be audited under Section 143(8) of the Act by branch auditors, are not applicable to the company.
  - d) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rules, 2014.



- f) In our opinion, the aforesaid financial statements have been prepared on a going concern basis and there is no matter which may have an adverse effect on the functioning of the Company.
- g) Being a Government Company, section 164(2) pertaining to disqualification of directors is not applicable to the Company.
- h) There is no qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected there with.
- i) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls has been reported by way of **Annexure -2**.
- j) 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 does not have any pending litigations which would impact its financial position.
  - 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.
3. As per Directions issued by CAG of India under section 143(5) of the Companies Act 2013, we report that:
- i. The company is in its initial stage and it has no leasehold/freehold land in its books. Hence, no reporting is required.
  - ii. There is no case of waiver / write off of debts / loans / interest etc., hence no reporting is required.
  - iii. The company does not have any inventory during the reporting year; hence reporting of inventories lying with third parties and assets received as gift/grant(s) from Government or other authorities is not applicable to the company.

FOR AGARWAL SANJAY & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FIRM REG. NO. 006607N

PLACE: NEW DELHI  
DATE: 15-05-2018



*Apoorva Bhardwaj*  
Apoorva Bhardwaj  
(Partner)  
Membership No. 519147

## ANNEXURE-1 TO THE AUDITOR'S REPORT

THE ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF **GHATAMPUR TRANSMISSION LIMITED** FOR THE YEAR ENDED 31.03.2018, WE REPORT THAT:

*The matters contained in paragraph 3 of the Companies (Auditor's Report) Order, 2016, are as follows:*

- i) (a) The company does not have any fixed asset as on the date of report as it is in the initial stage of set up. However the expenditure incurred during construction stage has been booked to Capital Work in Progress ( CWIP) amounting to Rs 3,18,90,221/- . Therefore the reporting under the clause is not applicable.  
  
(b) In view of reply at (a) above, the same is not applicable.  
  
(c) In view of reply at (a) above, the same is not applicable.
- ii) The company does not have any inventory as on the date of report. Therefore the reporting under the clause is not applicable.
- iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. In view of above, sub clause (a), (b) and (c) is not applicable.
- iv) In our opinion and according to the information and explanations given to us, the company has not dealt with any loans, investments, guarantees, and security under section 185 and 186 of the Companies Act, 2013 during the year of audit. Therefore the reporting under the clause is not applicable.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public as per provisions of Section 73 to 76 of Companies Act, 2013 and Company (Acceptance of Deposits) Rules, 2014, therefore the reporting under the clause is not applicable.
- vi) As per the provision of sub section (1) of section 148 of the Companies Act, 2013 maintenance of cost records prescribed by the Central Government is not applicable to the company, therefore the reporting under the clause is not applicable.
- vii) (a) According to the records, the company is regular in depositing undisputed statutory dues including Income Tax, Service Tax and other statutory dues applicable over the company. However Provident Fund, Employees' State Insurance, Sales Tax, Duty of Customs, duty of Excise, Value added Tax and Cess are not applicable.



Further there are no arrears of outstanding statutory dues as at the last date of the reporting year concerned for a year of more than six months from the date they became due.

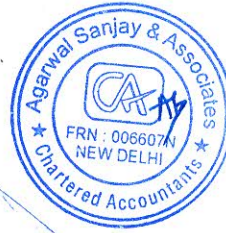
- (b) According to the information and explanations given to us, there are no amounts payable in respect of income tax or sales tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute, therefore reporting of amounts involved and forum where dispute is pending is not applicable.
- viii) The company has no loan or borrowings during the year of audit. Hence the default in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders is not applicable; therefore the reporting under the clause is not applicable.
- ix) The company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year of audit; therefore reporting under the clause is not applicable.
- x) There is no fraud by the company or any fraud on the Company by its officers or employees noticed or reported during the year of audit, therefore the reporting under the clause is not applicable.
- xi) Since section 197 of the Companies Act, 2013 is not applicable to the Company on account of it being a Government Company in accordance with the Ministry of Corporate Affairs Notification F.No.1/2/2014-CL.-V dated 05.06.2015, hence the provisions regarding managerial remuneration as per clause 3(xi) of the Order are not applicable.
- xii) The company is not a Nidhi Company and therefore the reporting clause is not applicable.
- xiii) Yes, all the transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- xiv) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable.
- xv) In our opinion and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him and therefore the reporting under the clause is not applicable.



xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and therefore the reporting under the clause is not applicable.

FOR AGARWAL SANJAY & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FIRM REG. NO. 006607N

PLACE: NEW DELHI  
DATE: 15-05-2018



*Apoorva Bhardwaj*

Apoorva Bhardwaj  
(Partner)  
Membership No. 519147

## **ANNEXURE- 2 TO THE AUDITOR'S REPORT**

**Annexure referred to in our report of even date to the members of "M/s Ghatampur Transmission Limited" on the accounts for the year ended 31.03.2018.**

### **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 "GHATAMPUR TRANSMISSION LIMITED" ("the Company") for the year ended 31.03.2018, 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 and the 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 Companies Act, 2013.

### **Auditor's 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, 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 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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 years 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 31<sup>st</sup> March 2018, based on the internal control over financial reporting criteria established by the Company and the components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

FOR AGARWAL SANJAY & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FIRM REG. NO. 006607N

PLACE: NEW DELHI  
DATE: 15-05-2018



*Apoorva Bhardwaj*

Apoorva Bhardwaj  
(Partner)  
Membership No. 519147

**GHATAMPUR TRANSMISSION LIMITED**  
**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2018**

Figures in Rupees

	Particulars	Note No.	As at 31.03.2018	As at 31.03.2017
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>(1) Shareholders' Funds</b>			
	(a) Share Capital	1	5,00,000	5,00,000
	(b) Reserves and Surplus	2	(32,420)	(32,420)
	<b>(2) Non-current Liabilities</b>			
	(a) Other Long Term Liabilities	3	31,165,986	12,411,624
	<b>(3) Current Liabilities</b>			
	(a) Other Current Liabilities	4	242,641	47,370
	(b) Short term Provisions	5	32,400	31,500
	<b>Total</b>		<b>31,908,607</b>	<b>12,958,074</b>
<b>II</b>	<b>ASSETS:</b>			
	<b>(1) Non-current Assets</b>			
	(a) Fixed Assets			
	(i) Capital work-in-progress	6	31,890,221	12,458,449
	<b>(2) Current Assets</b>			
	(a) Cash and Cash Equivalents	7	18,386	499,625
	<b>Total</b>		<b>31,908,607</b>	<b>12,958,074</b>

The Significant Accounting Policies and Notes to Accounts 1 to 8 are an integral part of these financial statements.

In terms of our report of even date

For Agarwal Sanjay & Associates.

Chartered Accountants

ICAI Firm Registration No.: 006607N

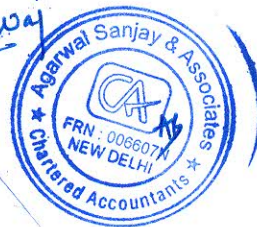
*Apoorva Bhardwaj*  
Apoorva Bhardwaj

Partner

Membership No: 519147

Place : New Delhi

Date : 15-05-2018



*Valli Natarajan*  
Valli Natarajan

Chairman

DIN 01258415

*Sanjay Shilendrakumar Kulshrestha*  
Sanjay Shilendrakumar  
Kulshrestha

Director

DIN 06428038

*Arun Kumar Tyagi*  
Arun Kumar Tyagi

Director

DIN 06940393

**GHATAMPUR TRANSMISSION LIMITED**  
**STATEMENT OF PROFIT AND LOSS**  
**FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2018**

Figures in Rupees

Particulars	Note No.	For the year ended 31.03.2018	For the period from 02.12.2016 to 31.03.2017
<b>REVENUE:</b>			
<b>I</b> Revenue from Operations		-	-
<b>II</b> Other Income		-	-
<b>III Total Revenue (I+II)</b>		-	-
<b>EXPENSES:</b>			
Preliminary Expenses		-	32,420
<b>IV Total Expenses</b>		-	<b>32,420</b>
<b>V Profit / (Loss) before exceptional and extraordinary items ( III-IV)</b>		-	(32,420)
<b>VI</b> Exceptional items		-	-
<b>VII Profit / (Loss) before extraordinary items and tax ( V-VI)</b>		-	(32,420)
<b>VIII</b> Extraordinary items		-	-
<b>IX Profit / (Loss) Before Tax (VII-VIII)</b>		-	<b>(32,420)</b>
<b>X</b> Tax expense			
Current Tax:	-	-	-
Deferred Tax:	-	-	-
<b>XI Profit/ (Loss) for the year from continuing operations (IX - X)</b>		-	(32,420)
<b>XII Profit / (Loss) from discontinuing operations</b>		-	-
<b>XIII</b> Tax Expense of discontinuing operations		-	-
<b>XIV Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)</b>		-	-
<b>XV Profit / (Loss) for the year (XI + XIV)</b>		-	<b>(32,420)</b>
<b>XVI</b> Earnings per equity share of Rs. 10 each:	8.17		
(1) Basic		0.00	(0.65)
(2) Diluted		0.00	(0.65)

The Significant Accounting Policies and Notes to Accounts 1 to 8 are an integral part of these financial statements.

In terms of our report of even date  
For Agarwal Sanjay & Associates.  
Chartered Accountants  
ICAI Firm Registration No.: 006607N

*Apoorva Bhardwaj*  
Apoorva Bhardwaj

Partner  
Membership No: 519147  
Place : New Delhi  
Date : 15-05-2018



*Valli Natarajan*  
Valli Natarajan

Chairman  
DIN 01258415

*Sanjay Kulshrestha*  
Sanjay Kulshrestha

Director  
DIN 06428038

*Arun Kumar Tyagi*  
Arun Kumar Tyagi

Director  
DIN 06940393

## GHATAMPUR TRANSMISSION LIMITED

Notes forming part of the financial statements

### NOTE No. '1' - SHARE CAPITAL:

Particulars	Figures in Rupees	
	As at 31.03.2018	As at 31.03.2017
<b>Authorised Share Capital</b> 50,000 Equity shares of Rs. 10 each	5,00,000	5,00,000
<b>Issued, Subscribed and Paid up Share Capital</b> 50,000 fully paid up Equity shares of Rs 10/- each (100% shares held by Holding Company " REC Transmission Projects Company Limited")	5,00,000	5,00,000
<b>Total</b>	5,00,000	5,00,000

The company has only one class of equity shares having a par value of Rs. 10 each. Each holder of equity shares is entitled to one vote per share. The holders of the equity shares of the Company are entitled to receive dividends, if any declared by the company. The shareholders have all such rights as may be available to a shareholder of a public company under the Companies Act, 1956 (to the extent applicable), Companies Act, 2013 (to the extent notified) and Memorandum of Association and Articles of Association of the Company.

The details of shareholders holding more than 5% of fully paid equity shares :

Name of the Shareholder	No. of Shares	% of total shares held as at 31.03.2018	% of total shares held as at 31.03.2017
REC Transmission Projects Company Limited and its nominees	50000	100	100
<b>Total</b>	<b>50000</b>	<b>100</b>	<b>100</b>

The reconciliation of the number of shares outstanding is set out below :

Particulars	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	50,000	50,000
Add : Shares issued during the year	-	-
Equity Shares at the end of the year	50,000	50,000

### NOTE No. '2' - RESERVES AND SURPLUS:

Particulars	Figures in Rupees	
	As at 31.03.2018	As at 31.03.2017
<b>Surplus/(Deficit) in the Statement of Profit and Loss</b>		
Opening Balance	(32,420)	-
Add: Net surplus/(deficit) for the current year	-	(32,420)
<b>Total</b>	<b>(32,420)</b>	<b>(32,420)</b>

### NOTE No. '3' - OTHER LONG TERM LIABILITIES:

Particulars	Figures in Rupees	
	As at 31.03.2018	As at 31.03.2017
REC Transmission Projects Company Limited (Holding Company)*	31,165,986	12,411,624
<b>Total</b>	<b>31,165,986</b>	<b>12,411,624</b>

\* Refer Note No. 8.1 and 8.4

### NOTE No. '4' - OTHER CURRENT LIABILITIES:

Particulars	Figures in Rupees	
	As at 31.03.2018	As at 31.03.2017
TDS Payable	242,641	47,370
<b>Total</b>	<b>242,641</b>	<b>47,370</b>



NOTE No. '5' - SHORT TERM PROVISIONS :

Particulars	Figures in Rupees	
	As at 31.03.2018	As at 31.03.2017
Provision for Audit Fees	32,400	31,500
<b>Total</b>	<b>32,400</b>	<b>31,500</b>

NOTE No. '6' - CAPITAL WORK IN PROGRESS:

Particulars	Figures in Rupees	
	As at 31.03.2018	As at 31.03.2017
Opening Balance ( a )	1,24,58,449	-
<b>Add: Expenses</b>		
Expenses Allocated by REC Transmission Projects Company Limited		
(i) Reimbursement of cost incurred	18,498,721	11,979,872
(ii) Interest	2,396,412	443,702
Auditors Remuneration	35,400	34,500
Bank charges	1,239	375
<b>Total (b)</b>	<b>20,931,772</b>	<b>12,458,449</b>
<b>Less : Other Income</b>		
Sale of RFP Documents	1,500,000	-
<b>Total (c)</b>	<b>1,500,000</b>	<b>-</b>
<b>Closing Balance (a) + (b)-(c)</b>	<b>31,890,221</b>	<b>12,458,449</b>

NOTE No. '7' - CASH AND CASH EQUIVALENTS:

Particulars	Figures in Rupees	
	As at 31.03.2018	As at 31.03.2017
<b>Balances with banks</b>		
a) In current account with Scheduled Bank	18,386	499,625
b) Other bank balances	-	-
<b>Total</b>	<b>18,386</b>	<b>499,625</b>



## GHATAMPUR TRANSMISSION LIMITED

SIGNIFICANT ACCOUNTING POLICIES	
1	<b>BASIS OF PREPARATION OF FINANCIAL STATEMENTS</b>
	The financial statements are prepared under the historical cost convention on accrual basis unless otherwise stated and in accordance with generally accepted accounting principles and applicable accounting standards in India. The financial statements adhere to the relevant presentation requirement of the Companies Act, 2013.
2	<b>USE OF ESTIMATES</b>
	The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.
3	<b>FIXED ASSETS</b>
	Tangible assets are stated at historical cost less accumulated depreciation and impairment loss, if any. Costs include expenditure directly attributable to the acquisition of the asset. Borrowing costs directly attributable to the construction or production of qualifying assets are capitalized as part of the cost. Expenditure incurred during construction period / project implementation period are treated as Capital Work In Progress. Expenditure incurred on Survey/Consultancy/ Administration/ Interest etc. has been treated as Capital Work In Progress.
4	<b>REVENUE RECOGNITION</b>
	Income and expenses are accounted for on accrual basis.
5	<b>CASH FLOW STATEMENT</b>
	Cash flows are reported using the indirect method, whereby profit/loss 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 regular operating, financial and investing activities of the Company are segregated. Cash & Cash Equivalent in the balance sheet comprises cash at bank and short term investment with an original maturity of three months or less if any.
6	<b>TAXES ON INCOME</b>
	Current tax is determined on the basis of taxable income in accordance with the provisions of Income Tax Act, 1961. Deferred tax liabilities/asset resulting from 'timing difference' between accounting income and taxable income is accounted for considering the tax rate & laws that have been enacted or substantively enacted as on the reporting date. Deferred tax asset is recognized and carried forward only to the extent that there is reasonable / virtual certainty that asset will be realized in future. Deferred taxes are reviewed at each reporting date.
7	<b>BORROWING COSTS</b>
	Borrowing cost related to acquisition or construction of the qualifying fixed assets for the period up to the completion of their acquisition or construction are included in the book value of the respective assets and other borrowing costs are charged to Statement of Profit and Loss.



## GHATAMPUR TRANSMISSION LIMITED

### NOTE NO. 8 OTHER NOTES TO ACCOUNTS

8.1	The Company was incorporated on 02-12-2016 at New Delhi. The Company is a special purpose vehicle incorporated for evacuation of Power from Ghatampur (3X600MW) Thermal Power Project in the state of Uttar Pradesh in intra state sector. REC Transmission Projects Company Limited has been appointed as Bid Process Co-ordinator by Government of India for selection of the developer for the project. On completion of the bid process, the successful bidder is to acquire one hundred percent (100%) of the equity shares of the company along with all its related assets and liabilities.																				
8.2	<p>The Company is a wholly owned subsidiary of REC Transmission Projects Company Limited (REC-TPCL), which is further wholly owned by Rural Electrification Corporation Limited (REC), a Government of India Undertaking. The Key Managerial Personnel of the Company are employees of REC, deployed on part time basis. No managerial remuneration is paid to them by the company. The details of such Key Managerial Personnel are as follows:-</p> <table><tr><th>S. No.</th><th>Name ( Shri)</th><th>Designation</th><th>Date of Appointment</th><th>Date of Separation</th></tr><tr><td>1</td><td>Valli Natarajan</td><td>Chairman and Director</td><td>02/12/2016</td><td>Continuing</td></tr><tr><td>2</td><td>Sanjay Shilendrakumar Kulshrestha</td><td>Director</td><td>02/12/2016</td><td>Continuing</td></tr><tr><td>3</td><td>Arun Kumar Tyagi</td><td>Director</td><td>02/12/2016</td><td>Continuing</td></tr></table> <p>The other personnel working for the company are also from REC Ltd. The related expenses in respect of personnel working for the company are paid by REC and allocated to the subsidiary company (REC-TPCL) as part of administration expenses of Holding Company, which is further allocated by REC-TPCL to its subsidiaries on per month per project basis.</p>	S. No.	Name ( Shri)	Designation	Date of Appointment	Date of Separation	1	Valli Natarajan	Chairman and Director	02/12/2016	Continuing	2	Sanjay Shilendrakumar Kulshrestha	Director	02/12/2016	Continuing	3	Arun Kumar Tyagi	Director	02/12/2016	Continuing
S. No.	Name ( Shri)	Designation	Date of Appointment	Date of Separation																	
1	Valli Natarajan	Chairman and Director	02/12/2016	Continuing																	
2	Sanjay Shilendrakumar Kulshrestha	Director	02/12/2016	Continuing																	
3	Arun Kumar Tyagi	Director	02/12/2016	Continuing																	
8.3	All the direct expenses incurred by RECTPCL for SPV has been directly booked to the project. Further all the indirect expenses has been allocated among the ongoing projects on the time period basis from the month of issue of RFQ or the month of incorporation of SPV, whichever is earlier, till the month in which tenth day from the date of issue of Letter of Intent (LOI) for the transfer of the SPV falls. Part of the month, if any, is considered as full month for cost allocation. If bid process activity relating to any project is kept in abeyance, due to any reason, no cost allocation for such period of abeyance is made to such project. The holding company has charged interest @12.75% p.a. on the funds deployed by it for the current FY based on the REC interest rate circular for T & D loans for ungraded organisations, as on the beginning of the Financial Year. For direct expenses, interest is charged from the month in which the expenditure is incurred whereas for indirect expenses interest is charged for the average period of deployment of funds. Such interest is calculated on monthly basis but recognised at the end of the year.																				
8.4	Expenditure incurred for the SPV by REC Transmission Projects Company Limited (Holding Company) is considered as Other Long Term Liabilities. Further, interest is charged on such expenditure financed by REC Transmission Projects Company Limited and such interest is also included in Other Long Term Liabilities.																				
8.5	Wherever, payments relating to the company are made by the Holding Company (REC TPCL) and the ultimate Holding Company (REC), procedural and statutory requirements with regard to deduction of Tax at Source and deposit thereof as applicable are also complied with by the Holding Company and the ultimate Holding Company against payments released on their account.																				
8.6	The company has not yet commenced its commercial operations, therefore incidental expenditures incurred during construction period by the company and the expenses allocated by the holding company RECTPCL have been treated as Capital Work in Progress. The sale proceed of Request for Proposal (RFP) received in favour of the company is a capital receipt of the company as the same is inextricably linked with the activities of the company. As such, it is reduced from Capital Work-in-Progress(CWIP). Further, no separate provision of Income tax is required for the same.																				
8.7	As per the policy of REC Transmission Projects Company Limited (Holding Company) the invoice for the services provided is raised at the end of the financial year or on the date of the transfer of the SPV whichever is earlier.																				
8.8	As per Standard Bidding Document (SBD) RfQ fee is the income of the Bid Process Coordinator (BPC) and same is booked in the books of BPC/ holding Company, i.e., REC Transmission Projects Company Limited , Rs. 6.00 lakh have been collected as RfQ fee during FY 2016-17.																				
8.9	Expenditure incurred on filing/legal fees regarding formation of the company and all expenses incurred prior to the incorporation of the company have been treated as preliminary expenses and charged to the statement of profit and loss in the year in which such expenditure has been incurred as required by AS 26.																				
8.10	There is no employee in the roll of the company. Employees working for the company are in the roll of the ultimate holding company i.e. Rural Electrification Corporation Limited (REC Ltd).The employee expenses including contributions in respect of liabilities for employee benefit expense towards leave, provident fund, superannuation and all other benefits as applicable are accounted for by the ultimate holding company. Hence, disclosure requirements under AS-15 is not applicable.																				
8.11	The Company is operating in a single segment and therefore disclosure requirements under AS-17 is not applicable.																				



8.12	The disclosure as per AS18 – Related Party Disclosure :		
	The Company is a wholly owned subsidiary of REC Transmission Projects Company Limited (RECTPCL), which is further a wholly owned subsidiary of Rural Electrification Corporation Limited (REC). All key decisions are taken by the Board of Directors of the Company where the RECTPCL nominees exercise the control. The details of transactions during the year ended 31st March, 2018 is :		
	Name	Total Amount of transaction during the year (Rs.)	Outstanding Balance as at 31.03.2018 (Rs.)
	REC Transmission Projects Company Limited ( Holding Company)		Outstanding Balance as at 31.03.2017 (Rs.)
	a)Interest	2,396,412	2,556,103
	b)Reimbursement of expenses	18,577,591	28,609,883
	Total	20,974,003	31,165,986
8.13	Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs Nil. Contingent Liabilities of the Company and claims against the company not acknowledged as debt by the Company is Rs Nil.		
8.14	Expenditure in Foreign Currency - Nil		
	Earning in Foreign Currency - Nil		
8.15	The Company has no outstanding liability towards Micro, Small and Medium Enterprises.		
8.16	Auditor's Remuneration		
		Year ended 31-03-2018	Period ended 31-03-2017
	Audit Fee ( Rs)	30,000	30,000
	Other Services ( Rs)	-	-
	Service Tax and Swach Bharat Cess/ GST	5,400	4,500
	Reimbursement of expenses	-	-
	Total ( Rs)	35,400	34,500
8.17	EARNINGS PER SHARE (EPS)		
	Particulars	Year ended 31-03-2018	Period ended 31-03-2017
	A. Net Profit / Loss after Tax as per Statement of Profit and Loss used as numerator(amount in rupees)	-	(32,420)
	B. Weighted Average number of Equity Shares used as denominator	50,000	50,000
	C. Basic and Diluted Earnings per Share (in rupees) (A/B)	0.00	(0.65)
	D. Nominal Value per Equity Share (in Rs.)	10	10
8.18	Figures have been rounded off to the nearest rupee.		

In terms of our report of even date

For Agarwal Sanjay & Associates.

Chartered Accountants

ICAI Firm Registration No. : 006607N

For and on behalf of the Board

*Apoorva Bhardwaj*  
Apoorva Bhardwaj

Partner

Membership No: 519147

Place : New Delhi

Date : 15-05-2018



*Valli Natarajan*  
Valli Natarajan

Chairman

DIN 01258415

*Sanjay Shilendrakumar Kulshrestha*  
Sanjay Shilendrakumar  
Kulshrestha

Director

DIN 06428038

*Arun Kumar Tyagi*  
Arun Kumar Tyagi

Director

DIN 06940393



**GHATAMPUR TRANSMISSION LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2018**

Particulars	Figures in Rupees	
	For the year ended 31.03.2018	For the period from 02.12.2016 to 31.03.2017
<b>A. Cash Flows from Operating Activities:</b>		
Net profit/Loss as per Statement of Profit and Loss	-	(32,420)
Operating Profit/Loss before Working Capital Changes	-	(32,420)
<b>Adjustments for Increase/Decrease in:</b>		
- Other Current Liabilities	195,271	47,370
- Short Term Provisions	900	31,500
<b>Net Cash used in operating activities ( A )</b>	196,171	46,450
<b>B. Cash Flows from Investing Activities:</b>		
- Other Long Term Liabilities	18,754,362	12,411,624
- Purchase of Fixed Assets	-	-
- Capital Work in Progress	(19,431,772)	(12,458,449)
<b>Net Cash used in investing activities ( B )</b>	(677,410)	(46,825)
<b>C. Cash Flows from Financing Activities:</b>		
Share capital	-	500,000
<b>Net Cash from financing activities ( C )</b>	-	500,000
<b>Net Increase/ (Decrease) in cash and cash equivalents (A) + (B) + ( C )</b>	(481,239)	499,625
Cash and Cash Equivalents at the beginning of the year	499,625	-
Cash and Cash Equivalents at the end of the year	18,386	499,625
<b>Net Increase/Decrease in Cash and cash Equivalents</b>	(481,239)	499,625

In terms of our report of even date

For Agarwal Sanjay & Associates.

Chartered Accountants

ICAI Firm Registration No. : 006607N

*Apoorva Bhardwaj*  
Apoorva Bhardwaj

Partner

Membership No: 519147

Place : New Delhi

Date : 15-05-2018



*Valli Natarajan*  
Valli Natarajan

Chairman

DIN 01258415

*Sanjay Shilendrakumar Kulshrestha*  
Sanjay Shilendrakumar  
Kulshrestha

Director

DIN 06428038

*Arun Kumar Tyagi*  
Arun Kumar Tyagi

Director

DIN 06940393