BOARD'S REPORT

The Directors of your Company are pleased to present their Report and the Company's audited financial statements for the financial year ended March 31, 2017.

FINANCIAL RESULTS / FINANCIAL HIGHLIGHTS

(₹ in crore)

Particulars	2016-17	2015-16
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**29.95**	*29.22*
Less: Depreciation, amortization and obsolescence	–	–
Add: Transfer from Revaluation Reserve	–	–
Profit before exceptional and extraordinary items and tax	**29.95**	*29.22*
Add: Exceptional Items	–	–
Profit before extraordinary items and tax	**29.95**	*29.22*
Add: Extraordinary items	–	–
Profit / (Loss) before tax	**29.95**	*29.22*
Less: Provision for tax	**8.92**	*0.01*
Profit after tax from continuing operations	**21.03**	*29.21*
Profit from discontinued operations	–	–
Total expenses on discontinued operations	–	–
Profit from discontinued operations (after tax)	–	–
Profit for the period carried to the balance sheet	**21.03**	*29.2*
Add: Balance brought forward from previous year	**57.00**	*27.80*
Less: Dividend paid for the previous year (Including dividend distribution tax)	–	–
Balance available for disposal (which directors appropriate as follows)	–	–
Balance carried to Balance Sheet	**78.03**	*57.00*

STATE OF COMPANY AFFAIRS

The Company has achieved its commercial operation date on September 24, 2016.

The Registered office of the company was shifted from Union Territory of New Delhi having the Office situated at "Building No-3, Second Floor, Sundeep Plaza, MLU Sector-11 Pocket-4, Dwarka, New Delhi- 110075" to State of Tamil Nadu having its office at "Mount Poonamallee Road, Manapakkam, P.B. NO-979, Chennai - 600089, India", w.e.f. June 24, 2016.

The gross revenue and other income for the financial year under review were ₹ 273.68 crore as against ₹ 773.80 crore for the previous financial year. The Profit before tax from continuing operations including extraordinary and exceptional items was ₹ 29.95 crore and the Profit after tax from continuing operations including extraordinary and exceptional items of ₹ 21.03 crore for the financial year under review as against ₹ 29.21 crore and ₹ 29.20 crore respectively for the previous financial year. The Company raised ₹ 1372.00 crore via issue of Non-Convertible debentures as on March 31, 2017.

CAPITAL EXPENDITURE

The Company has decided to draw its accounts under Financial Assets Model; accordingly the financial asset value as on March 31, 2017 stood at ₹ 1580.19 crore. Captial Expenditure during the year amounted to ₹ 162.23 crore.

DEPOSITS

The Company has not accepted deposits from the public and no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Your company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year under review.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES

Your company does not have any Subsidiary/Associate/Joint Venture Company.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 except sub-section (1) of the Companies Act, 2013 (Act) are not applicable to the Company. However, full particulars of the loans given, investments made or guarantees given or security provided is given in Note No.H5 of notes to accounts of this Annual Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions were in the ordinary course of business and at arm's – length.

All related party transactions (RPT) during the year have been approved in terms of the Act, adhere to the RPT Policy of its Holding Company and guidelines thereunder.

Details of material contracts/agreements are disclosed in Form AOC-2 is given to this report as **Annexure I**.

AMOUNT TO BE CARRIED TO RESERVE

Appropriation of profits to any specific reserve is not applicable to the Company.

DIVIDEND

As your Company does not have distributable profits, the Board of Directors are unable to declare any dividend for the year under review.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

No material changes and commitments have occurred affecting the financial position of the Company between the end of the financial year and the date of this report.

DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of activities which are being carried on by the Company, Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, conservation of energy and technology absorption does not apply to the Company.

There were no foreign exchange earnings or outgo during the year.

RISK MANAGEMENT POLICY

The Company follows the risk management policy of its Holding Company and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

Your Company has designed and implemented a process-driven framework for Internal Controls on Financial Reporting System within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2017, the Board is of the opinion that the Company has adequate internal controls commensurate with the nature and size of its business operations and these are operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Auditors of the Company have reviewed the adequacy of the Internal Financial Control over Financial Reporting of the Company and the operating effectiveness of such control are reported in "Annexure A" of the Auditors' report for the financial year 2016-17.

CORPORATE SOCIAL RESPONSIBILITY

Since your Company does not exceed any of the threshold limits specified under section 135 of the Act, it is not required under the said Act to spend during the year any amount on Corporate Social Responsibility.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED DURING THE YEAR

Mr.P.G.Suresh Kumar, Director, who retired by rotation at the Annual General Meeting held on September 28, 2016 being eligible was re-appointed as Director.

The Board of Directors of the Company as on March 31, 2017 are as follows:

S. No.	Name	Designation	DIN
1	Mr.Karthikeyan. T.V	Director	01367727
2	Mr.P.G.Suresh Kumar	Director	07124883
3	Mr.Mathew George	Director	07402208
4	Dr.Koshy Varghese	Independent Director	03141594
5	Ms.Samyuktha Surendran	Independent Director	07138327

Ms.Priyanka Bajpai was appointed as Manager of the Company on March 28, 2016 and resigned on March 15, 2017 and Mr.Ojes Cheriyan Madappattu has been appointed as the Manager of the Company on March 15, 2017.

The Key Managerial Personnel (KMP) of the Company as on March 31, 2017 are as given below:

S.No	Name	Designation
1	Mr.Ojes Cheriyan Madappattu	Manager
2	Mr.R.G.Ramachandran	Company Secretary
3	Mr.Satnam Singh	Chief Financial Officer

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held as per business requirement. During the year under review 5(Five) Meetings were held on the following dates.

Date	Board Strength	No. of Directors Present
April 26, 2016	5	4
July 22, 2016	5	3
October 21, 2016	5	4
January 16, 2017	5	5
March 15, 2017	5	3

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans.
- Quarterly financials and results of operations.
- Financing plans of the Company.
- Minutes of the meeting of the Board of Directors, Audit Committee and Nomination and Remuneration Committee.
- Report on fatal or serious accidents.
- Any materially relevant default, if any, in financial obligations to and by the Company.
- Any issue which involves possible pubic or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company.
- Development in respect of human resources.
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service.
- An Action Taken Report is presented to the Board.

Presentations are made regularly to the Board / Audit Committee. Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Minutes of the meetings are circulated to the members of the Board and Committees. Independent Directors have the freedom to interact with the Company's management.

AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Act comprising of Dr.Koshy Varghese, Ms.Samyuktha Surendran and Mr.P.G.Suresh Kumar.

The terms of reference of the Audit Committee are in line with the provisions of the Act read with the rules made thereunder.

During the year, five audit committee meetings were held. The details of the meetings conducted during the year under review are given below:

Date	Strength of the Committee	No. of members Present
April 26, 2016	3	3
July 22, 2016	3	2
October 21, 2016	3	3
January 16, 2017	3	3
March 15, 2017	3	2

The Company has established a vigil mechanism framework for Directors and employees to report genuine concerns. This mechanism is in line with the requirements of the Act and the Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Act.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company had constituted a Nomination and Remuneration Committee in accordance with the requirements of the Act comprising of Dr.Koshy Varghese and Ms.Samyuktha Surendran and Mr.P.G.Suresh Kumar.

The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Act. During the year under review, one meeting was held and the details are given hereunder:

Date	Strength of the Committee	No. of members Present
March 15, 2017	3	2

The Committee has formulated a policy on Director's appointment and remuneration including recommendation of appointment of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE

The Company has received Declaration(s) of Independence as stipulated under Section 149(7) of the Act confirming that he/she is not disqualified from continuing as an Independent Director.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis; and;

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees, Chairman and individual Directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionnaires also cover specific criteria and the grounds on which all Directors in their individual capacity will be evaluated.

The inputs given by all the Directors were discussed in the meeting of the Independent Directors held on December 07, 2016 in accordance with Schedule IV of the Act. The performance evaluation of the Board, Committees, Chairman and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

DISCLOSURE OF REMUNERATION

The Board of Directors wish to express their appreciation to all the employees for their outstanding contribution to the operations of the Company during the year. The information required under Section 197(12) of the Act and the Rules made thereunder, is provided below.

The Directors of the Company are not paid any remuneration. Hence, the remuneration of the Directors to that of the employees of the Company is not comparable.

REMUNERATION OF KMP

(Amount in ₹)

Name of the KMP	Designation	Remuneration in FY 2016-17	Remuneration in FY 2015-16	% decrease in remuneration of FY 2016-17 as compared to previous financial year	Performance of the Company	
					% increase in revenue of FY 2016-17 as compared to previous financial year	% decrease in profit after tax of FY 2016-17 as compared to previous financial year
Mr.Ojes Cheriyan Madappattu (From 15th March 2017)	Manager	1,31,068/-**	NA*	NA*	Refer note ***	Refer note ***

**Remuneration from March 15, 2017 to March 31, 2017

* Mr.Ojes Cheriyan Madappattu was appointed on March 15, 2017. Hence previous year remuneration not applicable.

*** Commencement of Operation has been achieved on September 24, 2016 hence it is not comparable.

The Median Remuneration of Employees ("MRE") was ₹ 7,14,948 and ₹ 8,09,260 in the financial year 2016-17 and 2015-16 respectively. The Decrease in MRE in the financial year 2016-17 over the previous financial year is 11.65%

The number of permanent employees on the rolls of the Company as of March 31, 2017 and March 31, 2016 was 9 and 12 respectively.

The revenue growth during the financial year over the previous financial year was Nil. The average Increase in remuneration of employees is 7% over the previous financial year. The company is still in the Implementation Stage, hence the increase in remuneration of employees and KMP is not comparable with the performance of the Company.

Average percentage increase made in the salaries of employees other than the KMP in the financial year 2016-17 was 7%. The change in remuneration of Manager over the previous financial year is not comparable since Mr.Ojes Cheriyan Madappattu has been appointed as Manager with effect from March 15, 2017 of the Company.

The remuneration paid to the employees is as per the remuneration policy of the Company.

The Company has no employee employed throughout the financial year who was in receipt of a remuneration of ₹ 102 lakhs or more, or employed for part of the year and was in receipt of a remuneration ₹ 8 lakh or more a month under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Following are the detail of employees received remuneration (Cost to the Company) during the Financial Year 2016-17:

S.No	Employee Name	(Amount in.₹)
1	Ojes C Madappattu (For 2016-17)	1572815
2	Saurabh Singh	1435000
3	Nilesh Tiwari	1376563
4	T V Sendil Prabhakaran	940015
5	Kakarla Sathar Kiran	714948
6	Saravanan R	685678
7	K Kaladharan	551999
8	Sridharamurthy M R	550000
9	More Nagesh Dhondiba	475000

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE

L&T IDPL, the Holding Company has formulated a policy on 'Protection of Women's Rights at Workplace' which was approved at its Board Meeting held on July 22, 2016 which has been adopted by the Company. The policy has been widely disseminated. There were no cases of sexual harassment during FY 2016-17.

AUDITORS

STATUTORY AUDITORS

The Company in the 3rd Annual General Meeting held on September 25, 2015 for the Financial Year 2015-16 had appointed M/s.M.K.Dandeker & Co, Chartered Accountants, (Firm Reg no: 000679S), No. 244 (Old No. 138), II Floor, Angappa Naicken Street, Chennai – 600 001, as Statutory Auditors of the Company to hold office from the conclusion of that Annual General Meeting until the conclusion of the Annual General Meeting of the Company to be held during the year 2020.

The Board recommends the ratification of the appointment of M/s.M.K.Dandeker & Co, as Statutory Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM.

The Auditors' Report for the financial year 2016-17 is unqualified. The Notes to the accounts referred to in the Auditors' Report are self-explanatory and does not require any further clarifications under section 134(3)(f) of the Act.

SECRETARIAL AUDITOR

M/s.Balaji Rajan & Associates, a firm of Company Secretaries in practice, Chennai was appointed to conduct the secretarial audit of the Company for the financial year 2016-17, as required under Section 204 of the Act and Rules thereunder.

The secretarial audit report for the financial year 2016-17 is attached to this Report as **Annexure II**.

DEBENTURE TRUSTEE

The Company has issued and allotted Listed Rated Secured Redeemable Non-Convertible Debentures amounting to ₹.1500 crore during the year 2016-17. As at March 31, 2017 the total outstanding Debentures amounting to ₹ 1500.40 crore.

M/s.IDBI Trusteeship Services Limited, having its office at Asian Building, Ground Floor, 17, R.Kamani Marg, Ballard Estate, Mumbai - 400001 have been appointed as the Debenture Trustees for the same.

EXTRACT OF ANNUAL RETURN

The extract of the annual return in Form No. MGT – 9 as per the Act is enclosed to this Report as **Annexure III**.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the Employees, Customers, Supply chain partners, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Associates.

For and on behalf of the Board

KARTHIKEYAN T. V. — *Director* — *DIN: 01367727*

P. G. SURESH KUMAR — *Director* — *DIN: 07124883*

Place : Chennai
Date : April 24, 2017

ANNEXURE I

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

   The Company has not entered into such transactions during the year.

2. Details of material contracts or arrangement or transactions at arm's length basis

Name of the related party	**Nature of relationship**	**Nature of contract/ arrangement/ transactions**	**Duration of contract/ arrangement/ transactions**	**Salient terms of contract/ arrangement/ transactions**	**Amount paid as advance**
L&T Infrastructure Development Projects Limited (L&T IDPL)	Holding Company	Engineering, Procurement and Construction works	For a continuous period till the Completion of Work unless terminated	Design, supply, execution and completion of construction work (Transmission Lines)	Nil
L&T Infrastructure Development Projects Limited (L&T IDPL)	Holding Company	Advisory Services Contract	For a continuous period till the Completion of services unless terminated	Providing advisory services during operation of the project	Nil
Larsen & Toubro Limited (L&T Limited)	Ultimate Holding Company	Assistance in employee payouts	For a continuous period unless terminated or the Company ceases to be a part of L&T IDPL Group	Assistance in pay roll processing, reimbursement of employee benefit claims, Employee Travel Expense Management, payment voucher etc.	Nil
Larsen & Toubro Limited	Ultimate Holding Company	Payment of Business support services	For a continuous period till cancellation	Providing support to business for use of the office premises	Nil

Date(s) of approval by the Board, if any – April 24, 2017

For and on behalf of the Board

KARTHIKEYAN T. V.
Director
DIN: 01367727

P. G. SURESH KUMAR
Director
DIN: 07124883

Place : Chennai
Date : April 24, 2017

ANNEXURE II

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31/03/2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To

The Members,
M/S. KUDGI TRANSMISSION LIMITED,
Chennai.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. KUDGI TRANSMISSION LIMITED (CIN U40106TN2012GOI111122) (hereinafter called the company) Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of M/s.KUDGI TRANSMISSION LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31/03/2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31/03/2017 according to the provisions of (i) The Companies Act, 2013 (the Act) and the rules made there under (ii) The National Highways Authority of India Act, 1988.

M/s KUDGI TRANSMISSION LIMITED is an unlisted public limited company and hence compliance under the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act') viz: (a) The Securities and Exchange Board of India(substantial Acquisition of shares and Takeovers) Regulations, 2011, (b) The Securities and Exchange Board of India(Prohibition of Insider Trading) Regulations,1992, (c) The Securities and Exchange Board of India(Issue of Capital and Disclosure Requirements) Regulations,2009, (d) The Securities and Exchange Board of India(Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999, (e) The Securities and Exchange Board of India(Issue and Listing of Debt Securities) Regulations, 2008, (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client, (g) The Securities and Exchange Board of India(Delisting of Equity Shares) Regulations, 2009 and (h) The Securities and Exchange Board of India(Buyback of Securities) Regulations, 1998 are not attracted.

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India and during the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc as mentioned above.

Further that the management of the Company as informed that all the Related Party Transactions entered by the Company during the period under review have been entered at Arm's Length Basis and therefore, compliance of provisions of Companies Act, 2013 in respect of any of these transactions do not arise.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

In respect of resolution passed in circulation the company followed a healthy system of circulating the detailed agenda to all the Directors in a single file system, followed by placing the concerned agenda in the subsequent meeting.

A review of the minutes of the Board meetings held during the year indicate that wherever required detailed deliberations were carried out in respect of all the agenda items that were required to be so carried out and there were no dissenting views in respect of any of the items.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the company has obtained the required approval of its members in the Annual General Meeting held on 28/09/2016 and Extra-Ordinary General Meeting held on 02/05/2016 & 27/03/2017

I further report that during the period under review, the Board of Directors of the Company has approved the following:

- Shifting of Registered Office of the company from New Delhi to Chennai has been noted in the Board Meeting held on 22/07/2016.
- Mr. Ojes Cheriyan Madappattu has been appointed as Manager of the company w.e.f 15/03/2017
- the Board of Directors in their meeting held on 15/03/2017 has approved to exercise the borrowing powers exceeding the aggregate of paid up capital and free reserves subject to members consent.

- the Board of Directors in their meeting held on 15/03/2017 has approved for issuance debentures upto ₹.1500 crore by the company to refinance the existing borrowers
- The Board has also made allotment of 15000 debentures, each of ₹.10,00,000/- on 31/03/2017

I further report that my audit was subjected only to verifying adequacy of systems and procedures that are in place for ensuring proper compliances by the Company and I am not responsible for any lapses in those compliances on the part of the Company.

SD/-
M.BALAJI RAJAN
Company Secretary in Practice
C. P. No. 6965

Place : Chennai
Date : 20/04/2017

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

ANNEXURE A

To

The Members,
M/s.Kudgi Transmission Limited,
Chennai.

Our report of even date, it is to be read along with this supplementary testimony:

a) Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Record based on our audit

b) We have followed the audit practices and processes that were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

c) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

d) Wherever required, we have obtained Management representation about the compliance of laws, rules and regulation and happenings of events etc.

e) The Compliance of the provisions of corporate and other applicable laws, rules and regulation, standards is the reasonability of management. Our examination was limited to the verification of procedures on test basis.

f) The Secretarial Audit is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management conducted the affairs of the Company.

SD/-
M.BALAJI RAJAN
Company Secretary in Practice
C. P. No. 6965

Place : Chennai
Date : 20/04/2017

ANNEXURE III

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U40106TN2012GOI111122
Registration Date	27/11/2012
Name of the Company	KUDGI TRANSMISSION LIMITED
Category / Sub-Category of the Company	COMPANY LIMITED BY SHARES/ INDIAN NON- GOVERNMENT COMPANY
Address of the Registered office and contact details	P.O.BOX.979, MOUNT POONAMALLEE ROAD, MANAPAKKAM, CHENNAI- 600089
Whether listed company Yes / No	Yes. Listed with BSE
Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited. 4th Floor,'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013. (Phone: +91 22 49142700)

*NSDL Database Management Ltd. was appointed as Registrar and Transfer Agent at the Board of Directors' meeting held on July 15, 2016 and the securities were transferred from Sharepro Services (P) Ltd with effect from September 17, 2016.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Construction/erection and maintenance of Power, Telecommunication and Transmission Line	42202	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and CIN/GLN of the Company	Holding/ Subsidiary /Associate	% of Shares held	Applicable Section
1	L&T Infrastructure Development Projects Limited U65993TN2001PLC046691	Holding	99.9%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	192599998*	192599998*	99.99	–	192599998*	192599998*	99.99	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**–**	**192599998***	**192599998***	**99.99**	**–**	**192599998***	**192599998***	**99.99**	**–**
2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**192599998***	**192599998***	**99.99**	**–**	**192599998***	**192599998***	**99.99**	**–**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt (s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds									
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B) (1):-									
2) Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	2	2	0.01	–	2	2	0.01	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B) (2):-	**–**	**2**	**2**	**0.01**	**–**	**2**	**2**	**0.01**	**–**
Total shareholding of Promoter (B) = (B)(1)+(B)(2)	**–**	**2**	**2**	**0.01**	**–**	**2**	**2**	**0.01**	**–**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	**–**	**192600000***	**192600000***	**100**	**–**	**192600000***	**192600000***	**100**	**–**

*Including shares held by nominees of L &T Infrastructure Development Project Limited.

(ii) Shareholding of Promoters

Sl No	Shareholders Name	No. of Shares held as on April 1, 2016			No. of Shares held as on March 31, 2017			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	L&T Infrastructure Development Projects Limited(with its nominees)	192599998	99.99%	0.00%	192599998	99.99%	0.00%	–
	Total	**192599998**	**99.99%**	**0.00%**	**192599998**	**99.99%**	**0.00%**	**–**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	No. of shares	% of total shares of the company	Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company
1.	As on April 1, 2016	192599998	99.99%	192599998	99.99%
2.	Date wise Increase/Decrease in Promoters Shareholding during the year	–	–	–	–
3.	As on March 31, 2017	192599998	99.99%	192599998	99.99%

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company
1.	As on April 1, 2016	2	0.01	2	0.01
2.	Date wise Increase/Decrease in Promoters Shareholding during the year	–	–	–	–
3.	As on March 31, 2017	2	0.01	2	0.01

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	R.G.Ramachandran	No. of shares	% of total shares of the company	Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company
1.	As on April 1, 2016	2	0	2	0
2.	Date wise Increase/Decrease in Promoters Shareholding during the year	–	–	–	–
3.	As on March 31, 2017	2	0	2	0

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

₹ In Crore

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1030.37	–	–	1030.37
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	8.63	–	–	8.63
Total (i+ii+iii)	**1039.00**	**–**	**–**	**1039.00**
Change in Indebtedness during the financial year				
Addition	1511.42	38.14	–	1549.57
Reduction	31.24	–	–	31.24
Net Change	**1480.18**	**38.14**	**–**	**1518.33**
Indebtedness at the end of the financial year				
i) Principal Amount	2508.68	37.85	–	2546.53
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	10.51	0.29	–	10.80
Total (i+ii+iii)	**2519.19**	**38.14**	**–**	**2557.33**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount ₹
		Manager: Mr. Ojes Cheriyan Madappattu	
1.	Gross salary	131068	131068
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option		
3.	Sweat Equity		
4.	Commission		
	- as % of profit		
	- Others, specify…		
5.	Others, please specify		
	Total (A)	**131068**	**131068**
	Ceiling as per the Act	**12000000**	**12000000**

B. Remuneration to other directors:

S. No.	Particulars of Remuneration	Name of Directors		Total Amount ₹
1	Independent Directors	**Mr. Koshy Varghese**	**Ms.Samyuktha Surendran**	
	Fee for attending Board Meeting	75,000	1,25,000	**2,00,000**
	Fee for attending Committee Meeting	30,000	60,000	**90,000**
	Commission	–	–	–
	Others	–	–	–
	Total (1)	**1,05,000**	**1,85,000**	**2,90,000**
2.	Other Non – Executive Directors			
	1. Mr.Karthikeyan T.V.			
	2. Mr.P.G.Suresh Kumar			
	3. Mr.Mathew George			
	No Fee for attending Board/ Committee Meeting was paid			
	No Commission			
	Total (2)			
	Total (B)=(1+2)	**1,05,000**	**1,85,000**	**1,05,000**
	Total Managerial Remuneration	**NA**		
	Overall Ceiling as per the Act	Sitting fees not more than ₹.1,00,000 per meeting of Board or Committee.		

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

No remuneration was paid to Key Managerial Personnel other than Manager. Mr.Satnam Singh, CFO was employed by the Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

	KARTHIKEYAN T. V.	**P. G. SURESH KUMAR**
Place : Chennai	*Director*	*Director*
Date : April 24, 2017	*DIN: 01367727*	*DIN: 07124883*

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUDGI TRANSMISSION LIMITED

REPORT ON THE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of Kudgi Transmission Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE IND AS 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 Ind AS 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

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 Ind AS 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 Ind AS financial statements based on our audit.

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

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March 2017, its financial performance including Other Comprehensive Income, 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 the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the said order.
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 Balance Sheet, the Statement of Profit and Loss, the statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.
   (e) On the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

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

i. The Company 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.

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note H (10) to the Ind AS financial statements.

For M. K. DANDEKER & CO.,
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Date: April 24, 2017
Place: Chennai

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

1. 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 immovable properties are held in the name of the Company.
2. The Company is engaged in the business of infrastructure development and maintenance and hence clause 3 (ii) of the Companies (Auditor's Report) Order 2016 relating to inventory is not applicable.
3. 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.
4. According to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 are complied with in respect of loans, investments, guarantees and securities given by the Company, if any.
5. The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.
6. The Company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act in respect of services carried out by the Company.
7. a. According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.
   b. According to the information and explanation given to us, the Company has no statutory dues which have not been deposited on account of disputes.
8. The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders.
9. The moneys raised by way of debt instruments and term loans were applied for the purposes for which those are raised.
10. Based on the information and explanation given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.
12. The Company is not a Nidhi Company and hence clause3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M. K. DANDEKER & CO.,
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Date: April 24, 2017
Place: Chennai

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report 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 **Kudgi Transmission Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). 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 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 Ind AS financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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, 2017, 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 M. K. DANDEKER & CO.,
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Date: April 24, 2017
Place: Chennai

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note	March 31, 2017 ₹	March 31, 2016 ₹	April 01, 2015 ₹
ASSETS				
(1) Non-current assets				
a) Financial Assets				
i) Loans	1	**385,400**	*239,425*	*224,400*
ii) Other financial assets	2	**15,801,987,103**	*13,928,547,334*	*6,838,469,276*
	A	**15,802,372,503**	*13,928,786,759*	*6,838,693,676*
Current assets				
a) Financial Assets				
i) Investments	4	**–**	*74,936,591*	*11,642,305*
ii) Cash and bank balances	5	**13,764,171,191**	*25,883,626*	*1,673,098*
iii) Other financial assets	2	**118,599,801**	–	–
b) Current Tax Assets (net)	3	**–**	*15,201*	–
c) Other current assets	3	**17,832,305**	*433,286*	*338,278*
	B	**13,900,603,297**	*101,268,704*	*13,653,681*
TOTAL	A+B	**29,702,975,800**	*14,030,055,463*	*6,852,347,357*
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	6	**1,926,000,000**	*1,926,000,000*	*1,540,000,000*
b) Other Equity	7	**780,282,035**	*570,210,094*	*277,646,527*
	C	**2,706,282,035**	*2,496,210,094*	*1,817,646,527*
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	8	**15,017,025,078**	*10,161,053,787*	*4,708,545,936*
b) Provisions	9	**255,355**	*1,275,892*	*619,238*
	D	**15,017,280,433**	*10,162,329,679*	*4,709,165,174*
Current liabilities				
a) Financial liabilities				
i) Borrowings	8	**372,313,951**	*205,800,000*	–
ii) Trade payables	11	**1,139,336,563**	*1,163,231,716*	*264,112,916*
iii) Other financial liabilities	12	**10,085,848,262**	–	*42,183,049*
b) Other current liabilities	10	**323,745,143**	*2,355,639*	*19,005,154*
c) Provisions	9	**314,192**	*128,335*	–
d) Current tax liabilities (net)	13	**57,855,221**	–	*234,537*
	E	**11,979,413,332**	*1,371,515,690*	*325,535,656*
Total Equity and Liabilities	C+D+E	**29,702,975,800**	*14,030,055,463*	*6,852,347,357*
CONTINGENT LIABILITIES	F			
COMMITMENTS	G			
OTHER NOTES FORMING PART OF ACCOUNTS	H			
SIGNIFICANT ACCOUNTING POLICIES	I			

As per our report attached

For M. K. DANDEKER & CO.
Chartered Accountants
(Firm Reg.No.000679S)
by the hand of

For and on behalf of the Board

S. POOSAIDURAI
Partner
Membership No. 223754

SATNAM SINGH
Chief Financial Officer

R.G.RAMACHANDRAN
Company Secretary
M. No. A19251

P.G.SURESH KUMAR
Director
DIN: 07124883

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 24, 2017

Place : Chennai
Date : April 24, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
REVENUE					
Revenue from Operations	14		1,663,641,105		1,102,818,398
Construction contract revenue			1,053,599,581		6,623,090,346
Other income	15		19,633,210		12,092,968
Total Income			2,736,873,896		7,738,001,712
EXPENSES					
Construction contract expenses			1,053,599,581		6,623,090,346
Operating expenses	16		608,871,991		804,961,965
Employee benefits expense	17		7,518,876		–
Finance costs	18		755,840,435		16,366,742
Administration and other expenses	19		11,579,271		1,407,447
Total Expenses			2,437,410,154		7,445,826,500
Profit/(loss) before exceptional items and tax			299,463,742		292,175,212
Exceptional items			–		–
Profit/(loss) before tax			299,463,742		292,175,212
Tax Expense:					
Current tax		89,149,904		–	
Current tax pertaining to prior years		50,461		78,817	
			89,200,365		78,817
Profit/(loss) after tax for the year			210,263,377		292,096,395
Other Comprehensive Income			–		–
Total Comprehensive Income for the year			210,263,377		292,096,395
Earnings per equity share (Basic and Diluted)	H(9)		1.09		1.52
Face value per equity share			10.00		10.00

As per our report attached

For M. K. DANDEKER & CO.
Chartered Accountants
(Firm Reg.No.000679S)
by the hand of

For and on behalf of the Board

S. POOSAIDURAI
Partner
Membership No. 223754

SATNAM SINGH
Chief Financial Officer

R.G.RAMACHANDRAN
Company Secretary
M. No. A19251

P.G.SURESH KUMAR
Director
DIN: 07124883

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 24, 2017

Place : Chennai
Date : April 24, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

S. No.	Particulars	2016-17 ₹	2015-16 ₹
A	**Net profit / (loss) before tax**	**299,463,742**	*292,175,212*
	Adjustments for		
	Interest expense	**1,297,160,914**	*821,328,707*
	Interest income from banks	**(114,471)**	*(151,978)*
	Finance Income	**(946,754,179)**	*(1,102,818,398)*
	(Profit) / loss on financial instruments designated at FVTPL	**(19,525,325)**	*(11,958,277)*
	(Profit) / loss on sale of miscellaneous assets	**6,586**	*17,287*
	Operating profit before working capital changes	**630,237,267**	*(1,407,447)*
	Adjustments for:		
	Increase / (Decrease) in long term provisions	**(1,020,537)**	*689,790*
	Increase / (Decrease) in trade payables	**5,623,857**	–
	Increase / (Decrease) in other current liabilities	**99,833,257**	*(16,750,931)*
	Increase / (Decrease) in short term provisions	**185,857**	*196,617*
	(Increase) / Decrease in loan term loans and advances	**(51,000)**	–
	(Increase) / Decrease in other non-current assets	**(92,000,000)**	–
	(Increase) / Decrease in other current assets	**(17,399,019)**	*(223,311)*
	Net cash generated from/(used in) operating activities	**625,409,682**	*(17,495,282)*
	Direct taxes paid (net of refunds)	**(31,329,943)**	*(328,556)*
	Net Cash(used in)/generated from Operating Activities	**594,079,739**	*(17,823,838)*
B	**Cash flow from investing activities**		
	Purchase of fixed assets [Refer Note 4 below]	**(954,168,524)**	*(5,087,338,486)*
	Sale of miscellaneous assets	**24,000**	*24,000*
	Purchase of current investments	**(1,654,200,000)**	*(3,747,700,001)*
	Sale of current investments	**1,736,745,731**	*3,696,100,780*
	Interest received	**114,471**	*151,978*
	Net cash (used in)/generated from investing activities	**(871,484,322)**	*(5,138,761,729)*
C	**Cash flow from financing activities**		
	Proceeds from issue of capital	**–**	*386,000,000*
	Proceeds from short term borrowings	**378,500,000**	–
	Proceeds from long term borrowings	**15,012,129,805**	*5,553,051,059*
	Repayment of long term borrowings	**(205,800,000)**	–
	Interest paid	**(1,169,137,657)**	*(758,254,964)*
	Net cash (used in)/generated from financing activities	**14,015,692,148**	*5,180,796,095*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**13,738,287,565**	*24,210,528*
	Cash and cash equivalents as at the beginning of the year	**25,883,626**	*1,673,098*
	Cash and cash equivalents as at the end of the year	**13,764,171,191**	*25,883,626*

Notes

1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.
4. Purchase of fixed assets denotes the additions made to Lease receivable under financial asset. [Refer Note 2 - Other financial assets].
5. Cash and cash equivalents as on March 31, 2017 include ₹ 13,72,00,00,000/- received against Non-Convertible Debentures issued on March 31, 2017 for pre-closure of existing term loan of ₹10,08,28,64,412/- repaid on April 4, 2017.

As per our report attached

For M. K. DANDEKER & CO.
Chartered Accountants
(Firm Reg.No.000679S)
by the hand of

For and on behalf of the Board

S. POOSAIDURAI
Partner
Membership No. 223754

SATNAM SINGH
Chief Financial Officer

R.G.RAMACHANDRAN
Company Secretary
M. No. A19251

P.G.SURESH KUMAR
Director
DIN: 07124883

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 24, 2017

Place : Chennai
Date : April 24, 2017

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1 LOANS

Particulars	March 31, 2017			*March 31, 2016*			*April 01, 2015*		
	Current ₹	Non-current ₹	Total ₹	*Current* ₹	*Non-current* ₹	*Total* ₹	*Current* ₹	*Non-current* ₹	*Total* ₹
a) Security deposits Unsecured, considered good	–	385,400	385,400	–	239,425	239,425	–	224,400	224,400
	–	385,400	385,400	–	239,425	239,425	–	224,400	224,400

2 OTHER FINANCIAL ASSETS

Particulars	Current	Non-current	Total	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
Lease receivables [Refer note 2(a) below]	118,599,801	15,801,987,103	15,920,586,904	–	13,928,547,334	13,928,547,334	–	6,838,469,276	6,838,469,276
	118,599,801	15,801,987,103	15,920,586,904	–	13,928,547,334	13,928,547,334	–	6,838,469,276	6,838,469,276

Note 2(a):

Details of Lease receivable:

Particulars	March 31, 2017	*March 31, 2016*
Finance Cost	(1,491,436,744)	(950,032,733)
Finance Income	3,105,444,983	1,541,477,285
Capital work in progress	–	12,801,607,982
Fixed Assets	14,413,214,044	2,029,314
Excise Duty Receivable	510,543,273	533,465,486
Trade Receivables (Annuity income)	398,505,440	–
Operation & Maintenance Fee	99,708,274	–
Annuity Income from Transmission Lines	(1,115,392,366)	–
Total	15,920,586,904	13,928,547,334

3 OTHER NON-CURRENT AND CURRENT ASSETS

Particulars	March 31, 2017			*March 31, 2016*			*April 01, 2015*		
	Current ₹	Non-current ₹	Total ₹	*Current* ₹	*Non-current* ₹	*Total* ₹	*Current* ₹	*Non-current* ₹	*Total* ₹
Capital advances									
For capital work-in- progress [Refer Note 3(a)]	9,700,500	–	9,700,500	–	–	–	–	–	–
Advances other than capital advances									
Advances to employees	251,848	–	251,848	338,311	–	338,311	225,000	–	225,000
Other advances	1,814,248	–	1,814,248	13,064	–	13,064	–	–	–
Advance recoverable other than in cash									
Prepaid Insurance	6,065,709	–	6,065,709	–	–	–	–	–	–
Prepaid expenses	–	–	–	81,911	–	81,911	113,278	–	113,278
	17,832,305	–	17,832,305	433,286	–	433,286	338,278	–	338,278
Current Tax Assets (net)									
Income tax net of provisions	–	–	–	15,201	–	15,201	–	–	–
	–	–	–	15,201	–	15,201	–	–	–

Note 3(a):

Capital work in progress represents advance paid for purchase of vacant land of ₹ 97,00,500/- pending registration (previous year ₹ Nil).

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

4 INVESTMENTS

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	Quantity Units	**Current ₹**	*Quantity Units*	*Current ₹*	*Quantity Units*	*Current ₹*
Investments at fair value through Profit and loss						
Investments in mutual funds	–	–	*32,702*	*74,936,591*	*5,821*	*11,642,305*
		–		*74,936,591*		*11,642,305*
Aggregate amount of quoted investments	–	–	*32,702*	*74,710,290*	*5,821*	*11,379,093*
Aggregate amount of market value of above	–	–	*32,702*	*74,936,591*	*5,821*	*11,642,305*

5 CASH AND BANK BALANCES

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Balances with banks [Refer note 5(a)]	**13,763,739,178**	*25,678,436*	*1,361,055*
b) Term deposits with banks including interest accrued thereon (Original maturity less than 12 months)	**432,013**	*205,190*	*312,043*
	13,764,171,191	*25,883,626*	*1,673,098*

Note 5(a) : Balance with banks in current accounts for repayment of existing term loan: Cash and bank balances as on March 31, 2017 include ₹ 13,72,00,00,000/- received against Non-Convertible Debentures issued on March 31, 2017 for pre-closure of existing term loan of ₹10,08,28,64,412/- and the same was repaid on April 4, 2017.

6 EQUITY SHARE CAPITAL

(i) Authorised, issued, subscribed and paid up

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	**₹**	*No. of shares*	*₹*	*No. of shares*	*₹*
Authorised:						
Equity shares of ₹ 10 each	**195,000,000**	**1,950,000,000**	*195,000,000*	*1,950,000,000*	*195,000,000*	*1,950,000,000*
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each	**192,600,000**	**1,926,000,000**	*192,600,000*	*1,926,000,000*	*154,000,000*	*1,540,000,000*

(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	**₹**	*No. of shares*	*₹*	*No. of shares*	*₹*
At the beginning of the year	**192,600,000**	**1,926,000,000**	*154,000,000*	*1,540,000,000*	*53,000,000*	*530,000,000*
Issued during the year as fully paid	–	–	*38,600,000*	*386,000,000*	*101,000,000*	*1,010,000,000*
At the end of the year	**192,600,000**	**1,926,000,000**	*192,600,000*	*1,926,000,000*	*154,000,000*	*1,540,000,000*

(iii) Terms / rights attached to shares

Equity shares

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(iv) Details of Shares held by Holding Company

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	**₹**	*No. of shares*	*₹*	*No. of shares*	*₹*
L&T Infrastructure Development Projects Limited (including nominee holding)	**192,600,000**	**1,926,000,000**	*192,600,000*	*1,926,000,000*	*154,000,000*	*1,540,000,000*
	192,600,000	**1,926,000,000**	*192,600,000*	*1,926,000,000*	*154,000,000*	*1,540,000,000*

(v) Details of Shareholders holding more than 5% shares in the company:

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	**%**	*No. of shares*	*%*	*No. of shares*	*%*
L&T Infrastructure Development Projects Limited	**192,599,998**	**99.99%**	*192,599,998*	*99.99%*	*153,999,998*	*99.99%*

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: Nil

(vii) Calls unpaid : Nil; Forfeited Shares : Nil

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

Balance as at April 01, 2016		Changes in equity share capital during the year		Balance as at March 31, 2017	
No of shares	**₹**	**No of shares**	**₹**	**No of shares**	**₹**
192,600,000	1,926,000,000	–	–	192,600,000	1,926,000,000

7 OTHER EQUITY AS AT MARCH 31, 2017

Particulars	Reserves & Surplus		Total
	Debenture Redemption Reserve	Retained earnings	
Balance at the beginning of the year	–	570,210,094	570,210,094
Transfer to retained earnings	–	(191,436)	(191,436)
Total comprehensive income for the year	–	210,263,377	210,263,377
Transfer from / (to) debenture redemption reserve	210,263,377	(210,263,377)	–
Balance at the end of the reporting period	**210,263,377**	**570,018,658**	**780,282,035**

OTHER EQUITY AS AT MARCH 31, 2016

Particulars	*Reserves & Surplus*		*Total*
	Debenture Redemption Reserve	*Retained earnings*	
Balance at the beginning of the year	*–*	*277,646,527*	*277,646,527*
Transfer to retained earnings	*–*	*467,172*	*467,172*
Total comprehensive income for the year	*–*	*292,096,395*	*292,096,395*
Balance at the end of the reporting period	*–*	*570,210,094*	*570,210,094*

The company has issued redeemable non convertible debentures. Accordingly, the companies (share capital and debenture) Rules, 2014 (as amended), require the company to create Debenture Redemption Reserve out of the profits of the company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of the debentures issued.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

8 BORROWINGS

Particulars	As at March 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
	Current ₹	**Non-current ₹**	**Total ₹**	*Current ₹*	*Non-current ₹*	*Total ₹*	*Current ₹*	*Non-current ₹*	*Total ₹*
Secured borrowings									
a) Non convertible debentures [Refer note 8(a)]	**–**	**15,017,025,078**	**15,017,025,078**	*–*	*1,370,319,180*	*1,370,319,180*	*–*	*–*	*–*
b) Term loans									
i) From banks	**–**	**–**	**–**	*205,800,000*	*8,790,734,607*	*8,996,534,607*	*–*	*4,708,545,936*	*4,708,545,936*
Unsecured borrowings									
a) Loans from related parties	**372,313,951**	**–**	**372,313,951**	*–*	*–*	*–*	*–*	*–*	*–*
	372,313,951	**15,017,025,078**	**15,389,339,029**	*205,800,000*	*10,161,053,787*	*10,366,853,787*	*–*	*4,708,545,936*	*4,708,545,936*

Note 8(a) :

On March 31, 2017, the Company has entered with Yes Bank for refinance of the project to the extent of ₹1500,00,00,000/- by way of Non-Convertible Debentures redeemable at par on private placement basis against that ₹1372,00,00,000/- has been credited in our escrow account and the same has been utilised for pre-closure of existing term loan from banks and short term borrowings from related parties on April 4, 2017 .

Details of long term borrowings

15,004 nos of debentures of face value ₹ 10,00,000 each redeemable at par were issued on private placement basis, out of which 13,720 nos of debentures amounting to ₹ 1372,00,00,000/- has been received on March 31, 2017 as shown below:

Particulars	**Effective interest rate**	**Terms of repayment**			
		Series	**Amount in ₹**	**Rate of Interest**	**Redemption Date**
Debentures - I	9.50%	Non Convertible Debentures I	1,284,000,000	9.50%	01-Jun-33
		Non Convertible Debentures II - Series "W" of 2016-17	400,000,000	9.50%	25-Apr-40
		Non Convertible Debentures II - Series "V" of 2016-17	320,000,000	9.50%	25-Apr-39
		Non Convertible Debentures II - Series "U" of 2016-17	900,000,000	9.50%	25-Apr-38
		Non Convertible Debentures II - Series "T" of 2016-17	1,060,000,000	9.50%	25-Apr-37
		Non Convertible Debentures II - Series "S" of 2016-17	1,010,000,000	9.50%	25-Apr-36
		Non Convertible Debentures II - Series "R" of 2016-17	930,000,000	9.50%	25-Apr-35
		Non Convertible Debentures II - Series "Q" of 2016-17	870,000,000	9.50%	25-Apr-34
		Non Convertible Debentures II - Series "P" of 2016-17	800,000,000	9.50%	25-Apr-33
		Non Convertible Debentures II - Series "O'" of 2016-17	750,000,000	9,14%	25-Apr-32
		Non Convertible Debentures II - Series "N'" of 2016-17	720,000,000	9,14%	25-Apr-31
		Non Convertible Debentures II - Series "M'" of 2016-17	670,000,000	9,14%	25-Apr-30
	9.18%	Non Convertible Debentures II - Series "L'" of 2016-17	630,000,000	9,14%	25-Apr-29
		Non Convertible Debentures II - Series "K'" of 2016-17	590,000,000	9,14%	25-Apr-28
		Non Convertible Debentures II - Series "J" of 2016-17	550,000,000	8.80%	25-Apr-27
		Non Convertible Debentures II - Series "I" of 2016-17	520,000,000	8.80%	25-Apr-26
		Non Convertible Debentures II - Series "H" of 2016-17	480,000,000	8.80%	25-Apr-25
		Non Convertible Debentures II - Series "G" of 2016-17	450,000,000	8.80%	25-Apr-24
		Non Convertible Debentures II - Series "F" of 2016-17	400,000,000	8.80%	25-Apr-23
		Non Convertible Debentures II - Series "E" of 2016-17	400,000,000	8.50%	25-Apr-22
		Non Convertible Debentures II - Series "D" of 2016-17	360,000,000	8.50%	25-Apr-21
		Non Convertible Debentures II - Series "C" of 2016-17	360,000,000	8.25%	25-Apr-20
		Non Convertible Debentures II - Series "B" of 2016-17	320,000,000	8.25%	25-Apr-19
		Non Convertible Debentures II - Series "A" of 2016-17	230,000,000	8.25%	25-Apr-18
Term loans from others	Base rate + applicable spread	(a) Payable at the end of 1 year period, subject to requisite approval lenders. (b) Prepayment can be done on the availability of cash subject to any approval if required.			
Loan from Holding Company	Base rate + applicable spread	(a) Payable at the end of 1 year period, subject to requisite approval lenders. (b) Prepayment can be done on the availability of cash subject to any approval if required.			

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Nature of Security

a) Second mortgage by way of deposit of title deed of piece of land admeasuring 1,732 sq.ft in Kancheepuram District

a) Second charge on all movable assets, including movable Plant and Machinery, machinery spares, tools and accessories , furniture, fixture, vehicles, Stock, Consumable stores, present and future.

b) Second charge on project book debts, operating cash flows, receivables, commissions, revenues of whatever nature and wherever arising, intangibles, Goodwill, uncalled capital(Present and future)

c) Second charge on project bank accounts, including but not limited to Escrow Account opened in a designated bank, where all cash flows from the Project shall be deposited

A pari passu first charge on all the immovable and movable properties of the Company relating to the Project, both present and future expect Project Assets as defined in the Concession Agreement and hypothecation of tangible movable properties both present and future including all bank accounts of the Company and all authorized investments or other securities representing all amounts credited in the banks accounts, book debts, uncalled share capital, intangible assets etc.

Presentation of Long term borrowings in the Balance Sheet is as follows:

Particulars	**As at March 31, 2017**	*As at March 31, 2016*	*As at April 01, 2015*
Long term borrowings [Refer note 8]	**15,017,025,078**	*10,161,053,787*	*4,708,545,936*
Current maturities of long term borrowings [Refer note 8]	**372,313,951**	*205,800,000*	–

Break up of other financial liabilities

Particulars	**As at March 31, 2017**	*As at March 31, 2016*	*As at April 01, 2015*
Interest accrued [Refer note 12]	**2,983,850**	–	*42,183,049*
Current maturity of long term borrowings [Refer note 12]	**10,082,864,412**	–	–

Details of Unsecured Borrowings - Loans from related parties

Particulars	Interest rate	Terms of Repayment
Unsecured loan from holding company	RBI Bank rate	(a) Payable at the end of 1 year period, subject to requisite approval Lenders. (b) Prepayment can be done on the availability of cash subject to any approval if required.
Unsecured loan from fellow subsidiary	Interest free	

9 PROVISIONS

Particulars	**As at March 31, 2017**			*As at March 31, 2016*			*As at April 01, 2015*		
	Current ₹	**Non-current ₹**	**Total ₹**	*Current ₹*	*Non-current ₹*	*Total ₹*	*Current ₹*	*Non-current ₹*	*Total ₹*
Provision for employee benefits	**314,192**	**255,355**	**569,547**	*128,335*	*1,275,892*	*1,404,227*	–	*619,238*	*619,238*
	314,192	**255,355**	**569,547**	*128,335*	*1,275,892*	*1,404,227*	–	*619,238*	*619,238*

10 OTHER NON CURRENT AND CURRENT LIABILITIES

Particulars	**As at March 31, 2017**			*As at March 31, 2016*			*As at April 01, 2015*		
	Current ₹	**Non-current ₹**	**Total ₹**	*Current ₹*	*Non-current ₹*	*Total ₹*	*Current ₹*	*Non-current ₹*	*Total ₹*
i) Liability for expenses	**320,566,796**	**–**	**320,566,796**	*2,121,583*	–	*2,121,583*	*3,358,888*	–	*3,358,888*
ii) Statutory payables	**3,178,347**	**–**	**3,178,347**	*234,056*	–	*234,056*	*15,646,266*	–	*15,646,266*
	323,745,143	**–**	**323,745,143**	*2,355,639*	–	*2,355,639*	*19,005,154*	–	*19,005,154*

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

11 TRADE PAYABLES

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	₹	₹	₹	₹	₹	₹
Due to related parties	1,133,813,695		*1,163,231,716*		*264,112,916*	
Due to others	5,522,868		–		–	
		1,139,336,563		*1,163,231,716*		*264,112,916*

12 OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
	Current ₹	Non-current ₹	Total ₹	*Current* ₹	*Non-current* ₹	*Total* ₹	*Current* ₹	*Non-current* ₹	*Total* ₹
a) Interest accrued	2,983,850	–	2,983,850	–	–	–	*42,183,049*	–	*42,183,049*
b) Other financial liabilities [Refer note 8(a)]	10,082,864,412	–	10,082,864,412	–	–	–	–	–	–
	10,085,848,262	–	10,085,848,262	–	–	–	*42,183,049*	–	*42,183,049*

13 CURRENT TAX LIABILITIES (NET)

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	₹	₹	₹	₹	₹	₹
Liabilities for current tax (net)		89,149,904		–		–
Less: Tax Deducted at Source / Advance tax paid		(31,294,683)		–		–
Income tax net of previous year provisions		–		–		*234,537*
		57,855,221		–		*234,537*

F Contingent Liabilities

Contingent Liabilities as at March 31, 2017 ₹ Nil (Previous year: ₹ Nil)

G Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ Nil (Previous year: ₹ 63,11,07,704/-)

Particulars	2016-17		*2015-16*	
	₹	₹	₹	₹
14 REVENUE FROM OPERATIONS				
Operating revenue:				
Finance Income		1,663,641,105		*1,102,818,398*
		1,663,641,105		*1,102,818,398*
15 OTHER INCOME				
Interest income from:				
Bank deposits	28,241		*151,978*	
Others	86,230		–	
		114,471		*151,978*
Net gain/(loss) on financial instruments designated at FVTPL		19,525,325		*11,958,277*
Profit/(loss) on disposal of miscellaneous assets		(6,586)		*(17,287)*
		19,633,210		*12,092,968*

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

	Particulars	2016-17		*2015-16*	
		₹	₹	₹	₹
16	**OPERATING EXPENSES**				
	Finance expenses		**541,404,011**		*804,961,965*
	Consumables		**2,974,829**		–
	Insurance		**5,645,131**		–
	Repairs and maintenance				
	Transmission Lines	**55,356,848**		–	
			55,356,848		–
	Payment of rebate as per Transmission Service agreement		**3,491,172**		–
			608,871,991		*804,961,965*
17	**EMPLOYEE BENEFIT EXPENSES**				
	Salaries, wages and bonus		**6,567,532**		–
	Contributions to and provisions for:				
	Provident fund [Refer note H(3)]	**335,416**		–	
			335,416		–
	Staff welfare expenses		**615,928**		–
			7,518,876		–
18	**FINANCE COSTS**				
	Interest on				
	– Unsecured Loan		**3,315,390**		–
	– Term Loan		**566,044,526**		*16,366,742*
	– Redeemable non-convertible fixed rate debentures		**66,736,911**		–
	Other borrowing cost		**114,239,774**		–
	Unwinding of discount and implicit interest expense on fair value		**5,503,834**		–
			755,840,435		*16,366,742*
19	**ADMINISTRATION AND OTHER EXPENSES**				
	Rent, Rates and taxes		**297,397**		*43,315*
	Professional fees		**6,179,725**		–
	Payments to auditor [Refer Note 19(a)]		**521,133**		*256,419*
	Postage and communication		**192,006**		–
	Printing and stationery		**12,655**		–
	Power & Fuel		**24,503**		–
	Travelling and conveyance		**1,774,110**		–
	Insurance Expenses		**9,389**		–
	Repairs and Maintenance - Others		**1,774,790**		–
	Miscellaneous expenses		**793,563**		*1,107,713*
			11,579,271		*1,407,447*

Note 19(a): Payments to auditor (including service tax) as follows:

Particulars	**2016-17** ₹	*2015-16* ₹
a) As auditor	**138,000**	*137,400*
b) For taxation matters	**28,750**	–
c) For company law matters	**17,250**	*22,900*
d) For other services	**337,133**	*96,119*
Total	**521,133**	*256,419*

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

H) NOTES FORMING PART OF FINANCIAL STATEMENTS

1) Corporate Information

Kudgi Transmission Limited was incorporated on November 27, 2012 under the Companies Act 1956 as a wholly owned subsidiary of M/s. REC Transmission Projects Company Limited (RECTPCL) as a Special Purpose Vehicle company to develop transmission system (Project) required for evacuation of power from NTPC Kudgi TPS (3X800 MW in Phase-I). The certificate of commencement of business was issued on January 11, 2013. M/s.RECTPCL has floated a bid on Build Own Operate and Maintain (BOOM) basis for selection of Transmission Service Provider for the above said project and M/s. L&T Infrastructure Development Projects Limited (L&TIDPL) was the successful bidder. Accordingly, the Company was acquired by L&TIDPL from REC TPCL on August 30, 2013 (effective date). The project is for 35 years from the Scheduled Commercial Operation Date,which is 18 months for first transmission element (Kudgi TPS to Narendra (new) 400 kV 2xD/C) and 28 months for second transmission element (Narendra (new) to Madhugiri 765 kV D/C and Madhugiri to Bidadi 400 kV D/C) from effective date as per the Transmission Service Agreement dated 14th May 2013 entered into with potential Long Term Transmission Customer(s). The Company commenced operations of project on September 24, 2016.

The Company achieved commercial operations date on September 24, 2016, hence previous year figures are not comparable.

2) The Company has not earned any income/incurred any expenditure in foreign currency during the year. (previous year: ₹ Nil)

3) Disclosure pursuant to Ind AS 19 “Employee benefits”:

(i) Defined contribution plan:

The Company’s provident fund and super annuation fund are the defined contribution plans. The Company is required to contribute a specified percentage of payroll costs to the recognised provident fund and Life Insurance Corporation of India respectively to fund the benefits. The only obligation of the Company with respect to these plans is to make the specified contributions.

An amount of ₹ 3,35,416 (previous year :Nil) being contribution made to recognised provident fund is recognised as expense and included under Employee benefit expense in the Statement of Profit and loss (Note 17) and an amount of ₹ 5,48,889 (previous year : ₹ 11,24,699) included under Financial asset - Lease Receivable.

(ii) Defined benefit plans:

a) Characteristics of its defined benefit plans and risks associated with them :

Gratuity:

The Company operates gratuity plan through LIC’s Group Gratuity scheme where every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

The benefit is governed by the Payment of Gratuity Act, 1972. The Key features are as under:

Features of the defined benefit plan	Remarks
Benefit offered	15 / 26 × Salary × Duration of Service
Salary definition	Basic Salary including Dearness Allowance (if any)
Benefit ceiling	Benefit ceiling of ₹ 10,00,000 was not applied
Vesting conditions	5 years of continuous service (Not applicable in case of death / disability)
Benefit eligibility	Upon Death or Resignation / Withdrawal or Retirement
Retirement age	58 years

Leave Encashment:

Features of the defined benefit plan	Remarks	
Salary for Encashment	Basic Salary	
Salary for Availment	Cost to company	
Benefit event	Death or Resignation or Retirement or Availment	
Maximum accumulation	300	
Benefit Formula	(Leave Days) × (Salary)/ (Leave Denominator)	
Leave Denominator	Employee	30
Leaves Credited Annually	Employee	30
Retirement Age	58 Years	

The company is responsible for governance of the plan.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

b) The amounts recognised in Balance Sheet are as follows:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
A) Present value of defined benefit obligation				
- Wholly funded	**503,605**	–	**–**	–
- Wholly unfunded		*598,214*	**569,549**	*806,013*
	503,605	*598,214*	**569,549**	*806,013*
Less : Fair value of plan assets	**749,481**	–	**–**	–
Net Liability / (asset)	**(245,876)**	*598,214*	**569,549**	*806,013*

c) The amounts recognised in the Statement of Profit and loss are as follows: (included in Financial Assets - Lease receivable)

	Particulars	Gratuity plan		Compensated absences	
		As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
		₹	₹	₹	₹
1	Current service cost	**137,537**	*127,585*	**155,805**	*144,531*
2	Interest on Defined benefit obligation	**45,055**	*39,047*	**59,470**	*12,180*
3	Expected return on plan assets	**(26,968)**	–	**–**	–
4	Past service cost	**–**	–	**77,651**	–
5	Actuarial (gain)/loss not recognised in books	**(267,051)**	*(33,399)*	**(449,431)**	*495,045*
	Total (1 to 7)	**(111,427)**	*133,233*	**(156,505)**	*651,756*
I	Amount included in “employee benefit expenses”	**(111,427)**	*133,233*	**(156,505)**	*651,756*
II	Amount included as part of “finance costs”	**–**	–	**–**	–
	Total (I + II)	**(111,427)**	*133,233*	**(156,505)**	*651,756*
	Actual return on plan assets	**–**	–	**–**	–

d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Opening balance of the present value of defined benefit obligation	**598,214**	*464,981*	**806,013**	*154,257*
Add: Current service cost	**137,537**	*127,585*	**155,805**	*144,531*
Add: Interest cost	**45,055**	*39,047*	**59,470**	*12,180*
Add/(less): Actuarial losses/(gains)	**(277,201)**	*(33,399)*	**(449,431)**	*495,045*
Less: Benefits paid	**–**		**79,959**	
Add: Past service cost	**–**	–	**77,651**	–
Closing balance of the present value of defined benefit obligation	**503,605**	*598,214*	**569,549**	*806,013*

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

e) Principal actuarial assumptions at the Balance Sheet date:

Particulars	As at March 31, 2017	As at March 31, 2016
1) Discount rate	**6.95%**	*7.80%*
2) Salary growth rate	**6.00%**	*6.00%*
3) Attrition rate	**15% at young ages reducing to 3% at older ages**	*15% at young ages reducing to 3% at older ages*

f) A quantitative sensitivity analysis for significant assumption as at 31 March 2017

Particulars	Change in Assumptions	Impact on Defined Benefit Obligation (Gratuity)	
	Increase/ (Decrease)	Increase/(Decrease) in Assumptions	
	%	₹	%
Discount Rate	0.50%	488,553	-3.00%
	-0.50%	519,800	3.20%
Salary Growth Rate	0.50%	519,874	3.20%
	-0.50%	488,352	-3.00%

g) The expected contributions to the defined benefit plan in the next annual reporting period (March 31, 2018) is ₹ 51,386

h) The major categories of plan assets of the fair value of the total plan assets are as follows :

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Insurer managed funds	**100%**	–	–
Investments quoted in active markets	**–**	–	–
Cash and cash equivalents	**–**	–	–
Unquoted investments	**–**	–	–
Total	**100%**	*0%*	*0%*

4) Disclosure pursuant to Ind AS 23 "Borrowing Costs"

Borrowing cost capitalized during the year ₹ 54,14,04,012. (previous year :₹ 80,49,61,965).

5) Disclosure of segment information pursuant to Ind AS 108 "Operating Segments"

The Company is engaged in the business of construction, operation and maintenance of Transmission Lines on a Build Own Operate Maintain (BOOM) basis in a single business segment. Hence reporting of operating segments does not arise. The Company does not have operations outside India. Hence, disclosure of geographical segment information does not arise.

6) Disclosure of related parties / related party transactions pursuant to Ind AS 24 "Related Party Disclosures"

a) List of related parties

Ultimate Holding Company	:	Larsen & Toubro Limited
Holding Company	:	L&T Infrastructure Development Projects Limited
Fellow Subsidiaries	:	L&T Chennai-Tada Tollway Limited Devihalli Hassan Tollway Limited L&T General Insurance Company Limited Western Andhra Tollway Limited
Key Managerial Personal	:	Ms.Priyanka Bajpai - Manager Mr.Ojes Cheriyan Madappattu - Manager

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

b) Disclosure of related party transactions:

Particulars		2016-17	*2015-16*
		₹	₹
1	**Purchase of goods and services incl. taxes**		
	Ultimate Holding company		
	Larsen & Toubro Limited	**5,292,548**	*1,230,425*
	Holding company		
	L&T Infrastructure Development Projects Limited	**519,835,552**	*5,531,469,985*
	Fellow subsidiaries		
	L&T General Insurance Company Limited	**–**	*1,146*
2	**Purchase of assets**		
	Fellow subsidiaries		
	L&T Chennai - Tada Tollway Limited	**40,895**	*–*
3	**Unsecured loan received from**		
	Holding company		
	L&T Infrastructure Development Projects Limited	**228,500,000**	*–*
	Fellow subsidiaries		
	Western Andhra Tollway Limited	**150,000,000**	*–*
4	**Interest on unsecured loan**		
	Holding company		
	L&T Infrastructure Development Projects Limited	**3,315,390**	*–*
5	**Reimbursement of expenses charged from**		
	Ultimate Holding company		
	Larsen & Toubro Limited	**996,429**	*–*
	Holding company		
	L&T Infrastructure Development Projects Limited	**1,232,727**	*1,015,465*
	Fellow subsidiaries		
	Devihalli Hassan Tollway Limited	**74,866**	*–*
6	**Reimbursement of expenses charged to**		
	Holding company		
	L&T Infrastructure Development Projects Limited	**813,000**	*–*
7	**Share Capital (including advance against Share capital)**		
	Holding company		
	L&T Infrastructure Development Projects Limited	**–**	*386,000,000*
8	**Refundable deposit received for directors nominations**		
	Holding company		
	L&T Infrastructure Development Projects Limited	**100,000**	*200,000*
9	**Salary & Perquisites**		
	Mr. K.G. Sathyanarayana (upto December 31, 2015)	**–**	*1,491,176*
	Ms. Priyanka Bajpai (upto March 15, 2017)	**1,832,845**	*21,025*
	Mr. Ojes Cheriyan Madappattu (w.e.f March 15, 2017)	**61,960**	*–*

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

c) **Amount due to and due from related parties(net):**

		(Amount in ₹)
Particulars	**Amounts due to / (from)**	
	As at March 31, 2017	*As at March 31, 2016*
Ultimate Holding Company		
Larsen & Toubro Limited	**5,849,588**	*1,501,938*
Holding Company		
L&T Infrastructure Development Projects Limited	**1,127,923,212**	*1,161,729,778*
Fellow Subsidiaries		
L&T Chennai-Tada Tollway Limited	**40,895**	–

d) **Terms and conditions of transactions with related parties :**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) There is no provision for bad and doubtful debts to related parties with regard to outstanding expenses and there is no expense recognized in respect of bad and doubtful debts due from related parties.

f) The Holding Company L&T Infrastructure Development Projects Limited (L&T IDPL) has issued Sponsor Support and Put Option Agreements dated May 29, 2015 with the debenture trustees to fund the coupon shortfall in accordance with the terms of the agreement on behalf of Kudgi Transmission Limited. L&T IDPL has also given a commitment to purchase the debentures in accordance with the terms of the put option mentioned in the agreement.

g) **Compensation of Key Management personnel of the company**

		(Amount in ₹)
Particulars	**As at March 31, 2017**	*As at March 31, 2016*
Short term employee benefits	**1,808,779**	*1,512,201*
Post employment gratuity and medical benefits	**86,026**	–
Other long term benefits	**–**	–
Termination benefits	**–**	–
Share based payment transactions	**–**	–

7) **Disclosure pursuant to Ind AS 12 "Income taxes"**

The major components of income tax expense for years ended March 31, 2017 and March 31, 2016 are:

Particulars	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹
Profit and loss section:		
Current tax :		
Current income tax charge	**89,149,904**	–
Adjustments of current tax of previous year	**50,461**	*78,817*
Deferred tax :		–
Relating to origination and reversal of temporary differences	**–**	–
Effect on deferred tax balances due to change in income tax rate	**–**	–
Income tax reported in the statement of profit and loss	**89,200,365**	*78,817*

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2016:

Particulars	As at March 31, 2017	As at March 31, 2016
	₹	₹
Profit before tax	**299,463,742**	*292,175,212*
Applicable tax rate	**34.61%**	*34.61%*
Profit before tax * Applicable tax rate	**103,638,412**	*101,115,997*
Adjustments in respect of current income tax of previous years		
Transitional Adjustments	**–**	*101,115,997*
Impact on taxation at differential rates	**(294,783)**	–
Tax incentives	**(98,945,626)**	–
MAT Credit	**86,693,380**	–
Non deductable expenses	**(1,941,480)**	–
Income tax expense reported in the statement of profit and loss	**89,149,904**	–

Deferred tax

Major components of deferred tax liabilities and assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
	₹	₹	₹
Balance Sheet			
a) Financial Asset - Lease receivable	**(1,535,372,046)**	–	–
Profit and Loss			
a) Unabsorbed depreciation	**1,535,372,046**	–	–
Net deferred tax assets /(liabilities)	**–**	–	–

8) **Disclosure pursuant to Ind AS 17 - " Leases"**

The Company has not taken any asset on finance lease. The Company has taken office premises and transit house under cancellable operating leases. Lease rental paid ₹ 2,36,177 (Previous year is Nil) in the statement of profit and loss and ₹ 3,36,778 has been included in Financial Asset - Lease receivable (Previous Year - ₹ 3,75,500).

9) **Disclosure pursuant to Ind AS 33 "Earnings per share"**

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		2016-17	2015-16
		₹	₹
Basic and Diluted earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	**210,263,377**	*292,096,395*
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	**192,600,000**	*192,600,000*
Basic and Diluted earnings per equity share (₹)	A / B	**1.09**	*1.52*
Face value per equity share (₹)		**10.00**	*10.00*

10) **Details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 as provided below:**

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	–	–	–
Add: Permitted receipts	–	–	–
Less: Permitted payments	–	–	–
Less: Amount deposited in banks	–	–	–
Closing cash in hand as on December 30, 2016	–	–	–

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

11) Disclosures pursuant to Ind AS 1 - "Presentation of Financial Statements"

For the purpose of the company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximize shareholder value.

12) First time adoption of Ind AS

The financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

13) The following is a brief summary of the IGAAP adjustments made by the Company on account of transition to IndAS from the previous IGAAP.

(i) Service concession arrangements - Unconditional right to receive cash

Under Indian GAAP, service concession arrangements that gave the Company a right to received cash from or at the direction of the authority were recognised as Tangible assets. For transition, the right to receive cash is recognised as a financial asset on initial recognition at the fair value of the consideration received/receivable. Finance income is accounted on the financial asset using the effective interest rate method and the contractual cash flows are allocated between interest and principal repayments so as to completely amortize the receivable at the end of the concession period. Accordingly, tangible assets recognised under the previous GAAP in respect of annuity projects are de-recognised and consequently a financial asset is recognised on the transition date.

(ii) Current investments:

Under Indian GAAP, investment in mutual funds were stated at lower of cost and fair value. Any gain/loss on disposal was accounted for in the statement of profit and loss. For transition, mutual fund investments are categorized as Financial instruments at Fair Value Through Profit or Loss (FVTPL). Any unrealised gains/losses are included in the carrying amount of such investments as at the reporting date. Consequently the carrying amount of mutual fund investments is increased by ₹ 2,26,301/- with a corresponding increase in the reserves.

(iii) Construction income and construction expense:

The operator is required to recognize contract revenue and costs in accordance with Ind AS 11. As per Ind AS 115, operator has to recognize revenue when(or as) the operator satisfies a performance obligation by transferring promised asset to customer. The cost of each activity, viz, construction, operation and maintenance , are recognized as expenses by reference to stage of completion of that activity.

Reconciliation of equity as at March 31, 2015

Particulars	*Indian GAAP**	*Adjustments*	*Ind AS*
	₹	₹	₹
ASSETS			
(1) Non-current assets			
a) Property, plant and equipment	*662,954*	*(662,954)*	–
b) Capital work-in-progress	*5,907,088,587*	*(5,907,088,587)*	–
c) Financial assets			
i) Loans	*638,084,400*	*(637,860,000)*	*224,400*
ii) Others(Lease receivable)	–	*6,838,469,276*	*6,838,469,276*
	6,545,835,941	*292,857,735*	*6,838,693,676*
Current assets			
a) Financial assets			
i) Investments	*11,379,093*	*263,212*	*11,642,305*
ii) Cash and bank balances	*1,673,098*	–	*1,673,098*
iii) Loans	*338,278*	–	*338,278*
	13,390,469	*263,212*	*13,653,681*
TOTAL	*6,559,226,411*	*293,120,947*	*6,852,347,358*

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Particulars	Indian GAAP*	Adjustments	Ind AS
	₹	₹	₹
EQUITY AND LIABILITIES			
EQUITY			
a) Equity share capital	1,540,000,000	–	1,540,000,000
b) Other equity	(15,474,420)	293,120,947	277,646,527
	1,524,525,580	293,120,947	1,817,646,527
LIABILITIES			
(1) Non-current liabilities			
a) Financial liabilities			
i) Borrowings	4,708,545,936	–	4,708,545,936
b) Provisions	619,238	–	619,238
	4,709,165,174	–	4,709,165,174
Current liabilities			
a) Financial liabilities			
i) Trade payables	264,112,916	–	264,112,916
ii) Other financial liabilities	42,183,049	–	42,183,049
b) Other current liabilities	19,005,154	–	19,005,154
c) Current tax liabilities (net)	234,538		234,538
	325,535,657	–	325,535,657
Total Equity and Liabilities	6,559,226,411	293,120,947	6,852,347,358

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Reconciliation of equity as at March 31, 2016

Particulars	Indian GAAP	Adjustments	Ind AS
	₹	₹	₹
ASSETS			
(1) Non-current assets			
a) Property, plant and equipment	2,029,314	(2,029,314)	–
b) Capital work-in-progress	12,801,607,982	(12,801,607,982)	–
c) Financial assets			–
i) Loans	533,704,911	(533,465,486)	239,425
ii) Other financial assets	–	13,928,547,334	13,928,547,334
	13,337,342,207	591,444,552	13,928,786,759
Current assets			
a) Financial assets			
i) Investments	74,710,290	226,301	74,936,591
ii) Cash and bank balances	25,883,626	–	25,883,626
b) Current Tax Assets (net)	15,201	–	15,201
c) Other current assets	433,286	–	433,286
	101,042,403	226,301	101,268,704
TOTAL	13,438,384,610	591,670,853	14,030,055,463
EQUITY AND LIABILITIES			
EQUITY			
a) Equity share capital	1,926,000,000	–	1,926,000,000
b) Other equity	(21,460,759)	591,670,853	570,210,094
	1,904,539,241	591,670,853	2,496,210,094

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Particulars	Indian GAAP	Adjustments	Ind AS
	₹	₹	₹
LIABILITIES			
(1) Non-current liabilities			
a) Financial liabilities			
i) Borrowings	10,161,053,787	–	10,161,053,787
b) Provisions	1,275,890	–	1,275,890
	10,162,329,677	–	10,162,329,677
Current liabilities			
a) Financial liabilities			
i) Borrowings	205,800,000	–	205,800,000
ii) Trade payables	1,163,231,716	–	1,163,231,716
a) Other current liabilities	2,355,641	–	2,355,641
b) Provisions	128,335	–	128,335
	1,371,515,692	–	1,371,515,692
Total Equity and Liabilities	13,438,384,610	591,670,853	14,030,055,463

Note:

(a) Financial Asset :

Under Indian GAAP, service concession arrangements that gave the Company a right to receive cash from or at the direction of the authority were recognised as tangible assets. For transition, the right to receive cash is recognised as a financial asset on initial recognition at the fair value of the consideration received/receivable. Finance income is accounted on the financial asset using the effective interest rate method and the contractual cash flows are allocated between interest and principal repayments so as to completely amortize the receivable at the end of the concession period. Accordingly, tangible assets recognised under the previous GAAP in respect of annuity projects are de-recognised and consequently a financial asset is recognised on the transition date.

(b) The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Reconciliation of Profit and loss as at March 31, 2016

Particulars	Indian GAAP	Adjustments	Ind AS
	₹	₹	₹
REVENUE			
Construction contract revenue	–	6,623,090,346	6,623,090,346
Interest Income	–	1,102,818,398	1,102,818,398
Other income	11,866,667	226,301	12,092,968
Total income	11,866,667	7,726,135,045	7,738,001,712
EXPENSES			
Construction Contract expense	–	6,623,090,346	6,623,090,346
Operating Expense		804,961,965	804,961,965
Finance costs	16,366,742		16,366,742
Administration and other expenses	1,407,447		1,407,447
Total expenses	17,774,189	7,428,052,311	7,445,826,500
Profit/(loss) before exceptional items and tax	(5,907,522)	298,082,734	292,175,212
Exceptional items	–	–	–
Profit/(loss) before tax	(5,907,522)	298,082,734	292,175,212
Tax Expense:			
Current tax	78,817	–	78,817
	78,817	–	78,817
Profit/(loss) for the year	(5,986,339)	298,082,734	292,096,395
Other comprehensive income	–	–	–
Total comprehensive income for the year	(5,986,339)	298,082,734	292,096,395

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Note:

(a) Current investments:

Under Indian GAAP, investment in mutual funds were stated at lower of cost and fair value. Any gain/loss on disposal was accounted for in the statement of profit and loss. For transition, mutual fund investments are categorized as Financial instruments at Fair Value Through Profit or Loss (FVTPL). Any Unrealised gains/losses are included in the carrying amount of such investments as at the reporting date. Consequently the carrying amount of mutual fund investments is increased by ₹ 2,26,301/- with a corresponding increase in the reserves.

(b) Construction income and construction expense:

The operator is required to recognize contract revenue and costs in accordance with Ind AS 11. As per Ind AS 115, operator has to recognize revenue when(or as) the operator satisfies a performance obligation by transferring promised asset to customer. The cost of each activity, viz, construction, operation and maintenance , are recognized as expenses by reference to stage of completion of that activity.

(c) The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

14) Financial Instruments

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	As at March 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
		FVTPL	FVTOCI	Amortized cost	*FVTPL*	*FVTOCI*	*Amortized cost*	*FVTPL*	*FVTOCI*	*Amortized cost*
Financial asset										
Security Deposits	1	–	–	385,400	–	–	239,425	–	–	224,400
Investments	4	–	–	–	74,936,591	–	–	11,642,305	–	–
Lease receivable	2	–	–	15,920,586,904	–	–	13,928,547,334	–	–	6,838,469,276
Cash and cash equivalents	5	–	–	13,764,171,191	–	–	25,883,626	–	–	1,673,098
Total Financial Asset		–	–	29,685,143,495	74,936,591	–	13,954,670,385	11,642,305	–	6,840,366,774
Financial liability										
Term Loan from Banks	8	–	–	–	–	–	8,996,534,607	–	–	4,708,545,936
Non convertible debentures	8	–	–	15,017,025,078	–	–	1,370,319,180	–	–	–
Term loans from others	8	372,313,951	–	–						
Other Current Financial Liabilities	12	–	–	10,085,848,262	–	–	–	–	–	42,183,049
Trade Payables	11	–	–	1,139,336,563	–	–	1,163,231,716	–	–	264,112,916
Total Financial Liabilities		372,313,951	–	26,242,209,903	–	–	11,530,085,503	–	–	5,014,841,901

Default and breaches

There are no defaults with respect to payment of principal interest, sinking fund or redemption terms and no breaches of the terms and conditions of the loan.

There are no breaches during the year which permitted lender to demand accelerated payment.

15) Fair value of Financial asset and liabilities at amortized cost

Particular	Note no.	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
		Carrying amount	Fair value	*Carrying amount*	*Fair value*	*Carrying amount*	*Fair value*
Financial Assets							
Security Deposits	1	385,400	385,400	239,425	239,425	224,400	224,400
Lease receivable	2	15,920,586,904	15,920,586,904	13,928,547,334	13,928,547,334	6,838,469,276	6,838,469,276
Cash and cash equivalents	5	13,764,171,191	13,764,171,191	25,883,626	25,883,626	1,673,098	1,673,098
Total Financial Assets		29,685,143,495	29,685,143,495	13,954,670,385	13,954,670,385	6,840,366,774	6,840,366,774
Financial liability							
Term Loan from Banks	8	–	–	8,996,534,607	8,996,534,607	4,708,545,936	4,708,545,936
Non convertible debentures	8	15,017,025,078	15,017,025,078	1,370,319,180	1,370,319,180	–	–
Other Current Financial Liabilities	12	10,085,848,262	10,085,848,262	–	–	42,183,049	42,183,049
Trade Payables	11	1,139,336,563	1,139,336,563	1,163,231,716	1,163,231,716	264,112,916	264,112,916
Total Financial Liabilities		26,242,209,903	26,242,209,903	11,530,085,503	11,530,085,503	5,014,841,901	5,014,841,901

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

The carrying amount of current financial assets and current trade and other payables measured at amortized cost are considered to be the same as their fair values, due to their short term nature.

The carrying amount of security deposit measured at amortized cost is considered to be the same as its fair value due to its insignificant value.

The carrying value of Rupee Term Loan and non convertible debentures approximate fair value as the instruments are at prevailing market rate.

16) Fair Value Measurement

Fair Value Measurement of Financial asset and Financial liabilities

Fair value hierarchy

As at March 31, 2017

Financial Asset & Liabilities Measured at FV - Recurring fair value measurement	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial asset measured at FVTPL					
Investments in Mutual Funds	**4**	**–**	**–**	**–**	**–**
Total of Financial Assets		**–**	**–**	**–**	**–**
Financial Liabilities measured at FVTPL					
Term loans from others	**8**	**–**	**–**	**372,313,951**	**372,313,951**
Total of Financial Liabilities		**–**	**–**	**372,313,951**	**372,313,951**

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	**1**	**–**	**–**	**385,400**	**385,400**
Lease receivable	**2**	**–**	**–**	**15,920,586,904**	**15,920,586,904**
Cash and cash equivalents	**5**	**–**	**–**	**13,764,171,191**	**13,764,171,191**
Total of Financial Assets		**–**	**–**	**29,685,143,495**	**29,685,143,495**
Financial Liabilities					
Non convertible Debentures	**8**	**–**	**15,017,025,078**	**–**	**15,017,025,078**
Other Current Financial Liabilities	**12**	**–**	**10,085,848,262**	**–**	**10,085,848,262**
Trade Payables	**11**	**–**	**–**	**1,139,336,563**	**1,139,336,563**
Total Financial liabilities		**–**	**25,102,873,340**	**1,139,336,563**	**26,242,209,903**

As at March 31, 2016

Financial Asset & Liabilities Measured at FV - Recurring FVM	*Note*	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial asset measured at FVTPL					
Investments in Mutual Funds	*4*	*74,936,591*	*–*	*–*	*74,936,591*
Total of Financial Assets		*74,936,591*	*–*	*–*	*74,936,591*
Financial Liabilities measured at FVTPL		*–*	*–*	*–*	*–*
Total of Financial Liabilities		*–*	*–*	*–*	*–*

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	*Note*	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial Assets					
Security Deposits	*1*	*–*	*–*	*239,425*	*239,425*
Lease receivable	*2*	*–*	*–*	*13,928,547,334*	*13,928,547,334*
Cash and cash equivalents	*5*	*–*	*–*	*25,883,626*	*25,883,626*
Total Financial Assets		*–*	*–*	*13,954,670,385*	*13,954,670,385*
Financial Liabilities					
Term Loan from Banks	*8*	*–*	*8,996,534,607*	*–*	*8,996,534,607*
Non convertible Debentures	*8*	*–*	*1,370,319,180*	*–*	*1,370,319,180*
Trade Payables	*11*	*–*	*–*	*1,163,231,716*	*1,163,231,716*
Total Financial Liabilities		*–*	*10,366,853,787*	*1,163,231,716*	*11,530,085,503*

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

As at April 01, 2015

Financial Asset & Liabilities Measured at FV - Recurring FVM	*Note*	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial asset measured at FVTPL					
Investments in Mutual Funds	4	11,642,305	–	–	11,642,305
Total of Financial Assets		11,642,305	–	–	11,642,305
Financial Liabilities measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–
Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	*Note*	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial Assets					
Security Deposits	1	–	–	224,400	224,400
Lease receivable	2	–	–	6,838,469,276	6,838,469,276
Cash and cash equivalents	5	–	–	1,673,098	1,673,098
Total of Financial Assets		–	–	6,840,366,774	6,840,366,774
Financial Liabilities					
Term Loan from Banks	8	–	4,708,545,936	–	4,708,545,936
Other Current Financial Liabilities	12	–	42,183,049	–	42,183,049
Trade Payables	11	–	–	264,112,916	264,112,916
Total of Financial Liabilities		–	4,750,728,985	264,112,916	5,014,841,901

There are no transfer between level 1 and level 2 during the year

The company policy is to recognize transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.

Valuation technique and inputs used to determine fair value

Financial assets and liabilities	**Valuation method**	**Inputs**
Financial assets		
Investment in Mutual Funds	Market Approach	Net asset value
Security deposit	Income approach	Cash Flows
Lease receivable	Income approach	Cash Flows
Financial liabilities		
Term Loan from Banks	Income approach	Effective rate of borrowing
Non convertible debentures	Income approach	Effective rate of borrowing
Other Current Financial Liabilities	Income approach	Effective rate of borrowing

17) Asset pledged as security

Particulars	**Note**	**As at March 31,2017**	*As at March 31,2016*	*As at March 31,2015*
Financial Asset				
Lease receivable	**2**	**15,920,586,904**	13,928,547,334	6,838,469,276
Investments	**4**	**–**	74,936,591	11,642,305
Cash and Bank balances	**5**	**44,171,191**	25,883,626	1,673,098
TOTAL		**15,964,758,095**	14,029,367,551	6,851,784,679

18) Financial Risk Management

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(i) Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The company is not exposed to foreign currency risk as it has no borrowing in foreign currency.

(ii) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from Long term borrowings with variable rates. The company measures risk through sensitivity analysis.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

Particulars	**As at March 31,2017**	*As at March 31,2016*	*As at March 31,2015*
Senior Debt from Banks - Variable rate borrowings	–	*8,996,534,607*	*4,708,545,936*

Sensitivity analysis based on average outstanding Senior Debt

Interest Rate Risk Analysis	**Impact on profit/ loss after tax**	
	FY 2016-17	*FY 2015-16*
Increase or decrease in interest rate by 25 base point	**11,245,668**	*17,131,351*

Note: Profit will increase in case of decrease in interest rate and vice versa

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

The company's exposure to price risk due to investments in mutual fund is as follows:

Particulars	**Note No.**	**As at March 31,2017**	*As at March 31,2016*	*As at March 31,2015*
Investments in Mutual Funds	**4**	–	*74,936,591*	*11,642,305*

Sensitivity Analysis

	Impact on profit/ loss after tax	
	FY 2016-17	*FY 2015-16*
Increase or decrease in NAV by 2%	–	*1,498,732*

Note - In case of decrease in NAV profit will reduce and vice versa.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

The following are the contractual maturities of financial liabilities

As at March 31, 2017	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
Non Derivative Financial Liability					
Non convertible Debentures	**15,017,025,078**	**13,025,078**	**230,000,000**	**1,040,000,000**	**13,734,000,000**
Senior Debt from Banks [Refer Note 8(a)]	**10,082,864,412**	**10,082,864,412**	**–**	**–**	**–**
Trade Payables	**1,139,336,563**	**1,139,336,563**	**–**	**–**	**–**
Derivative Financial Liability	**–**	**–**	**–**	**–**	**–**
As at March 31, 2016	***Carrying Amount***	***upto 1 year***	***1 - 2 years***	***2 - 5 years***	***> 5 years***
Non Derivative Financial Liability					
Non convertible Debentures	*1,370,319,180*	*1,370,319,180*	–	–	–
Senior Debt from Banks [Refer Note 8(a)]	*8,996,534,607*	*205,800,000*	*8,790,734,607*	–	–
Trade Payables	*1,163,231,716*	*1,163,231,716*	–	–	–
Derivative Financial Liability	–	–	–	–	–
As at April 01, 2015	***Carrying Amount***	***upto 1 year***	***1 - 2 years***	***2 - 5 years***	***> 5 years***
Non Derivative Financial Liability					
Senior Debt from Banks [Refer Note 8(a)]	*4,708,545,936*	–	*205,800,000*	*4,502,745,936*	–
Trade Payables	*264,112,916*	*264,112,916*	–	–	–
Derivative Financial Liability	–	–	–	–	–

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The company is exposed to credit risk with regard to receipt of annuity income as per the transmission service agreement. In case of shortfall, the company shall go for working capital loan or promoter funding or any other form of temporary funding.

19) Disclosure pursuant to Appendix - A to Ind AS 11 - " Service Concession Arrangements"

i) Description and classification of the arrangement

"Kudgi Transmission Limited was incorporated on November 27, 2012 under the Companies Act 1956 as a wholly owned subsidiary of M/s. REC Transmission Projects Company Limited (RECTPCL) as a Special Purpose Vehicle company to develop transmission system (Project) required for evacuation of power from NTPC Kudgi TPS (3X800 MW in Phase-I). The certificate of commencement of business was issued on January 11, 2013. M/s.RECTPCL has floated a bid on Build Own Operate and Maintain (BOOM) basis for selection of Transmission Service Provider for the above said project and M/s. L&T Infrastructure Development Projects Limited (L&TIDPL) was the successful bidder. Accordingly, the Company was acquired by L&TIDPL from REC TPCL on August 30, 2013 (effective date). The project is for 35 years from the Scheduled Commercial Operation Date, which is 18 months for first transmission element (Kudgi TPS to Narendra (new) 400 kV 2xD/C) and 28 months for second transmission element (Narendra (new) to Madhugiri 765 kV D/C and Madhugiri to Bidadi 400 kV D/C) from effective date as per the Transmission Service Agreement (TSA) dated 14th May 2013 entered into with potential Long Term Transmission Customer(s). The Company commenced operations of project on September 24, 2016."

ii) Significant Terms of the arrangements

(a) Monthly Transmission Charges:

The Monthly Transmission Charges for each contract year shall be calculated in accordance with the provision of Schedule 5 of TSA.

(b) License Fee

A transmission licensee for inter-State transmission, including a person deemed to be an inter-State transmission licensee under any of the provisions to Section 14 of the Electricity Act 2003, shall pay license fee at the rate of 0.11% per annum on the annual transmission charges.

iii) Operation and Maintenance of the Project

Transmission Service Provider (TSP) shall be responsible for ensuring that the project is operated and maintained as specified under article 7 of the transmission service agreement (TSA) in accordance with the Indian Electricity Grid Code/ State Grid Code in an efficient, coordinated and economical manner.

v) Details of Termination

TSA can be terminated on account of default of the company in the circumstances as specified under article 13 of the TSA.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

I. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. Basis of preparation

(a) Compliance with IndAS

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements upto to the year ended March 31, 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under IndAS. Refer Note H(14) for an explanation on how the transition from previous GAAP to IndAS has affected the Company's financial position, financial performance and cash flows.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligations
Assets held for sale	fair value less costs to sell

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, fair value measurement etc.

(d) Measurement of fair values

A number of the accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date
- Level 2 inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

3. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate.

b) Revenue from annuity based projects is recognised in the Statement of Profit and Loss over the concession period of the respective

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

projects based on the implicit rate of return embedded in the projected cash flows. Such income is duly adjusted for any variation in the amount and timing of the cash flows in the period in which such variation occurs.

c) Contract revenue for fixed price contracts is recognised only to the extent of cost incurred that it is probable will be recoverable till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

Percentage of completion is determined based on the proportion of actual cost incurred to the total estimated cost of the project. The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognised in the Statement of Profit and Loss in the period in which the change is made and in subsequent periods.

For the purposes of recognizing revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

For this purpose, actual cost includes cost of land and developmental rights but excludes borrowing cost. Expected loss, if any, on the construction activity is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

d) Fair value gains on current investments carried at fair value are included in Other income.

e) Dividend income is recognised when the right to receive the same is established by the reporting date.

f) Other items of income are recognised as and when the right to receive arises.

4. Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term highly liquid investments being not free from more than insignificant risk of change are not included as part of cash and cash equivalents. Bank overdrafts which are part of the cash management process is included as part of cash and cash equivalents.

5. Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure."

6. Exceptional items

On certain occasions, the size, type or incidence of an item of income or expense is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

7. Investments

Trade investments comprise investments in entities in which the Company has strategic business interest.

Investments, which are readily realizable and are intended to be held for not more than one year, are classified as current investments. All other investments are classified as long term investments.

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties. The determination of carrying amount of such investments is done on the basis of weighted average cost of each individual investment.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the requirements of cost model.

8. Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

(ii) Post employment benefits

(a) Defined contribution plans:

The Company’s superannuation scheme and State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees’ gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Company’s defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognizes related restructuring costs or termination benefits.

(iii) Other long term employee benefits:

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

(iv) Termination benefits

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognised as expense and a liability is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

9. Borrowing costs

Borrowing costs include interest calculated using the effective interest method, amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Consolidated Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Consolidated Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

10. Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are as per Indian Accounting Standard 108 “Operating Segments” (IND AS 108) read with SEBI’s circular dated July 5, 2016. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The identification of operating segments and reporting of amounts is consistent with performance assessment and resource allocation by the management.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under ‘unallocated revenue / expenses / assets / liabilities’.

11. Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Finance leases:

(a) Property, plant and equipment acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

(b) Property, plant and equipment given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

Operating leases:

(a) Property, plant and equipment acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

(b) Property, plant and equipment leased out under operating leases are continued to be capitalized by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease.

12. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

13. Income taxes

The income tax expense or credit for the year is the tax payable on current year’s taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realized or settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

14. Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and

(b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

15. Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed in notes in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or a present obligation arising from past events, when no reliable estimate is possible . Contingent assets are disclosed in the financial statements where an inflow of economic benefits are probable.

16 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. 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 assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets

Investments in debt instruments that meet the following conditions are subsequently measured at amortized cost (unless the same are designated as fair value through profit or loss (FVTPL)):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (unless the same are designated as fair value through profit or loss)

- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at FVTPL is a residual category for debt instruments and all changes are recognised in profit or loss.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in OCI for equity instruments which are not held for trading.

Interest income, dividend income and exchange difference (on debt instrument) on FVTOCI debt instruments is recognised in profit or loss and other changes in fair value are recognised in OCI and accumulated in other equity. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

A financial asset is primarily derecognized when:

i. the rights to receive cash flows from the asset have expired, or

ii. the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and with a)the company has transferred substantially all the risks and rewards of the asset, or b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets: The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109.

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortized costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortization.

Financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Impairment of financial assets (Expected Credit Loss Model)

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset and financial guarantees not designated at FVTPL

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e.. all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument, through the expected life of the financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the life-time expected credit losses if the credit risk on that financial instrument has increase significantly since initial recognition. If the credit risk has not increased significantly, the Company measures the loss allowance at an amount equal to 12-month expected credit losses. 12-month expected

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

credit losses are portion of the life-time expected credit losses and represent the life-time cash shortfalls that will result if the default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of a change in the amount of the expected credit loss. To achieve that, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

17. Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

18. Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

19. Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

Note A: First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (transition date).
2. The Company has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.
3. The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.
4. The company has assessed all contracts and arrangements for embedded leases based on conditions in place as at the date of transition.
5. The estimates as at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with the Indian GAAP.

As per our report attached

For M. K. DANDEKER & CO.
Chartered Accountants
(Firm Reg.No.000679S)
by the hand of

For and on behalf of the Board

S. POOSAIDURAI
Partner
Membership No. 223754

SATNAM SINGH
Chief Financial Officer

R.G.RAMACHANDRAN
Company Secretary
M. No. A19251

P.G.SURESH KUMAR
Director
DIN: 07124883

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 24, 2017

Place : Chennai
Date : April 24, 2017