

**TP AJMER DISTRIBUTION LIMITED**



**V. SANKAR AIYAR & CO.**  
**CHARTERED ACCOUNTANTS**

Satyam Cinema Complex, Ranjit Nagar Community Centre, New Delhi – 110 008  
Flat No. | 202, 203 Tel. (011) 25702691, 25704639, 43702919  
| & 301 Tel. (011) 25705233, Telefax : (011) 25705232  
E-mail : [newdelhi@vsa.co.in](mailto:newdelhi@vsa.co.in)

**Independent Auditor's Report**

To the Members of  
TP Ajmer Distribution Limited

**Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of TP Ajmer Distribution Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the period then ended, and a summary of the significant accounting policies and other explanatory information.

**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) prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

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

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 judgement, 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, of the financial position of the Company as at 31<sup>st</sup> March, 2018, its financial performance including other comprehensive income, its cash flows and the changes in equity for the period ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"
- (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. There are no pending litigation at the period-end which would impact its financial position of the Company
  - 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.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure B" a statement on the matters specified in the paragraphs 3 and 4 of the said Order.

For V. Sankar Aiyar & Co.  
Chartered Accountants  
ICAI Firm Regn. No. 109208W



Ajay Gupta  
Partner  
Membership No. 90104

Place : New Delhi  
Dated: 23<sup>rd</sup> April 2018



## **Annexure "A" to the Independent Auditors' Report**

(Referred to in Paragraph 1(f) under 'Report on Other Legal and Regulatory requirements' of our report on even date)

### **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls over financial reporting of the Company as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the period 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 31<sup>st</sup> March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For V. Sankar Aiyar & Co.  
Chartered Accountants  
ICAI Firm Regn. No. 109208W**



**Ajay Gupta.  
Partner  
Membership No. 90104**

**Place : New Delhi  
Dated : 23<sup>rd</sup> April 2018**



## Annexure "B" to the Independent Auditors' Report

(Referred to in Paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our Report on even date)

- i The Company does not have any fixed assets (Property, Plant and Equipment) and hence reporting under clause (i) of the order is not applicable.
- ii The inventories consisting of stores and spares have been physically verified by the management at reasonable intervals during the period and no material discrepancies were noticed on physical verification.
- iii The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties required to be covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause 3(iii) (a) to (c) of the Order are not applicable.
- iv In our opinion and according to the information and explanations given to us and the representation obtained from the management (i) the Company has not granted any loans to any of its directors or any other person in whom director is interested or given guarantee or provided any security in connection with any loan taken by him or such other person within the meaning of section 185 of the Act and (ii) the Company has not given any loan, given any guarantee or provided any security in connection with a loan.
- v In our opinion and according to the information and explanations given to us, the Company has not accepted deposits within the provisions of sections 73 to 76 of the Act and the Rules framed there under.
- vi According to the information and explanations given to us, the requirements relating to maintenance of cost records under clause (1) of section 148 of the Companies Act, 2013 are specified in respect of company activities. However since this is the first year of operation the same is not applicable to the Company for the current financial year.
- vii a) According to the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, goods and service tax, cess and other material statutory dues with the appropriate authorities. We are informed that there is no liability of the Company on account of duty of custom, duty of excise, sales-tax and value added tax. There were no arrears of undisputed statutory dues as at 31<sup>st</sup> March, 2018, which were outstanding for a period of more than six months from the date they became payable.  
b) There are no disputed dues which have remained unpaid as on 31<sup>st</sup> March, 2018 on account of Income-tax and service tax.
- viii According to information and explanations given to us and based on our verification of records, the Company has not defaulted on repayment of loans to banks. The Company did not have any loans or borrowings from any financial institution and Government nor has it issued any debentures, as at the balance sheet date.
- ix The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans during the period. Therefore, the provisions of clause 3(ix) of the Order are not applicable.
- x According to information and explanations given to us and the representation obtained from the management, no material fraud by the Company or on the Company by its officers and employees has been noticed or reported during the course of our audit.
- xi According to the information and explanations given to us, the Company has not paid or provided any managerial remuneration within the meaning of section 197 of the Act. Therefore, the provisions of clause 3(xi) of the Order are not applicable.
- xii The Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable.
- xiii In our opinion and according to the information and explanations given to us the Company is in compliance with section 177 and section 188 of the Act where applicable for all transactions with the related parties and details of such transactions have been disclosed in the financial statements as required by the applicable Ind AS.
- xiv During the period, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, the provisions of clause 3(xiv) of the Order are not applicable.
- xv According to the information and explanations given to us and the representation obtained from the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of clause 3(xv) of the Order are not applicable.



xvi In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For V. Sankar Aiyar & Co.  
Chartered Accountants  
ICAI Firm Regn. No. 109208W**

*Ajay Gupta*

**Ajay Gupta.  
Partner  
Membership No. 90104**

**Place : New Delhi  
Dated : 23<sup>rd</sup> April 2018**



**TP AJMER DISTRIBUTION LIMITED**  
**BALANCE SHEET AS AT 31st MARCH 2018**

	Note No.	Rs./Lacs As at 31.03.2018
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Intangible assets	4	2,664.79
Financial Assets - Service Concession Arrangement		28.74
Deferred tax assets (Net)	5	-
Other non-current assets	6	24.09
<b>Total Non-Current assets</b>		<u>2,717.62</u>
<b>Current assets</b>		
Inventories	7	789.15
Financial assets		
Trade receivables	8	2,653.39
Cash and bank balances		
Cash and cash equivalents	9.1	1,990.37
Bank Balance other than above	9.2	7,197.92
Other financial assets	10	5,461.84
<b>Total Current assets</b>		<u>18,092.67</u>
<b>TOTAL ASSETS</b>		<u>20,810.29</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Equity share capital	11	1.00
Other equity		(372.02)
<b>Total Equity</b>		<u>(371.02)</u>
<b>LIABILITIES</b>		
<b>Non-Current liabilities</b>		
Provisions	12	173.47
Other non-current liabilities	13	463.44
<b>Total Non-Current liabilities</b>		<u>636.91</u>
<b>Current liabilities</b>		
Financial liabilities		
Short-term borrowings	14	10,746.57
Trade payables	15	3,568.84
Other financial liabilities	16	6,111.21
		<u>20,426.62</u>
Provisions	12	6.72
Other current liabilities	13	111.06
<b>Total current liabilities</b>		<u>20,544.40</u>
<b>Total Equity and Liabilities</b>		<u>20,810.29</u>

See accompanying notes financial statements

In terms of our report attached

For V. Sankar Aiyar & Co.  
Chartered Accountants  
ICAI Firm Regn. No. 109208W

*Ajay Gupta*

Ajay Gupta  
Partner  
Membership No. 90104

Place: *NEW DELHI*  
Date: *23-04-2018*



For and on behalf of the Board of Directors

*Mamoh*  
Director

*Boghaal*  
Director

*Yadav*  
Chief Executive Officer

*KMab* Chief Financial Officer  
*Kamraj Kalyan* Company Secretary

Place: *Mumbai*  
Date: *23rd April 2018*

**TP AJMER DISTRIBUTION LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 17th April 2017 to 31st March 2018**

	Note No.	Rs./Lacs Period ended 17.04.2017 to 31.03.2018
<b>INCOME</b>		
Revenue from Operations	17	24,389.61
Other income	18	220.66
<b>Total income</b>		<u><u>24,610.27</u></u>
<b>EXPENSES</b>		
Cost of Power Purchased		22,182.79
Less : Rebate on early payment		(18.90)
Cost of Power Purchased (Net)		22,163.89
Employee benefits expense	19	1,117.67
Finance costs	20	406.51
Depreciation and Amortization	21	104.28
Other expenses	22	1,205.55
<b>Total expenses</b>		<u><u>24,997.90</u></u>
<b>Profit / (Loss) before tax</b>		(387.63)
<b>Tax expense</b>	26	-
Current tax	5	-
Deferred tax		(387.63)
<b>Profit for the year</b>		<u><u>(387.63)</u></u>
<b>Other comprehensive income</b>		15.61
Remeasurement of Defined Benefit Plans		-
Income tax effect on above (Refer Note 5)		15.61
<b>Total comprehensive income for the period ended</b>		<u><u>(372.02)</u></u>
<b>Earnings per equity share:</b> (Face value Rs. 10 per share)	23	(3,876.27)

See accompanying notes to financial statements

In terms of our report attached

For V. Sankar Aiyar & Co.  
Chartered Accountants  
ICAI Firm Regn. No. 109208W

*Ajay Gupta*

Ajay Gupta  
Partner  
Membership No. 90104

Place: *NEW DELHI*  
Date: *23-04-2018*



For and on behalf of the Board of Directors

*[Signature]*  
Director

*[Signature]*  
Director

*[Signature]*  
Chief Executive Officer

*[Signature]*  
Chief Financial Officer

*[Signature]*  
Company Secretary

Place: *Mumbai*  
Date: *23rd April 2018*

**TP AJMER DISTRIBUTION LIMITED**

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 17th April 2017 to 31st March 2018**

Rs./Lacs  
As at  
31.03.2018

<b>A. Cash flow from operating activities</b>	(387.63)
Net Profit / (Loss) before tax	
<b>Adjustments for:</b>	104.28
Depreciation and amortisation expense	406.51
Finance Cost	15.61
Actuarial Gain / Loss on employee benefits	(1.91)
Interest on Financial Assets	(218.33)
Interest on Fixed deposits	(81.47)
<b>Operating profit before working capital changes</b>	
<b>Changes in working capital:</b>	
<b>Adjustments for (increase) / decrease in operating assets:</b>	(2,653.39)
Trade receivables	(789.15)
Inventories	(5,461.84)
Other current financial assets	
<b>Adjustments for increase / (decrease) in operating liabilities:</b>	3,568.84
Trade payables	180.19
Provisions	463.44
Other non current liabilities	111.06
Other current liabilities	4,887.02
Other current financial liabilities	224.71
<b>Cash generated from operations</b>	(24.09)
Income tax paid	200.62
<b>NET CASH FROM OPERATING ACTIVITIES</b>	
<b>B. Cash flow from investing activities</b>	(1,641.93)
Payments for property, plant and equipment	218.33
Interest received on Fixed Deposits	(7,197.92)
Investment in short term bank deposits (Net)	(8,621.51)
<b>NET CASH (USED) / FROM INVESTING ACTIVITIES</b>	
Infusion of Equity Capital	1.00
Loan from Bank	7,718.57
Loan from Related Party	3,028.00
Payment of Finance costs	(336.30)
<b>NET CASH USED IN/(FROM) FINANCING ACTIVITIES</b>	10,411.27
Net Increase/ (Decrease) in Cash and cash equivalents	1,990.37
Cash and cash equivalents at the beginning of the year	-
<b>Cash and cash equivalents at the end of the year</b>	1,990.37
<b>Break up of Closing Cash &amp; Cash Equivalent</b>	62.94
Current Account	1,927.40
Escrow Account	0.03
Cash in Hand	1,990.37

For V. Sankar Aiyar & Co.  
Chartered Accountants  
ICAI Firm Regn. No. 109208W

*Ajay Gupta*

Ajay Gupta  
Partner  
Membership No. 90104

Place: NEW DELHI  
Date: 23-04-2018



For and on behalf of the Board of Directors

*[Signature]*  
Director

*[Signature]*  
Director

*[Signature]*  
Chief Executive Officer

*[Signature]*  
Chief Financial Officer

*[Signature]*  
Company Secretary

Place: Mumbai  
Date: 23<sup>rd</sup> April 2018

**TP AJMER DISTRIBUTION LIMITED**

**Statement of Changes in Equity**

**(a) Equity Share Capital**

Rs in lacs

Particulars	Amount
As at 1.4.2017	-
Changes in equity share capital during 2017-18	1.00
Balance as at 31.3.2018	1.00

**(b) Other Equity**

Particulars	Reserves and Surplus - Retained earning	Items of other comprehensive income (Items that will not be re-classified to Profit and Loss)	Total impact on Other equity
As at 1.4.2017 (A)	-	-	-
<b>Adjustments:</b>			
Profit / (Loss) for the year	(387.63)	-	(387.63)
<b>Other Comprehensive Income</b>			
Re-measurement gains (losses) on defined benefit plans	-	15.61	15.61
Income tax effect on above (Refer Note 6)	-	-	-
<b>Total adjustments (B)</b>	<b>(387.63)</b>	<b>15.61</b>	<b>(372.02)</b>
<b>As at March 31, 2018 (A+B)</b>	<b>(387.63)</b>	<b>15.61</b>	<b>(372.02)</b>

As per our report of even date

For V. Sankar Aiyar & Co.  
Chartered Accountants  
ICAI Firm Regn. No. 109208 W

*Ajay Gupta*

Ajay Gupta  
Partner  
Membership No 90104

Place : NEW DELHI  
Dated : 23-04-2018



For and on behalf of the Board

*Maul*  
Director

*Borguhas*  
Director

*[Signature]*  
Chief Executive Officer

*K. Mah.*  
Chief Financial Officer

*Kamal Jolly*  
Company Secretary

Place: Mumbai  
Date: 23<sup>rd</sup> April 2018

**TP AJMER DISTRIBUTION LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**1 Background**

TP Ajmer Distribution Limited (TPADL) or (the Company) is a public limited company incorporated and domiciled in India and is primarily engaged in the business of supply and distribution of electricity in Ajmer City (City Division I & II), Rajasthan. The Company was set up as an Special Purpose Vehicle (SPV) after Tata Power Company Limited won the Ajmer Vidyut Vitran Nigam Limited (AVVNL) franchisee bid for the Ajmer City, Rajasthan. The Company was incorporated on 17th April 2017.

AVVNL is a statutory body constituted in the year 1999 from the erstwhile Rajasthan State Electricity Board and has been engaged in distribution of electricity in the eastern part of the State of Rajasthan. In an endeavour to improve operational efficiency of the distribution system and provide quality services to its consumers, Ajmer Discom seeks to bring in management expertise through Public-Private Partnership in distribution of electricity through appointing Input and Investment Based Distribution Franchisee for Ajmer City Circle adhering to open and transparent competitive bidding process.

Tata Power Company Limited won the bid and formed a SPV named "TP Ajmer Distribution Limited" (TPADL) and entered into an agreement with AVVNL on 19th April 2017. AVVNL transferred all the right of the distribution assets to TAPDL with effect from 1st July 2017 which also marked the commencement of commercial operations for the Company.

The address of its registered office of the company is c/o Tata Power Company Limited, 34 Sant Tukaram Road, Carnac Bunder, Mumbai, Maharashtra, India-400009. The address of the place of business and records is Vaishali Nagar, Ajmer, Rajasthan. The Company has been granted authorisation by Rajasthan Electricity Regulatory Commission to act as "Distribution Franchisee of AVVNL". The term of the agreement and authorisation is valid for a period of twenty years.

The Company is a wholly owned subsidiary of Tata Power Company Limited (TPCL), which holds 100% equity shares and controlling stake.

**2 Significant Accounting Policies**

**2.1 Statement of compliance**

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013 (as amended from time to time). These financial statements are the first financial statements of the Company and covers the period 17th April 2017 to 31st March 2018.

**2.2 Basis of preparation and presentation**

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique

**2.3 Use of Estimates**

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

**2.4 Revenue recognition**

Revenue is recognised to the extent that it is probable that economic benefit will flow to the Company and that the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances.

**2.4.1 Sale of power**

Revenue from power supply is accounted for on the basis of billings to consumers and includes unbilled revenues accrued up to the end of the reporting period. Revenue from power supply is recognised net of the applicable taxes which the company collects from the customer on behalf of the government/state authorities.



*K. Mahi*

#### 2.4.2 Service Concession Arrangement

The Company has been set up to operate and maintain the Ajmer City I & II Distribution business on behalf of the Ajmer Vidyut Vitran Nigam Limited (AVVNL), a public company on franchisee basis. As per the Distribution Franchise Agreement (DFA), the Company will operate and maintain the infrastructure for a period of 20 years and is obligated to construct or upgrade the infrastructure used to provide electricity supply to the public.

In terms of the application of IND-AS 11, Appendix A "Service Concession Arrangement (SCA)", value of the construction services obligation as per the agreement with AVVNL has been initially recognised as Intangible Assets under the Service Concession Arrangement at fair value of the consideration received or receivable for the construction services delivered and subsequently as and when the Company completes the construction obligation. Construction revenue and cost shall be recorded in accordance with the Ind AS 11 - Construction contracts by reference to the stage of completion of construction. Any subsequent capital expenditure incurred shall be capitalised as an addition to intangible asset, if and only, if it is incurred to satisfy an obligation as per the agreement.

As per the terms of the Distribution Franchise Agreement (DFA) the company shall have the right to receive depreciated value of the asset at the end of its term. Accordingly the residual value of the infrastructure constructed or upgraded shall be accounted for as a financial assets initially at fair value and subsequently at amortised cost over the period of the agreement. Value of the Intangible Assets get reduced by the Financial Asset thus created.

Intangible asset created on account of such Service Concession Arrangement is amortised over a period of 20 years (term of DFA on straight line basis) from the effective date of agreement i.e. 1st July 2017.

#### 2.4.3 Delayed payment charges

Delayed payment charges and interest on delayed payments are recognised, on grounds of prudence when recovered.

#### 2.4.4 Rendering of services

Revenue from a contract is recognised by reference to the stage of the completion of the contract. Foreseeable losses on such contracts are recognised, when probable.

#### 2.4.5 Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable. It is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### 2.4.6 Consumers' contribution towards cost of capital assets is treated as capital receipt and credited in liabilities until transferred to a separate account on commissioning of the assets. An amount equivalent to the depreciation/amortisation charge for the year on such assets is appropriated from this account as income to Statement of Profit and Loss over the life of the DFA.

#### 2.5 Leasing Arrangement

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred

#### 2.6 Foreign Currencies

The functional currency of the Company is Indian rupee.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use. They are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.



*K. Mahi*

## 2.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred

## 2.9 Employee benefits

Employee benefits include salaries and wages, provident fund, gratuity, compensated absences and other terminal benefits including employees on deputation from AVVNL.

### 2.9.1 Defined contribution plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions

### 2.9.2 Defined benefits plans

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

### 2.9.3 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

### 2.9.4 Deputation Employee from AVVNL

#### Current service cost -

Recognised as expenses on accrual basis and paid to the respective employees on deputation.

#### Short-term and other long-term employee benefits

Recognised as expenses on the basis of invoices raised by Ajmer Vidyut Vitran Nigam Limited ( AVVNL)

## 2.10 Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

### 2.10.1 Current tax and Deferred Tax for the year

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



*Amali*

### 2.10.2 Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### 2.10.3 Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised

### 2.14 Inventories

Inventories consisting of stores and spares are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average basis.

Components and spare parts inventory include items which could be issued for projects to be capitalised.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Unserviceable / damaged stores and spares are identified and written down based on technical evaluation.

### 2.15 Provision

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

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).

### 2.15.1 Onerous Contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

### 2.16 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Except for trade receivables, financial assets and financial liabilities are initially measured at fair value. Trade receivables are measured at the transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets 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 at fair value through profit or loss are recognised immediately in the statement the profit and loss.



*K. Mahalingam*

## 2.17 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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

### 2.17.1 Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### 2.17.2 Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

On initial recognition, the Company makes an irrevocable election on an instrument-by-instrument basis to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments, other than equity investment which are held for trading. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

### 2.17.3 Financial assets at fair value through profit or loss (FVTPL)

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

Other financial assets are measured at fair value through profit or loss unless it is measured on initial recognition at amortised cost or at fair value through other comprehensive income. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

### 2.17.4 Impairment of financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises life-time expected losses for all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition

## 2.18 Financial liabilities and equity instruments

### 2.18.1 Classification as debt or equity

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument

### 2.18.2 Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments

### 2.18.3 Financial liability

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

### 2.19 Contribution for capital works and service line charges

Consumers' contribution towards cost of capital assets is treated as capital receipt and credited in liabilities until transferred to a separate account on commissioning of the assets. An amount equivalent to the depreciation/amortisation charge for the year on such assets is appropriated from this account as income to Statement of Profit and Loss over the life of the DFA..

The amount received from consumers on account of service line charges are treated as capital receipt and credited to liabilities until transferred to a separate account on installation of connection. An amount equivalent to the depreciation/amortised charge for the reporting period on such assets is appropriated from this account as income to the statement of profit and loss over the life of the DFA..



*K Maheshwari*

## 2.20 Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

## 2.21 Cash Flow Statement

Cash flows are reported using the indirect method, where by profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

## 2.22 Earnings per share (EPS)

Basic earnings per equity share has been computed by dividing the profit/(loss) for the reporting period attributable to equity shareholders by the weighted average number of equity shares outstanding during the reporting period in accordance with Ind AS 33, Earnings per share. Diluted earnings per share is computed by dividing the profit/(loss) for the reporting period attributable to equity shareholders 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 outstanding during the reporting period as adjusted to the effects of all dilutive potential equity shares, except where results are anti-dilutive.

## 2.23 Standards issued but not yet effective

### IND AS 115 - Revenue from Contracts with Customers

In March 2018, the Ministry of Corporate Affairs had notified Ind AS 115 (Revenue from Contracts with Customers) which would be applicable for accounting periods beginning on or after 1 April 2018. This Standard establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Company is evaluating the requirements of the standard and its impact on its financials.

### Amendments to Ind AS 12 - Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the company as the company has no deductible temporary differences or assets that are in the scope of the amendments.

## 3 Critical Accounting Estimates and Judgements

In the application of the Company's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

### The areas involving estimates are :

- Estimation of current tax and deferred tax - Refer Note 5
- Estimation of defined benefit obligation - Refer Note 27

Estimates and judgement are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.



*Kmali*

**TP AJMER DISTRIBUTION LIMITED**Rs./Lacs  
As at  
31.03.2018**4 Intangible Assets-**

Service Concession Arrangement ( Refer Note 2.4.2 for valuation)

Cost

Balance as at 1 April, 2017

2,769.07

Additions

Disposal

Balance as at 31st March 2018

2,769.07Accumulated Depreciation

Balance as at 1 April, 2017

104.28

Amortization

Disposal

Balance as at 31st March 2018

104.282,664.79Net Carrying Amount

As at 1st April, 2017

As at 31st March 2018

2,664.79**5 Deferred tax assets (Net)****Deferred tax assets**

13.45

Provision for employee benefits

117.39

Carried forward losses (Refer Note below)

2.13

Preliminary expenses

132.97**Deferred tax liabilities**

Service concession arrangement

8.448.44

Net Deferred tax assets / (Liabilities)

124.53**Note -**

Net deferred tax, being an asset on account of carried forward losses, is recognised only to the extent of deferred tax liabilities due to prudence.

**6 Non Current Tax Assets**

Advance Payment of Income Taxes (Including TDS)

24.09

24.09**7 Inventories (Refer Note 2.14 for valuation)**

Stores and Spare Parts

789.15

789.15**8 Trade Receivable- Current**

Unsecured considered good

2,653.39

Unsecured considered doubtful

2,653.39KMal

**TP AJMER DISTRIBUTION LIMITED**Rs./Lacs  
As at  
31.03.2018**9 Cash & Bank Balances**

<b>9.1 Cash and cash equivalents</b>	62.94
Balance with banks - in current accounts	1,927.40
Balance with banks - in escrow account (Refer note below)	0.03
Cash on hand	<u>1,990.37</u>
<b>9.2 Other Balances with Bank</b>	
Balance In Deposit Account with original maturity of less than 3 months (Refer note below)	<u>7,197.92</u>
	<u>7,197.92</u>

**Note -**

As per the terms and conditions of Distribution Franchisee Agreement, the Company is required to maintain an amount equal to 2 months of Input Energy charges and taxes as security and accordingly the Company has hypothecated the balance in escrow account and these bank deposits by way of first charge in favour of AVVNL.

**10 Other financial assets- Current**

Unbilled Revenue	2,574.64
Security Deposits given to AVVNL	2,848.13
Interest Accrued on Fixed Deposits	12.30
Advance to employees	3.00
Other recoverable from related parties (Refer Note 28)	23.77
	<u>5,461.84</u>

**11 Equity Share Capital**

<b>Authorised</b>	
10,000 equity shares of Rs. 10 each	<u>100.00</u>
	<u>100.00</u>
<b>Issued, Subscribed and Paid up</b>	
10,000 equity shares of Rs. 10 each, fully paid up	<u>1.00</u>
	<u>1.00</u>

Of the above:

11.1 10,000 Equity shares i.e. 100% equity shares of Rs. 10 each with voting rights, are held by Tata Power Company Limited, the holding company (including shares held by the nominee shareholders).

11.2 The equity shares of the Company have a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts.

11.3 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Nos of Shares
Balance at 1 April, 2017	-
Fresh issue	<u>10,000</u>
Balance at 31st March 2018	<u>10,000</u>

11.4 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after payment of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



K. Mah

**TP AJMER DISTRIBUTION LIMITED**Rs./Lacs  
As at  
31.03.2018**12 Provision**

<b>Non- Current</b>	
Provision for employee benefits (Refer Note 27)	173.47
	<u>173.47</u>
<b>Current</b>	
Provision for employee benefits (Refer Note 27)	6.72
	<u>6.72</u>

**13 Other non-financial liabilities**

<b>Non Current</b>	
Consumer contribution for service connection	269.56
Consumer contribution for deposit works	193.88
	<u>463.44</u>
<b>Current</b>	
Statutory dues	58.75
Advance deposit towards electricity consumption charges	36.87
Other liabilities	15.44
	<u>111.06</u>

**14 Short Term Borrowings**

<b>From bank - Secured</b>	
Short term loan from Indusind Bank Ltd (Refer Note below)	7,718.57
<b>From Related party- Unsecured</b>	
Loans from holding Company	3,028.00
	<u>10,746.57</u>

**Note -**  
Secured by exclusive first charge over the entire current assets present and future except escrow account.

**15 Trade Payables**

- total outstanding dues of micro enterprises and small enterprises (Refer Note below)	3,568.84
- total outstanding dues of creditors other than micro enterprises and small enterprises	<u>3,568.84</u>

**Note -**  
The Company has not received any information from suppliers or service providers, whether they are covered under the "Micro, Small and Medium Enterprises (Development) Act, 2006. Hence disclosure relating to amount unpaid at the year end together with interest payable, if any, as required under the said Act are not ascertainable.

**16 Other Financial Liabilities- Current**

<b>Deposits -</b>	
Security deposit from Customers	2,784.30
Sundry Deposits from Customers	58.36
Security deposit from Vendors	76.93
Earnest money deposits from Vendor	16.17
Capital Obligation - Service Concession Arrangement ( Refer Note 2.4.2 )	1,153.98
Interest accrued on unsecured loan from Holding Company	70.22
Accrued salary and benefits	78.11
<b>Payable to AVVNL -</b>	
Electricity Duty, Water Cess Tax and Urban Cess Tax	198.66
Other Dues	1,674.48
	<u>6,111.21</u>



Khalil

**TP AJMER DISTRIBUTION LIMITED**Rs./Lacs  
Period ended  
17.04.2017 to  
31.03.2018**17 Revenue from Operations**

Revenue from Sale of Power	24,112.58
<u>Other Operating Income</u>	206.12
Delayed Payment Charges	14.19
Transfer from Service Line Charges	56.72
Miscellaneous Revenue	
	<u>24,389.61</u>

**18 Other Income**

Interest Income on Deposits	218.33
Interest on Financial Assets	1.91
Miscellaneous Other Income	0.42
	<u>220.66</u>

**19 Employee Benefits Expense**

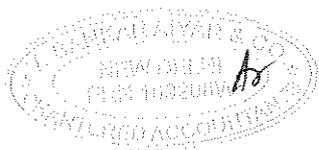
<b>(a) Employee on Company payroll</b>	509.51
Salaries, allowances and incentives	18.61
Contribution to provident and other funds	43.58
Retiral benefits	34.98
Staff welfare expenses	606.68
	<u>606.68</u>
<b>(b) Employee from AVVNL &amp; TPDDL (including parallel operation)</b>	510.99
Deputation From AVVNL & TPDDL	1,117.67
	<u>1,117.67</u>

**20 Finance Costs**

<b>(a) Interest Expense:</b>	
<b>Borrowings</b>	304.79
Interest on loan- Bank	78.02
Interest on loan- Holding Company	
<b>Others</b>	0.49
Interest expense-Others	383.30
	<u>383.30</u>
<b>(b) Finance Charges</b>	11.80
Loan Processing Fees	2.30
Commitment Charges	0.02
Bank Charges	9.09
Other Finance Costs	406.51
	<u>406.51</u>

**21 Amortisation expense**

Amortization of intangible assets (Refer Note 2.4.2)	104.28
	<u>104.28</u>

*Kamal*

**TP AJMER DISTRIBUTION LIMITED**Rs./Lacs  
Period ended  
17.04.2017 to  
31.03.2018**22 Other Expenses**

Cost of Services Procured	294.59
Other Operation Expenses	72.47
Consumption of Stores	4.16
Rent	23.03
Repair and Maintenance	6.97
Building	633.27
Plant & Machinery	11.81
Others	10.43
Insurance	12.86
Advertisement, Publicity and Business promotion	25.64
Communication	12.13
Electricity Charges	11.67
Guest House Expenses	50.23
Travelling and Conveyance	11.49
Printing and Stationery	3.01
Training	9.54
Legal and Professional charges	5.53
Auditors Remuneration (Refer Note 25)	4.22
Computer & Printer Operation	2.50
Miscellaneous	<u>1,205.55</u>

**23 Earnings Per Share**

The computation of basic / diluted earning/ ( loss) per share is set out below	(387.63)
Net Profit / (Loss) after current and deferred tax	-
No of Shares outstanding at the beginning of the year	10,000
No of Shares outstanding at the end of the period	10,000
Weighted average number of equity shares of Rs. 10/- each	(3,876.27)
EPS (Rs.) - Basic and Diluted	

**24 Commitments and Contingencies****a) Contingent Liabilities**

Claims against the Company not acknowledged as debts

Nil

**Guarantees and Letter of credit**

The holding Company has given performance bank guarantees and Letter of Credit on behalf of the Company to Ajmer Vidyut Vitran Nigam Limited in terms of the Distribution Franchise Agreement.

Bank Guarantee	2,600.00
Letter of Credit	<u>4,400.00</u>
	<u>7,000.00</u>

**b) Capital Commitments**Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)  
Refer Note 31 for commitments related to Distribution Franchise Agreement**25 Auditors Remuneration (Including taxes)**

Statutory audit	3.24
Limited Review	1.77
Certification Fees	0.30
Re-imbusement of expenses	<u>0.22</u>
	<u>5.53</u>

KMab

**TP AJMER DISTRIBUTION LIMITED**

Rs./Lacs  
As at  
31.03.2018

**26 Taxation (Including deferred taxes)**

Current Tax	(124.53)
Deferred Tax (Refer Note 5)	(124.53)
Total tax expense / (credit)	
<b>Effective tax Reconciliation</b>	(387.63)
Net Income before taxes	33.99%
Enacted tax rates	(131.75)
Computed tax Income / (expense)	7.22
Effect of tax on other items	(124.53)
Income tax credit not recognised as a matter of prudence	

**27 Retirement benefit obligations**

**1. Defined Contribution plan**

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits.

**2. Defined benefit plans**

The Company participates in defined contribution and benefit scheme.

**2.1 Defined Contribution Plans**

The Company makes contribution towards provident fund to a defined contribution plan for qualifying employees. The Company's contribution to Employees Provident fund is deposited with the regional provided fund commissioner. The Company recognises provident fund contribution as expense in the statement of Profit and Loss.

Expense recognised during the period - Rs.18.30 lacs

**2.2 Defined Benefit Plans (Unfunded)**

**Post-Employment Medical Benefits**

The Company provides certain post-employment health care benefits to superannuated employees. In terms of the plan, the retired employees can avail free medical check-up and medicines at Company's facilities.

**Pension**

The Company operates a defined benefit pension plan for employees who have completed 15 years of continuous service. The plan provides benefits to members in the form of a pre-determined lump sum payment on retirement.

**Ex-Gratia Death Benefit**

The Company has a defined benefit plan granting ex-gratia in case of death during service. The benefit consists of a predetermined lump sum amount along with a sum determined based on the last drawn basic salary per month and the length of service.

**Retirement Gift**

The Company has a defined benefit plan granting a pre-determined sum as retirement gift on superannuation of an employee.

**Gratuity**

The Company has a defined benefit gratuity plan. The gratuity plan is primarily governed by the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The level of benefits provided depends on the member's length of service and salary at the retirement date.



*K. Mah*

**TP AJMER DISTRIBUTION LIMITED**Rs./Lacs  
As at  
31.03.2018

2.3 The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	7.70%
Expected Rate of Increase in salary	8.00%
Pension Increase rate	
Attrition Rate	2.50%
Age - 21 to 44 Years	1.00%
Age - 45 and above	
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ult

Below tables sets forth the movement in the defined benefit obligation amounts recognised in the Balance sheet and Statement of Profit and Loss

<u>Movement in obligation</u>	Gratuity	Other Defined benefit plans
<b>Particulars</b>		
Present value of obligation - April 1, 2017	-	-
Current service cost	7.52	1.64
Interest cost	4.00	0.85
Benefits paid	-	-
Acquisitions credit/ (cost)	100.35	14.24
Remeasurements - actuarial loss/ (gain)	(20.26)	4.66
<b>Present value of obligation - March 31, 2018</b>	<b>91.61</b>	<b>21.39</b>
 <u>The components of defined benefit cost recognised in Statement of Profit and Loss are as follows:</u>		
Current Service cost	7.52	1.64
Interest cost	4.00	0.85
Remeasurement - Actuarial loss/(gain)	-	-
For the year ended March 31, 2018	11.52	2.49
 <u>Recognised in Other Comprehensive Income</u>		
Remeasurement - Actuarial loss/(gain) for the year ended March 31, 2018	(20.26)	4.66
 <u>Sensitivity analysis for the year ended March 31, 2018</u>		
Effect on Defined benefit obligation on increase of 0.50% in discount rate	(5.93)	(1.53)
Effect on Defined benefit obligation on decrease of 0.50% in discount rate	6.55	1.75
 Effect on Defined benefit obligation on increase of 0.50% in salary escalation rate	6.57	0.51
Effect on Defined benefit obligation on decrease of 0.50% in salary escalation rate	(5.99)	(0.48)

**Maturity profile of Defined Benefit obligation**

Particulars		
01 Apr 2018 to 31 Mar 2019	2.00	1.54
01 Apr 2019 to 31 Mar 2020	2.01	1.56
01 Apr 2020 to 31 Mar 2021	2.21	1.54
01 Apr 2021 to 31 Mar 2022	30.87	3.24
01 Apr 2022 to 31 Mar 2023	2.79	1.89
01 Apr 2023 onwards	22.49	14.30



K Mali

**TP AJMER DISTRIBUTION LIMITED**Rs./Lacs  
As at  
31.03.2018**28 Related Party disclosures as per Ind AS 24****A). Holding Company:**

<u>Tata Power Company Limited</u>	6,028.00
Unsecured loan taken	3,000.00
Unsecured loan repaid	78.02
Interest Expenses	6.71
Purchase of IT server and network switches	151.35
Re-imburements for expenses incurred - Payments	3,098.22
Unsecured Loan Payable (Including interest accrued)	4.63
Other recoverable	7,000.00
Bank Guarantee / Letter of credit received	

**B). Fellow Subsidiary :****i) Tata Power Delhi Distribution Limited**

Management contract for deputation of employees	162.28
Expenses of employee transferred & salary related expenses	32.82
Travelling and conveyance	15.13
Amount payable at the year end	58.45

**ii) Coastal Gujarat Private Limited (CGPL)**

Purchase of computers	0.39
Recoverable on account of re-imburement of employee related expenses (Net)	19.14

**iii) Welspun Renewable Energy Private Limited (WREPL)**

Re-imburement of employee related expenses received	0.88
---	------

**iv) Maithon Power Limited**

Payable on account of re-imburement of employee related expenses	0.04
--	------

**C). Promoters holding together with its Subsidiary more than 20% :****i) Tata Consultancy Services Limited**

Purchase of services	12.80
Payable at the year end	11.72

**D) Key Management Personnel :**

i) Mr. Yogesh Kumar Luthra - Chief Executive Officer Remuneration *	56.72
ii) Mr. Kailash Mali - Chief Finance Officer Remuneration *	25.99

\* Key Management Personnel are entitled to post-employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above. The above remuneration is for the period from July 2017 to March 2018.

**29 Operating Segment as per Ind AS 108**

In line with the provisions of Ind AS 108 – operating segments and basis the review of operations being done by the senior management, the operations of the Company fall under Electricity distribution, which is considered to be the only reportable segment by the management and the Chief Operating Decision Maker.



*K. Mali*

**30 Financial Instruments**

**30.1 Financial Assets and Financial Liabilities**

The carrying value of financial instruments by categories is as follows:

Particulars	As at March 31, 2018		
	At Cost	Fair value through profit or loss	At Amortised Cost
<b>Financial assets</b>			
Trade Receivables	2,653.39	-	-
Cash and cash equivalent	1,990.37	-	-
Other Bank Balances	7,197.92	-	-
Other Financial assets- Service Concession Arrangement	-	-	28.74
Other Financial assets - Non Current	2,848.13	-	-
Other Financial Assets - Current	5,461.84	-	-
<b>Total</b>	<b>20,151.65</b>	<b>-</b>	<b>28.74</b>
<b>Financial Liabilities</b>			
Short term borrowings	10,746.57	-	-
Trade payables	3,568.84	-	-
Other financial liabilities	4,957.24	-	-
Capital Obligation - Service Concession Arrangement ( Refer Note 2.4.2 )	-	-	1,153.98
<b>Total</b>	<b>19,272.65</b>	<b>-</b>	<b>1,153.98</b>

Since there are no financial assets or financial liabilities at the balance sheet date for which fair value is adopted therefore classification of hierarchy of fair valuation of financial instruments is not required to be given.

**30.2 Capital risk management**

The Company's capital management is intended to create value for shareholders by facilitating the meeting of its long-term and short-term goals. Its Capital structure consists of net debt (borrowings as detailed in notes below) and total equity.

**Gearing Ratio**

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

	31-Mar-18
Debt	10,746.57
Cash and bank balances	9,188.29
<b>Net Debt</b>	<u>1,558.28</u>
<b>Total Equity</b>	(371.02)
<b>Net debt to equity ratio</b>	(4.20)

(i) Debt consists of short-term borrowings

(ii) Equity is defined as Equity share capital and other equity including Surplus/ Deficit.

**30.3 Financial risk management**

**Financial risk factors**

In its ordinary operations, the Company's activities expose it to the various types of risks, which are associated with the financial instruments and markets in which it operates. The Company has a risk management policy which covers various risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The following is the summary of the main risks:

**i) Market Risk Management**

Market risk is the risk that changes in market prices, such as interest rates (interest rate risk), will affect the company's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**ii) Credit Risk Management**

The Company takes on exposure to credit risk, which is the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. Financial assets that potentially expose the Company to credit risks are listed below:

	31-Mar-18
Trade Receivables	2,653.39
Other Financial Assets	5,461.84
	<u>8,115.23</u>

Refer Note No. 10 for further information in respect of Other financial assets. The Company believes exposure to credit risk to be minimal in respect of these receivables.



*K Mah*

## (iii) Liquidity Risk Management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The maturity profile of the financial liabilities are listed below:

31-Mar-18

Expected contractual maturity for Financial Liabilities	Repayable on Demand	Due within 1 Year	Total
Short term borrowings	10,746.57	-	10,746.57
Trade Payables	-	3,568.84	3,568.84
Other Financial Liabilities	2,784.30	3,326.91	6,111.21
	13,530.87	6,895.75	20,426.62

The Company expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

31 Service Concession Arrangements –

TP Ajmer Distribution Limited ("The Company", "The Operator") has been granted rights for Supply and Distribution of Electricity in Ajmer City from Ajmer Vidyut Vitran Nigam Limited (AVVNL) for a period of 20 years starting from 1st July 2017 to 30th June 2037 in pursuance of Distribution Franchise Agreement ("DFA", "Agreement") dated 19th April 2017.

Following are significant terms of this agreement -

- The operator would be entitled to use the existing distribution infrastructure set up by AVVNL without any additional charge
- The operator is required to incur minimum capital expenditure of Rs.3760.00 lacs to improve efficiencies, augment and upgrade infrastructure, reduction in distribution losses and improvement in quality of supply in the franchise area etc. over a period of 5 years from the effective date i.e. 1st July 2017
- After the expiry of the term of this agreement, all the existing infrastructure including assets created by the Operator would be handed over to the grantor. The grantor would compensate the operator an amount equal to the depreciated value of assets created by it.
- The operator would purchase the electricity from the grantor at a price derived from the formula given in the agreement and sell the electricity to consumers at a price tariff decided by Rajasthan Electricity Regulatory Commission
- The grantor would supply electricity to the operator for supply in the franchise area to fulfill its obligations under the agreement

The Company has considered this agreement to be covered by Appendix B related to Service Concession Arrangement of Ind AS 11 – Construction Contracts and have carried out accounting based on the guidance provided in the standard. Accordingly, it has recognised the discounted value of the minimum future obligations it is expected to incur in terms of this agreement as an intangible asset i.e. Service Concession Arrangement. It has also recognised a financial asset on account of receivables due from the grantor at the time of transfer of assets created by it at the time of expiry of this agreement. It is recognised at an amount equal to the discounting value of depreciated value of assets created by it.

The Company has used Weighted Average Cost of Capital of its parent Company i.e. Tata Power Company Limited as discount rate.

32 Since this is the first year of incorporation of the Company, there are no previous year figures.

As per our report of even date

For V. Sankar Aiyar & Co.  
Chartered Accountants  
ICAI Firm Regn. No. 109208 W

*Ajay Gupta*

Ajay Gupta  
Partner  
Membership No 90104

Place : NEW DELHI  
Dated : 23-04-2018



For and on behalf of the Board

*Mamta* Director  
*Arjun* Director

*Kamal* Chief Executive Officer

*Kamal* Chief Financial Officer

*Kamal Jolly* Company Secretary

Place: Mumbai  
Date: 23rd April 2018