AGARWAL & DHANDHANIA
CHARTERED ACCOUNTANTS

# INDEPENDENT AUDITOR`S REPORT

## Report on the Standalone Ind AS Financial Statements

### To the Members of DNH Power Distribution Corporation Limited

We have audited the accompanying standalone Ind AS financial statements of **M/S DNH POWER DISTRIBUTION CORPORATION LIMITED ("the Company")** which comprises the Balance Sheet as at March 31, 2018, the Statement of Profit & Loss (including Other Comprehensive Income), the Statement of Change in Equity and Cash Flow Statement for the year ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone 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 standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit & loss (financial performance including other comprehensive income), change in equity and cash flows 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.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 standalone 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 standalone Ind AS financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 and fair presentation of the standalone Ind AS financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the standalone 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 standalone 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 standalone 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 (financial position) of the Company as at March 31, 2018, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. The Company is also governed by the provision of the Electricity Act 2003 read with rules and the regulations issued there under. The provisions of said Act have prevailed wherever they have been inconsistent with the provisions of the Companies Act, 2013.

2. As required under the directions and sub-directions issued by Comptroller and Auditor General of India in terms of sub-section (5) of Section 143 of Companies Act, 2013 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to information and explanation given to us, we are enclosing our report in the **"Annexure-A"**.

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

4. 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 Change in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.

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

e) Being Government Company pursuant to Notification No. GSR 463 (E) dated 05/06/2015 issued by Ministry of Corporate Affairs, the provisions of Section – 164 (2) of the Act are not applicable to the Company.

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 C".**

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 has disclosed the impact of pending litigations on its financial position in its Ind AS standalone financial statements – Refer Note 26 to the financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For, Agarwal & Dhandhania**
**Chartered Accountants**
**FRN. 0125756W**

**CA Sanjay Agarwal**
**(Partner)**
**M. No. 078579**
**Place: Silvassa**
**Date:** 31 JUL 2018

AGARWAL & DHANDHANIA * Surat * Chartered Accountants

**ANNEXURE-A**

## TO THE INDEPENDENT AUDITOR`S REPORT OF EVEN DATE ON THE STANDALONE IND-AS FINANCIAL STATEMENTS OF DNH POWER DISTRIBUTION CORPORATION LIMITED

**Report on directions and sub-directions issued by Comptroller and Auditor General of India under Section 143(5) of the Companies Act, 2013.**

1. **Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available:**

Legal Ownership (titles) of Immovable Properties transferred from Electricity Department of Dadra & Nagar Haveli (ED of DNH) are still in the name of said ED of DNH. However, the procedure for registration and/or transfer in the name of the Corporation is in progress. Details of such free hold properties are mentioned as below:

| Sr. No. | Circle No. | Name of Premises | Area of Land in Hector | Nature (Freehold/Leasehold) |
|---|---|---|---|---|
| 1. | Silvassa City | Head Office Land | 0.25 | Freehold |
| 2. | Silvassa City | Amli Sub Station Land | 6.53 | Freehold |
| 3. | Dadra | Dadra Sub Station Land | 2.32 | Freehold |
| 4. | Sili | Sili Sub Station Land | 1.80 | Freehold |
| 5. | Masat | Masat Sub Station Land | 1.28 | Freehold |
| 6. | Rakholi | Rakholi Sub Station Land | 1.44 | Freehold |
| 7. | Khadoli | Khadoli Sub Station Land | 8.45 | Freehold |
| 8. | Khanvel | Khanvel Sub Station Land | 0.22 | Freehold |
| 9. | Kala | Kala Sub Station Land | 2.42 | Freehold |
| 10. | Velugam | Velugam Sub Station Land | 5.00 | Freehold |
| 11. | Silvassa City | Piparia Sub Station Land | 1.26 | Freehold |
| 12. | Athal | Athal Sub Station Land | 0.80 | Freehold |
| 13. | Kharadpada | Kharapada Sub Station Land | 9.58 | Freehold |
| 14. | Waghdhara | Waghdhara Sub Station Land | 0.85 | Freehold |

2. **Please report whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.**

To the best of our knowledge and belief and according to the information and explanations given to us, no cases of waiver / write off of debts /loans /interest etc. were observed during the financial year 2017-18.

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**3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.**

Based on records examined and explanations given to us, during the year, there are no inventories are lying with third parties and the Company has not received any assets/gifts from Government or other authorities.

**For, Agarwal & Dhandhania**
**Chartered Accountants**
**FRN. 0125756W**

**CA Sanjay Agarwal**
**(Partner)**
**M. No. 078579**
**Place: Silvassa**
**Date:** 31 JUL 2018

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**ANNEXURE-B**

## TO THE INDEPENDENT AUDITOR`S REPORT OF EVEN DATE ON THE STANDALONE IND-AS FINANCIAL STATEMENTS OF DNH POWER DISTRIBUTION CORPORATION LIMITED

**Report on the Order issued under Section 143(11) of the Companies Act, 2013**

(i) In respect to Fixed Assets:

a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The fixed assets have been physically verified by the third party (i.e. by appointing a Professional Firm CA firms i.e. M/s GSV & Co., Vapi), which in our opinion is reasonable, having regard to the size of the Corporation and nature of its assets. As informed to us, no material discrepancy was noticed on such physical verification.

c) Legal Ownership (titles) of Immovable Properties transferred from Electricity Department of Dadra & Nagar Haveli are still in the name of said ED of DNH. However, the procedure for registration and/or transfer in the name of the Corporation is in progress. Details of such free hold properties are mentioned as below:

| Sr. No. | Circle No. | Name of Premises | Area of Land in Hector | Nature (Freehold/Leasehold) |
|---|---|---|---|---|
| 1. | Silvassa City | Head Office Land | 0.25 | Freehold |
| 2. | Silvassa City | Amli Sub Station Land | 6.53 | Freehold |
| 3. | Dadra | Dadra Sub Station Land | 2.32 | Freehold |
| 4. | Sili | Sili Sub Station Land | 1.80 | Freehold |
| 5. | Masat | Masat Sub Station Land | 1.28 | Freehold |
| 6. | Rakholi | Rakholi Sub Station Land | 1.44 | Freehold |
| 7. | Khadoli | Khadoli Sub Station Land | 8.45 | Freehold |
| 8. | Khanvel | Khanvel Sub Station Land | 0.22 | Freehold |
| 9. | Kala | Kala Sub Station Land | 2.42 | Freehold |
| 10. | Velugam | Velugam Sub Station Land | 5.00 | Freehold |
| 11. | Silvassa City | Piparia Sub Station Land | 1.26 | Freehold |
| 12. | Athal | Athal Sub Station Land | 0.80 | Freehold |
| 13. | Kharadpada | Kharapada Sub Station Land | 9.58 | Freehold |
| 14. | Waghdhara | Waghdhara Sub Station Land | 0.85 | Freehold |

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(ii) As explained to us, the physical verification of inventory (i.e. stores and spares) has been conducted at reasonable intervals by the management. The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business. As informed to us, no material discrepancy was noticed on such physical verification.

(iii) According to the information and explanation given to us, the Company has not granted any loans secured or un-secured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly the clauses (iii) (a), (b) and (c) of the order are not applicable.

(iv) According to the information and explanations given to us, the Company has not granted any loans, investments, guarantees and security covered under the provisions of section – 185 and 186 of the Companies Act, 2013.

(v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 (1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(vii) (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2018 for a period of more than six months from the date of becoming payable.

(b) According to records of Company, the dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute is nil except the following dues of service tax

| Name of the Statute | Nature of dues | Amount | Forum where the dispute is pending |
|---|---|---|---|
| Service Tax | Demand of Service Tax of Rs. 144.42 Lakh for Consulting Engineering services rendered by DNHPDCL which has been paid by the Company. However the interest on the | Demand of Service Tax of Rs. 144.42 Lakh* | Appeal pending in Appellate Tribunal, WZB, Ahmedabad against the order dated 12th March 2015 of the Commissioner, Central Excise, Customs & Service Tax, Silvassa |

| | | | |
|---|---|---|---|
| | same has not been provided for as the appeal has been filed for the same. | | Commissionerate for payment of service tax, penalty, interest. |
| | Penalty u/s 77 of the Finance Act, 1994 for non-filing / delay in filing ST-3 returns | Rs. 1 Lakh | |
| | Penalty u/s 78 of the Finance Act, 1994 | Rs. 144.42 Lakh | |

*Rs. 144.42 Lakh has been recovered from consumers and then the amount has been paid to Service Tax Department. Therefore it has not been disclosed as either liability to consumers or as asset as recoverable from Department back. In case in the decision of appeal, this amount of service tax is refunded back to DNHPDCL, the Company will return it back to the consumers.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.

(ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

(xi) Being Government Corporation pursuant to Notification No. – GSR 463 (E) dated 05/06/2015 issued by Ministry of Corporate Affairs, the provisions of Section – 197 of the Act are not applicable to the Company.

(xii) The Company is not a nidhi Company and accordingly provisions of clause (xii) of Para 3 of the order are not applicable to the Company.

(xiii) In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements in Note No. 27 as required by the applicable accounting standards

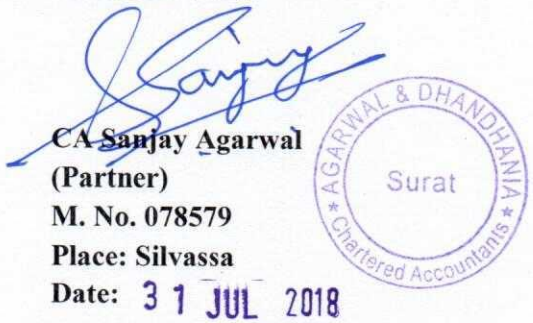
(xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.

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(xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.

(xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

**For, Agarwal & Dhandhania**
**Chartered Accountants**
**FRN. 0125756W**




**CA Sanjay Agarwal**
**(Partner)**
**M. No. 078579**
**Place: Silvassa**
**Date:** 31 JUL 2018

**ANNEXURE-C**

## TO THE INDEPENDENT AUDITOR`S REPORT OF EVEN DATE ON THE STANDALONE IND-AS FINANCIAL STATEMENTS OF DNH POWER DISTRIBUTION CORPORATION LIMITED

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

We have audited the internal financial controls over financial reporting of DNH Power Distribution Corporation Limited as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended March 31, 2018.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing 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.

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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 March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For, Agarwal & Dhandhania**
**Chartered Accountants**
**FRN. 0125756W**

**CA Sanjay Agarwal**
**(Partner)**
**M. No. 078579**
**Place: Silvassa**
**Date:** 31 JUL 2018

AGARWAL & DHANDHANIA Surat Chartered Accountants

## DNH POWER DISTRIBUTION CORPORATION LIMITED
## Balance Sheet as at 31st March 2018

(Rupees in Lakh)

| | Particulars | Note No. | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|---|---|
| | **ASSETS** | | | |
| 1 | **Non-Current Assets** | | | |
| (a) | Property, Plant and Equipment (PPE) | 1 | 18,859.38 | 17,137.70 |
| (b) | Capital Work-in-Progress | 2 | 165.92 | 1,910.32 |
| (c) | Investment Property | | - | - |
| (d) | Goodwill | | - | - |
| (e) | Intangible Assets | 3 | 193.98 | 9.81 |
| (f) | Intangible Assets under development | | - | - |
| (g) | Financial Assets | | | |
| | i) Investments | | - | |
| | ii) Trade Receivables | | - | - |
| | iii) Loans | | - | - |
| | iv) Others | 4 | 50.59 | 59.47 |
| (h) | Deferred Tax Assets (Net) | | - | |
| (i) | Other Non-Current Assets | 5 | 3,025.11 | 1,561.40 |
| | **Total Non-Current Assets** | | **22,294.98** | **20,678.70** |
| 2 | **Current Assets** | | | |
| (a) | Inventories | 6 | 566.04 | 820.98 |
| (b) | Financial Assets | | | |
| | i) Investments | | - | - |
| | ii) Trade Receivables | 7 | 23,842.64 | 19,931.08 |
| | iii) Cash and Cash Equivalents | 8 | 3,603.38 | 19,638.95 |
| | iv) Bank Balances other than (iii) above | 8 | 30,221.16 | 32,967.45 |
| | v) Loans | | - | - |
| | vi) Others | 9 | 325.42 | 742.45 |
| (c) | Current Tax Assets (Net) | | - | - |
| (d) | Other Current Assets | 10 | 23.52 | 8.34 |
| | **Total Current Assets** | | **58,582.16** | **74,109.25** |
| | **TOTAL ASSETS** | | **80,877.14** | **94,787.95** |
| | **EQUITY AND LIABILITIES** | | | |
| 1 | **Equity** | | | |
| (a) | Equity Share Capital | 11 | 8,000.00 | 8,000.00 |
| (b) | Other Equity | 12 | 43,673.23 | 44,919.55 |
| | **Total Equity** | | **51,673.23** | **52,919.55** |
| | **Liabilities** | | | |
| 2 | **Non-Current Liabilities** | | | |
| (a) | Financial Liabilities | | | |
| | i) Borrowings | | - | - |
| | ii) Trade and Other Payables | | - | - |
| | iii) Other Financial Liabilities | 13 | 3,869.12 | 3,250.64 |
| (b) | Provisions | | - | - |
| (c) | Deferred Tax Liabilities (Net) | 14 | 1,885.01 | 1,227.59 |
| (d) | Other Non-Current Liabilities | | - | - |
| | **Total Non-Current Liabilities** | | **5,754.13** | **4,478.23** |
| 3 | **Current liabilities** | | | |
| (a) | Financial Liabilities | | | |
| | i) Borrowings | | - | - |
| | ii) Trade and Other Payables | 15 | 8,599.70 | 23,396.89 |
| | iii) Others Financial Liabilities | 16 | 583.13 | 280.90 |
| (b) | Provisions | 17 | 13,104.88 | 13,211.42 |
| (c) | Current Tax Liabilities (Net) | | - | - |
| (d) | Other Current Liabilities | 18 | 1,162.07 | 500.96 |
| | **Total Current Liabilities** | | **23,449.78** | **37,390.17** |
| | **Total Liabilities** | | **29,203.91** | **41,868.40** |
| | **TOTAL EQUITY AND LIABILITIES** | | **80,877.14** | **94,787.95** |

The Significant Accounting Policies (I) and Notes (II) are integral part of these Financial Statements.
In terms of our Audit Report of even date attached

**For, Agarwal & Dhandhania**
Chartered Accountants
FRN. 0125756W

**CA Sanjay Agarwal**
(Partner)
M.N.078579
Place: Silvassa
Date: 31 JUL 2018

For and On behalf of
**DNH Power Distribution Corporation Limited**

**(Vitthal Chavan)**
Company Secretary

**(Kannan Gopinathan)**
Managing Director

**(Pawan Kumar Mishra)**
Chief Financial Officer

**(Praful Patel)**
Chairman

**DNH Power Distribution Corporation Limited**
**Statement of Profit and Loss for the year ended 31st March 2018**

(Rupees in Lakh)

| | Particulars | Note No. | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
|---|---|---|---|---|
| | **INCOME / REVENUE** | | | |
| I | Revenue from Operations | 19 | 2,28,772.85 | 1,92,210.23 |
| II | Other Income | 20 | 9,105.03 | 4,683.13 |
| III | **Total Income (I + II)** | | **2,37,877.88** | **1,96,893.36** |
| IV | **EXPENSES** | | | |
| | Purchase of Power | 21 | 2,33,321.82 | 1,99,074.55 |
| | Operation and Maintenance Expenses | 22 | 1,316.99 | 720.20 |
| | Employee Benefits Expenses | 23 | 1,143.92 | 1,201.74 |
| | Finance Costs | 24 | 327.29 | 928.88 |
| | Depreciation and Amortization Expenses | 1&3 | 1,528.77 | 1,391.08 |
| | Administration and Other Expenses | 25 | 827.99 | 389.44 |
| | **Total Expenses (IV)** | | **2,38,466.78** | **2,03,705.89** |
| V | **Profit/(loss) before exceptional items and tax (III - IV)** | | **(588.90)** | **(6,812.53)** |
| VI | **Exceptional Items** | | - | - |
| VII | Profit before Tax (V - VI) | | **(588.90)** | **(6,812.53)** |
| VIII | **Tax Expenses:** | | | |
| | Current Tax | | - | - |
| | Deferred Tax | | 657.42 | 312.55 |
| | **Total Tax Expenses** | | **657.42** | **312.55** |
| IX | **Profit/ (Loss) for the year from continuing operation (VII-VIII)** | | **(1,246.32)** | **(7,125.08)** |
| X | **Profit / (Loss) from discontinued operations** | | - | - |
| XI | **Tax Expenses of discontinued operations** | | - | - |
| XII | **Profit/ (Loss) from discontinued operations (XI - X)** | | - | - |
| XIII | **Profit/ (Loss) for the year (IX + XII)** | | **(1,246.32)** | **(7,125.08)** |
| XIV | **Other Comprehensive Income** | | | |
| | A- Items that will not be reclassified subsequently to profit or loss | | - | - |
| | B- Items that will be reclassified subsequently to profit or loss | | - | - |
| | **Other Comprehensive Income for the year (net of tax)** | | - | - |
| XV | **Total Comprehensive Income for the year (XIII + XIV)** | | **(1,246.32)** | **(7,125.08)** |
| XVI | **Earnings per Equity Share (Face Value of Rs. 100/- each)** | | - | - |
| | **For continuing operations before Rate Regulated Activities** | | | |
| | i) Basic (in Rs.) | | **(15.58)** | **(89.06)** |
| | ii) Diluted (in Rs.) | | - | - |
| | **For continuing operations** | | | |
| | i) Basic (in Rs.) | | **(15.58)** | **(89.06)** |
| | ii) Diluted (in Rs.) | | - | - |
| | **For discontinued operations** | | | |
| | i) Basic (in Rs.) | | - | - |
| | ii) Diluted (in Rs.) | | - | - |
| | **For continuing operations and discontinued operations** | | | |
| | i) Basic (in Rs.) | | **(15.58)** | **(89.06)** |
| | ii) Diluted (in Rs.) | | - | - |

The Significant Accounting Policies (I) and Notes (II) are integral part of these Financial Statements.
In terms of our Audit Report of even date attached

**For, Agarwal & Dhandhania**
Chartered Accountants
FRN. 0125756W

**CA Sanjay Agarwal**
(Partner)
M.N.078579
Place: Silvassa
Date: 31 JUL 2018

AGARWAL & DHANDHANIA * Chartered Accountants * Surat

For and on behalf of
**For, DNH Power Distribution Corporation Limited**

**(Vitthal Chavan)**
Company Secretary

**(Pawan Kumar Mishra)**
Chief Financial Officer

**(Kannan Gopinathan)**
Managing Director

**(Praful Patel)**
Chairman

## DNH POWER DISTRIBUTION CORPORATION LIMITED
## Statement of Changes in Equity for the year ended 31st March 2018

**A. Equity Share Capital** (Rupees in Lakh)

| Particulars | Amount |
|---|---|
| **Balance as at 1st April 2016** | **8,000.00** |
| Changes in equity share capital during the year | - |
| **Balance as at 31st March 2017** | **8,000.00** |
| Changes in equity share capital during the year | - |
| **Balance as at 31st March 2018** | **8,000.00** |

**B. Other Equity** (Rupees in Lakh)

| Particulars | DNHPDCL CAPEX, Replacement & Development Fund | General Reserve | Corporate Social Responsibility Fund | Retained Earnings / Surplus | Total |
|---|---|---|---|---|---|
| **Balance as at 1st April 2016** | 35,160.45 | 1,171.53 | 279.25 | 15,632.56 | **52,243.79** |
| | - | - | - | - | - |
| Proceeds from Share Application | - | - | - | - | - |
| Issue of Equity Share Capital | - | - | - | - | - |
| Profit for the FY 2016-17 | - | - | - | (7,125.08) | **(7,125.08)** |
| Other Comprehensive Income for the FY 2016-17 | - | - | - | - | - |
| **Total Comprehensive Income for the FY 2016-17** | - | - | - | (7,125.08) | **(7,125.08)** |
| Dividend paid | - | - | - | - | - |
| Tax on Dividend paid | - | - | - | - | - |
| | - | - | - | - | - |
| **Balance as at 31st March 2017** | 35,160.45 | 1,171.53 | 279.25 | 8,308.32 | **44,919.55** |
| Issue of Equity Share Capital | - | - | - | - | - |
| Proceeds from Share Application | - | - | - | - | - |
| Profit for the FY 2017-18 | - | - | - | (1,246.32) | **(1,246.32)** |
| Grant Received | - | - | - | - | - |
| Other Comprehensive Income for the FY 2017-18 | - | - | - | - | - |
| **Total Comprehensive Income for the FY 2017-18** | - | - | - | **(1,246.32)** | **(1,246.32)** |
| Transfer to Retained Earnings/ Surplus | (4,186.00) | - | (279.25) | 4,465.25 | - |
| Transfer to Other Current Liabilities | - | - | - | - | - |
| Dividend paid | - | - | - | - | - |
| Tax on Dividend paid | - | - | - | - | - |
| **Balance as at 31st March 2018** | **30,974.45** | **1,171.53** | **-** | **11,527.25** | **43,673.23** |

The Significant Accounting Policies (I) and Notes (II) are integral part of these Financial Statements.
In terms of our Audit Report of even date attached

**For, Agarwal & Dhandhania**
Chartered Accountants
FRN. 0125756W

**CA Sanjay Agarwal**
(Partner)
M.N.078579
Place: Silvassa
Date: 31 JUL 2018

AGARWAL & DHANDHANIA Chartered Accountants Surat

For and On behalf of
**DNH Power Distribution Corporation Limited**

**(Vitthal Chavan)**
Company Secretary

**(Pawan Kumar Mishra)**
Chief Financial Officer

**(Kannan Gopinathan)**
Managing Director

**(Praful Patel)**
Chairman

**DNH POWER DISTRIBUTION CORPORATION LIMITED**
**Cash Flow Statement for the year ended 31 March, 2018**

(Rupees in Lakh)

| | PARTICULARS | 2017-18 | | 2016-17 | |
|---|---|---|---|---|---|
| A | **CASH FLOW FROM OPERATING ACTIVITIES:-** | | | | |
| | Profit before tax from continuing operations | - | (588,89) | - | (6,812.53) |
| | Adjustments for : | - | - | - | - |
| | Add: (a) Depreciation and Amortization | 1,528.77 | - | 1,391.09 | - |
| | (b) Provision for Trade Receivables | 308.97 | - | - | - |
| | (c) Created Provisions | 3,758.13 | - | - | - |
| | (d) Provision for Leave Salary,Pension & Gratuity | 81.62 | - | 49.83 | - |
| | (e) Finance cost recognised in Statement of Profit & Loss | 327.28 | 6,004.77 | 928.87 | 2,369.79 |
| | | - | 5,415.88 | - | (4,442.74) |
| | Less : (a) Gain on sale / disposal of Property Plant and Equipments | - | - | - | - |
| | (b) Interest income recognised in Statement of Profit & Loss | - | - | - | - |
| | (c) Provisions Write-Off | 2,114.21 | - | 3,369.60 | - |
| | **Operating Profit before working capital changes** | 3,946.29 | 6,060.50 | 198.57 | 3,568.17 |
| | Adjustments for : | - | **(644.62)** | - | **(8,010.91)** |
| | Decrease/(Increase) in Trade Receivables | (4,220.53) | - | 395.27 | - |
| | Decrease /(Increase) in Inventories | 254.94 | - | 27.62 | - |
| | Decrease/(Increase) in loans and advances (at amortised cost) | 8.89 | - | (0.13) | - |
| | Decrease/(Increase) in other financial assets | (50.00) | - | 2,212.80 | - |
| | Decrease/(Increase) in Other Assets | (15.17) | - | 73.71 | - |
| | Increase/(Decrease) in trade and other payables | (14,768.08) | - | 2,964.47 | - |
| | Increase/(Decrease) in provision | - | - | (2,782.87) | - |
| | Increase/(Decrease) in other financial liabilities | 920.71 | - | (207.63) | - |
| | Increase/(Decrease) in other Current liabilities | 661.11 | (17,208.13) | 614.49 | 3,297.74 |
| | **CASH GENERATED / (USED) IN OPERATION** | | **(17,852.75)** | | **(4,713.17)** |
| | less : Taxes Paid (Net of Refund) | - | 112.75 | - | 281.36 |
| | **NET CASH GENERATED BY OPERATING ACTIVITIES** | - | **(17,965.50)** | - | **(4,994.53)** |
| | | - | - | - | - |
| B | **CASH FLOW FROM INVESTING ACTIVITIES** | - | - | - | - |
| | Addition to Property Plant & Equipments and Capital Work in Progress | (1,488.24) | - | (1,644.87) | - |
| | Sale of Property Plant and Equipments | - | - | - | - |
| | Addition to Intangible Assets | (201.98) | - | (4.50) | - |
| | Investment | 2,746.29 | - | (32,967.45) | - |
| | Interest received on Investments and Loans | 2,581.24 | - | 6,495.54 | - |
| | Capital Advances | (1,350.97) | - | - | - |
| | **NET CASH (USED IN) / FROM INVESTING ACTIVITIES** | - | **2,286.33** | - | **(31,121.27)** |
| | | - | - | - | - |
| C | **CASH FLOW FROM FINANCING ACTIVITIES** | - | - | - | - |
| | Proceeds from issue of Equity Share Capital / Share Application | - | - | - | - |
| | Finance Costs paid on Borrowings | (356.40) | - | (1,010.25) | - |
| | Proceeds from Banks | - | - | - | - |
| | Interim Dividend for Current Year (including tax thereon) | - | - | - | - |
| | Final Dividend for Previous Year (including tax thereon) | - | - | - | - |
| | **NET CASH (USED IN) / FROM FINANCING ACTIVITIES** | - | **(356.40)** | - | **(1,010.26)** |
| | | - | - | - | - |
| | **Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)** | - | **(16,035.57)** | - | **(37,126.06)** |
| | | - | - | - | - |
| | **Cash & Cash Equivalents as at the Commencement of the Year** | - | **19,638.95** | - | **56,765.01** |
| | | - | - | - | - |
| | **Cash & Cash Equivalents as at the Close of the Year** | - | **3,603.38** | - | **19,638.95** |

In terms of our Audit Report of even date attached

**For, Agarwal & Dhandhania**
Chartered Accountants
FRN. 0125756W

**CA Sanjay Agarwal**
(Partner)
M.N.078579
Place: Silvassa
Date: 31 JUL 2018

AGARWAL & DHANDHANIA * Chartered Accountants * Surat

For and On behalf of
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Company Secretary

**(Pawan Kumar Mishra)**
Chief Financial Officer

**(Kannan Gopinathan)**
Managing Director

**(Praful Patel)**
Chairman

## DNH POWER DISTRIBUTION CORPORATION LIMITED

**Significant Accounting Policies forming part of financial statements for the year ended 31/03/2018.**

### 1. Corporate Information

DNH Power Distribution Corporation Limited (DNHPDCL or 'the Corporation) is a Public Limited Company incorporated in India with its registered office at Vidyut Bhavan, 66 KV Road, Near Secretariat, Amli, Silvassa - 396230. The Corporation is a company with 100% shareholding by the President of India and nominees under administrative control of Ministry of Home Affairs ('MoHA'), the ultimate parent being the Government of India ('GOI'). The equity shares of the Corporation are not listed on any stock exchange. It was incorporated in July 2012 with the objective to carry out the business of electricity sub-transmission, distribution and retail supply. The Corporation is presently engaged in the business of distribution of power in the area of Dadra & Nagar Haveli (Union Territory) and there is no major change in the business activity during the current financial year. The Corporation is also involved in the generation of electricity with the use of renewable resources (i.e. Solar).

Pursuant to 'The Dadra & Nagar Haveli (DNH) Electricity Reforms Transfer Scheme, 2013 notified vide notification no.1-1(594)/ELE/2013/697 dated 07/03/2013, the functions of distribution and its associated division (i.e. meter testing and laboratory division) of Electricity Department of DNH has been corporatized and stand transferred to the Corporation. The said scheme also includes the transfer of the entire assets, liabilities, rights, obligations and proceedings etc. of distribution and its associated division of Electricity Department of DNH to the Corporation from the effective date. Further, the effective date has been notified as 01/04/2013 vide notification no. 1-1(656)/ELE/2013/700 dated 08/03/2013. The initial assets and liabilities transferred to the Corporation in pursuant to above scheme had been transferred at the value as notified by Administrator vide notificationno. DNH/Ele/Trans/2014/108/278 dated 04/06/2014.

### 2. Basis for Preparation of Accounts:

These Financial Statements are prepared on accrual basis of accounting and all principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

### (i) Statement of Compliance

In accordance with the notification dated 16th February, 2015, issued by the Ministry of Corporate Affairs, the Corporation has adopted Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from 1st April, 2016. The Financial Statements for the year ended 31st March, 2017 was the first Financial Statements of the Corporation which had been prepared in accordance with Ind AS. Accordingly, the date of transition to Ind AS was 1st April, 2015.

The Standalone Financial Statements have been prepared in accordance with Ind AS as prescribed under Section 133 of the Companies Act, 2013 ('the Act'), the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act. The Corporation has adopted all the applicable Indian Accounting Standards ('Ind AS') in the preparation of Financial Statements.

### (ii) Basis of measurement

The Financial Statements have been prepared on historical cost basis considering the applicable provisions of Companies Act 2013 and Electricity Act 2003 except the following material items that have been measured at fair value as required by relevant Ind AS. Nevertheless, historical cost is generally based at the fair value of the consideration given in exchange for goods and services.

- Certain financial assets/liabilities measured at fair value (refer accounting policy regarding financial instruments) and
- Any other item as specifically stated in accounting policy.

The Financial Statement are presented in Indian Rupee ('INR') and all values are rounded to the Rupee in lakhs (up to two decimals), unless otherwise stated.

AGARWAL & DHANDHANIA * Chartered Accountants *

**(iii) Use of Estimate and judgment**

In the application of significant accounting policy which are described in note (3) below, the management are required to make judgment, estimates and assumptions about the carrying amount of assets and liabilities, income and expenses and contingent 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 those estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future period.

The few critical estimations and judgments made in applying accounting policies are useful life of Property, Plant & Equipments (PPE), evaluation of indicators of impairments of PPE, classification of security deposits, impairments of trade receivables and other financial assets and contingent liabilities. Similarly, the management provides for inventory obsolescence, surplus inventory and inventory with carrying values in excess of net realizable value based on assessment of the future uses.

The income or expenditure relating to previous period prior to current financial year of immaterial value is recognised in current Financial Statements.

**3. Summary of Significant Accounting Policies**

**(i) Property, Plant & Equipment**

For transition to Ind AS, the Corporation has elected to continue with the carrying value of Property, Plant and Equipment ('PPE') recognised as of 1st April, 2015 (transition date) measured as per the Previous GAAP and use that carrying value as its deemed cost of the PPE as on the transition date.

PPE are stated at cost less accumulated depreciation and accumulated impairment losses except for freehold land which is not depreciated. Cost includes purchase price (after deducting trade discount / rebate) or construction cost, non-refundable duties and taxes, borrowing costs and other directly attributable cost to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

An item of PPE acquired on the basis of contribution made by consumers, which requires an obligation to provide electricity connectivity to the consumers is recognised at nominal value of Rs.1.00. If the Corporation is also liable to make payment, then such an item of PPE is stated at cost attributable to the Corporation.

Subsequent costs are included in the carrying amount PPE or recognised as a separate item of PPE, as appropriate, only if the recognition criteria are satisfied. Subsequent costs relating to day to day servicing of an item of PPE are not recognised in the carrying amount of PPE, rather, these costs are recognised in the Statement of Profit & Loss.Likewise, when a major inspection / repair occurs, its cost is recognised in the carrying amount of PPE as a replacement, if the recognition criteria are satisfied.

An item of PPE is derecognised on disposal or when no future economic benefits are expected from use. Any profit or loss arising on the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in Statement of Profit & Loss.

**(ii) Intangible Assets**

For transition to Ind AS, the Corporation has elected to continue with the carrying value of intangible assets recognised as of 1st April, 2015 (transition date) measured as per the Previous GAAP and use that carrying value as its deemed cost as on the transition date.

Intangible assets acquired separately are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated

AGARWAL DHANDHANIA Chartered Accountants Surat

impairment losses. Software (not being an integral part of the related hardware) acquired for internal use are treated as intangible assets.

An item of Intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any profit or loss arising from derecognition of an intangible asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of Profit & Loss.

**(iii) Impairmentof tangible and intangible assets other than goodwill**

At the end of each reporting period, the Corporation reviews the carrying amounts of its PPE and other intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit ('CGU') to which the asset belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The resulting impairment loss is recognised in the Statement of Profit & Loss.

Recoverable amount is the higher of fair value less costs to sell and 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 current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had noimpairment loss beenrecognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised in the Statement of Profit & Loss.

**(iv) Capital Work in Progress**

For transition to Ind AS, the Corporation has elected to continue with the carrying value of Capital Work in Progress ('CWIP') recognised as of 1st April, 2015 (transition date) measured as per the Previous GAAP and use that carrying value as its deemed cost as on the transition date.

Expenditure incurred on tangible assets under construction, which are not yet ready for its intended use, are carried at cost under Capital work in Progress ('CWIP'). Such costs comprises purchase price (after deducting trade discount/ rebate) including non-refundable duties and taxes and other costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

CWIP also includes inventories / construction supplies consumed as well as lying in stock for the purpose of construction. Payment against material pending acceptance or stage payment made to supplier or fabricator for supply of capital goods, if any are also grouped as part of CWIP. Major Renovation, Modernization and Up-gradation of an item of PPE resulting in increased life and / or efficiency are considered as CWIP and capitalized on its completion.

**(v) Investment properties**

Investment properties held to earn rentals or for capital appreciation or both are initially stated at cost. Subsequent to initial recognition, investment properties are carried out at cost less accumulated depreciation and accumulated impairment loss, if any. Any gain or loss on disposal of investment property is determined as the difference between net disposal proceeds and the carrying amount of the property and is recognised in the Statement of Profit & Loss. Transfer to or from investment property is

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made when and only when there is change in use and carried out at the carrying amount of investment property.

### (vi) Foreign Currency Transactions

The Financial Statements of Corporation are presented in Indian Rupee (INR), which is also its functional currency. In preparing the Financial Statements, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.Exchange differences on monetary items are recognised in the Statement of Profit & Loss in the period in which they arise

### (vii) Inventories

Inventory mainly consists of Operations & Maintenance ('O&M') stores & spares, which includes maintenance supplies, consumables and loose tools to be consumed in the operations & maintenance of PPE and those do not qualify as PPE. Inventories are valued at cost on weighted average and net realizable value ('NRV') whichever is lower. Cost of inventories include cost of purchase (after deducting trade discount / rebate) including non-refundable duties and taxes, cost of conversion and other related costs including incidentals like freight etc. incurred in bringing the inventories to their present location and condition. NRV is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The amount of any write-down of inventories to NRV and all abnormal losses of inventories are recognized as expense in the Statement of Profit & Loss in the period in which such write-down or loss occurs. The amount of any reversal of the write-down of inventories arising from increase in the NRV is recognized as a reduction from the amount of inventories recognized as an expense in the period in which reversal occurs.

### (viii) Fair value measurement

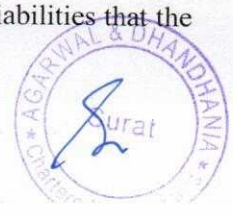
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Corporation takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these Financial Statements is determined in such basis except for transactions in the scope of Ind AS 2, 17 and 36. Normally at initial recognition, the transaction price is the best evidence of fair value.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement rate.



Level 2 — Valuation techniques for which the lowest level input (other than quoted prices included within level 1) that is significant to the fair value measurement is directly or indirectly observable.
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial assets and financial liabilities that are recognized at fair value on a recurring basis, the Corporation determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

## (ix) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Corporation recognizes a financial asset or financial liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

### a) Financial Assets

A financial asset inter-alia includes any asset that is cash, equity instrument of another entity or contractual obligation to receive cash or another financial asset or to exchange financial asset or financial liability under condition that are potentially favorable to the Corporation.

Financial assets of the Corporation comprise trade receivables, cash and cash equivalents, Bank balances, investment other than equity shares, loans to employee / related parties / others, security deposits, claims recoverable etc.

**Initial recognition and measurement**
All financial assets except trade receivable are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are charged in the Statement of Profit & Loss. Where transaction price is not the measure of fair value and fair value is determined using a valuation method that uses data from observable market, the difference between transaction price and fair value is recognized in the Statement of Profit & Loss and in othercases spread over life of the financial instrument using effective interest.The Corporation measures the trade receivables at their transaction price, if the trade receivables do not contain a significant financing component.

**Subsequent measurement**
For purposes of subsequent measurement financial assets are classified in three categories:

- Financial assets measured at amortized cost
- Financial assets at fair value through OCI
- Financial assets at fair value through profit or loss

**Financial assets measured at amortized cost**
Financial assets are measured at amortized cost if the financials asset is held within a business model whose objective is to hold financial 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. These financials assets are amortized using the effective interest rate ('EIR') method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit & Loss. The losses arising from impairment are recognized in the Statement of Profit & Loss.

**Financial assets at fair value through OCI ('FVTOCI')**



Financial assets are measured at fair value through other comprehensive income if the financial asset 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. At initial recognition, an irrevocable election is made (on an instrument-by-instrument basis) to designate investments in equity instruments other than held for trading purpose at FVTOCI. Fair value changes are recognized in the other comprehensive income ('OCI'). However, the Corporation recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Statement of Profit & Loss. On derecognition of the financial asset other than equity instruments designated as FVTOCI, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit & Loss.

**Financial assets at fair value through profit or loss ('FVTPL')**

Any financial asset that does not meet the criteria for classification as at amortized cost or as financial assets at fair value through other comprehensive income is classified as financial assets at fair value through profit or loss. Further, financial assets at fair value through profit or loss also include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are fair valued at each reporting date with all the changes recognized in the Statement of Profit & Loss.

**Derecognition**

The Corporation derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the financial asset, the Corporation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

**Impairment of financial assets**

The Corporation assesses impairment based on expected credit loss ('ECL') model on the following:

- Financial assets that are measured at amortised cost; and
- Financial assets measured at FVTOCI.

ECL is measured through a loss allowance on a following basis:-

- The 12 month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within 12 months after the reporting date)
- Full life time expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments)

The Corporation follows 'simplified approach' for recognition of impairment on trade receivables or contract assets resulting from normal business transactions. The application of simplified approach does not require the Corporation to track changes in credit risk. However, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, from the date of initial recognition. The measurement of life time expected credit loss allowance for trade receivables / contract assets by using a practical expedient as permitted under Ind AS 109 i.e. expected credit loss as experienced on the historical periodicity.

For recognition of impairment loss on other financial assets, the Corporation determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has increased significantly, lifetime ECL is provided. For assessing increase in credit risk and impairment loss, the Corporation assesses the credit risk characteristics on instrument-by-instrument basis.

ECL is the difference between all contractual cash flows that are due to the Corporation in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls) discounted at the original EIR.

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Surat
Chartered Accountants

Impairment loss allowance (or reversal) recognized during the period is recognized as expense/income in the Statement of Profit & Loss.

**b) Financial Liabilities**

The Corporation's financial liabilities include loans & borrowings including bank overdrafts (if any), trade payables, security deposits, accrued expenses and other payables etc.

**Initial recognition and measurement**

All financial liabilities at initial recognition are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities classified at amortized cost are recognized initially at fair value net of directly attributable transaction costs. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognised in the Statement of Profit & Loss or in the CWIP, if another standard permits inclusion of such cost in the carrying amount of an asset over the period of the borrowings using the Effective interest rate ('EIR') method.

**Subsequent measurement**

The subsequent measurement of financial liabilities depends upon the classification as described below:-

**Financial Liabilities classified as Amortised Cost**

Financial Liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Interest expense that is not capitalized as part of costs of assets is included as Finance costs in the Statement of Profit & Loss.

**Financial Liabilities classified as Fair value through profit &loss (FVTPL)**

Financial liabilities classified as FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities designated upon initial recognition at FVTPL only if the criteria in Ind AS 109 is satisfied.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged / cancelled / expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit & Loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**(x) Share capital and share premium**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds. Par value of the equity share is recorded as share capital and the amount received in excess of the par value, if any is classified as share premium.

**(xi) Dividend Distribution to equity shareholders**



The Corporation recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Corporation. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in other equity along with any tax thereon.

### (xii) Government Grants

Government grants (including subsidies) are recognized when there is reasonable assurance that the Corporation will comply with the conditions attached to them and that the grants will be received.

Grants that compensate the Corporation for the cost of an item of PPE (i.e. non-monetary assets) are initially set up as deferred income at fair value and recognised inthe Statements of Profit & Loss on a systematic basis over the period and in proportions of depreciation expenses of the asset.

Other government grants (grants related to income) are recognized as income over the periods necessary to match them with the costs for which they are intended to compensate on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of providing immediate financial support with no future related costs are recognized in the Statement of Profit & Loss in the period in which they become receivable. Grants related to income are presented under other income in the Statement of Profit & Loss except for grants received in the form of rebate or exemption which are deducted in reporting the related expense.

### (xiii) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease, if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item (i.e. PPE), are generally capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between finance charges and a reduction in lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the Statement of Profit & Loss.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Corporation as lessee are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit & Loss over the period of lease on straight line basis other than those cases where the escalations are linked to expected general inflation in which case they are charged on contractual terms.

### (xiv) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are determined based on management estimate of the amount required to settle the obligation at the balance sheet date. When the Corporation expects some or all of a provision to be reimbursed, the reimbursement is recognised as a standalone asset only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

Contingent liabilities are disclosed on the basis of judgment of management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

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Contingent Assets are not recognized, however, disclosed in financial statement when inflow of economic benefits is probable.

## (xv) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable on accrual basis and when its collection or receipt is reasonably certain.

**Revenue from Sale of Power**
Revenue from Sale of Power including deviation settlement mechanism or unscheduled interchange is recognized on accrual basis for energy supplied in accordance with the tariff order awarded by Joint Electricity Regulatory Commission (JERC) as applicable to consumers. Revenue is reduced for estimated rebates and similar allowances, if any.

**Other Miscellaneous Charges / Revenue from Consumers:**
Other miscellaneous charges / revenue from consumers are recognised on cash basis being immaterial value.

**Interest Income**
Interest on financial assets is recognised when it is probable that the economic benefits will flow to the Corporation and the amount can be measured reliably.

**Other Income**
Income in respect of delayed payment charges (DPC)on dues by consumers for sale of power are accounted for in the subsequent bill.

Sale of scrap is accounted for as and when the sale is completed and its collection is reasonably certain.

Claims lodged with insurance companies and others are accounted for as and when these are settled by the concerned agencies.

Other incomes excluding specifically stated above are recognised on accrual basis except when the ultimate realization of such income is uncertain.

## (xvi) Depreciation & Amortization:

The Corporation, being engaged in the electricity business, is covered under the Electricity Act 2003 and the provisions of said Electricity Act supersede the provisions of Companies Act 2013. Accordingly, the depreciation of tangible assets and amortization of Intangible assets is provided on straight line method over the useful life of assets as per the rates specified / notified in respective Central Electricity Regulatory (Terms and Conditions of Tariff) Regulation (CERC). The residual value of the asset is considered as 10% and accordingly, the depreciation / amortization is provided up to the extent of 90% of original cost of asset.

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PPEor Intangible assets which are added / disposed-off during the year, depreciation / amortization is provided on pro rata basis from / upto the date on which the asset is available for use / disposal. The deprecation rates of tangible assets are as under;

| CERC Assets Category | Rate (%) |
|---|---|
| **Plant & Machinery -** | |
| Lines & Networks | 5.28% |
| Transformer Centres | 5.28% |
| Laboratory & Other Equipments | 5.28% |
| Buildings | 3.34% |
| Vehicles | 9.50% |
| Furniture & Fixtures | 6.33% |
| Office Equipments | 6.33% |
| Computers including Software | 15.00% |

**(xvii) Borrowing costs**

Borrowing cost includes interest, commitment charges, brokerage, underwriting costs, discounts / premiums, financing charges, exchange difference to the extent they are regarded as interest costs and all ancillary / incidental costs incurred in connection with the arrangement of borrowing.

Borrowing costs which are directly attributable to acquisition/construction on qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized as a part of cost pertaining to those assets. All other borrowing costs are recognised as expense to the Statement of Profit & Loss in the period in which they are incurred.

**(xviii) Employee Benefits**

a) **Short-term Employees Benefits**

All short term employees' benefits such as salaries, wages, allowances, performance incentive and employee welfare costs are recognised during the period in which the employee render services and are measured at undiscounted amount expected to be paid when the liabilities are settled.

**UT / GOI Employees (Employees on Deputation)**

Leave Salary, Pension contribution and Provident Fund contributions in respect of employees on deputation from UT/GOI are paid to UT/GOI in accordance with the norms / rules prescribed by UT/GOI.

b) **Post-employment benefits**

The Corporation provides the post-employment benefits (i.e. Defined Contribution Plan) such as Provident Fund and Gratuity to the eligible employees.

**Provident Fund**

Eligible employees of the Corporation received benefits from Employees Provident Fund Organization (EPFO) constituted under the Employees Provident Fund and Miscellaneous Provisions Act, 1925. Both, the eligible employees and the Corporation makes monthly contributions to the EPFO equal to a specified percentage / fixed amount of employees' salary. The Corporation's Contribution to Provident Fund as per the said Act are charged to the Statement of Profit & Loss of the year when the contribution to the fund are due.

**Gratuity**

Liability towards Gratuity payable to eligible employees of the Corporation made by making provision as per Central Government Gratuity Rules under the Payment of Gratuity Act, 1972. The Corporation has taken the "Group Gratuity Scheme" covering all eligible employees from Life Insurance Corporation of India (LIC). In accordance with Central Government Gratuity Rules and Payment of

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Gratuity Act, 1972, the Group Gratuity Scheme provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Annual Contribution with regard to the Group Gratuity Scheme is determined by LIC on the basis of their actuarial valuations methodology and are charged to the Statement of Profit & Loss of the respective year.

**(xix) Income Taxes**

Income tax expense represents the sum of tax currently payable and deferred tax. Tax is recognised in the Statement of Profit & Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case the tax is also recognised directly in equity or in other comprehensive income.

**Current tax**

Current tax includes provision for Income Tax computed under Special provision (i.e. Minimum alternate tax) or normal provision of applicable Income Tax Act. The tax currently payable is determined on the basis of taxable profit for the year computed in accordance with the provision of relevant Income Tax Act by using tax rates that have been enacted or by any amendment thereof for the reporting period. Further, Taxable profit differs from profit as reported in the Statement of Profit & Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

**Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet 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, unabsorbed losses and unabsorbed depreciation to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unabsorbed losses and unabsorbed depreciation can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from 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 each balance sheet date 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 assets and liabilities 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 balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

**(xx) Statement of Cash Flows and Cash and Cash Equivalents**

Statement of cash flows is prepared in accordance with the indirect method prescribed in the relevant Accounting Standard. For the purpose of presentation in the Statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. However, Bank overdrafts are shown within borrowings in current liabilities in the balance sheet for the purpose of presentation.

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**(xxi) Current versus non-current classification**

The Corporation presents assets and liabilities in the Balance Sheet based on current/non-current classification.

a) An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

b) A liability is current when:
- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

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

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**DNH Power Distribution Corporation Limited**
**II. Notes forming part of the Financial Statements as at 31st March 2018**

**1 :- Property, Plant and Equipment**

(i) : Details of Property, Plant and Equipment (PPE) are as under :

(Rupees in Lakh)

| Particular | Land (Freehold) | Buildings (Freehold) | Lines & Networks | Transformer Centres | Furniture and Fixture | Vehicles | Office Equipment | IT Equipments | Other Equipments | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Year ended 31st March 2017** | | | | | | | | | | |
| **Gross Carrying amount** | | | | | | | | | | |
| Opening Gross Carrying Amount | 1,364.66 | 1,190.80 | 22,102.06 | 9,148.75 | 2.51 | 57.88 | 15.30 | 67.04 | 5,382.51 | **39,331.51** |
| Additions during the year | - | 1,802.32 | 282.87 | 114.08 | 154.03 | 65.04 | 8.43 | 102.59 | 855.39 | **3,384.75** |
| Deduction / Adjustments during the year | - | - | - | - | - | - | - | - | - | - |
| **Closing Gross Carrying Amount** | **1,364.66** | **2,993.12** | **22,384.93** | **9,262.83** | **156.54** | **122.92** | **23.73** | **169.63** | **6,237.90** | **42,716.26** |
| **Accumulated Depreciation** | | | | | | | | | | |
| Opening Accumulated Depreciation | - | 387.18 | 14,459.47 | 6,043.13 | 0.56 | 28.99 | 4.37 | 25.71 | 3,240.86 | **24,190.27** |
| Depreciation charge during the year | - | 72.21 | 769.78 | 337.28 | 6.46 | 3.19 | 1.23 | 11.96 | 186.18 | **1,388.29** |
| Deduction / Adjustments during the year | - | - | - | - | - | - | - | - | - | - |
| **Closing Accumulated Depreciation** | **-** | **459.39** | **15,229.25** | **6,380.41** | **7.02** | **32.18** | **5.60** | **37.67** | **3,427.04** | **25,578.56** |
| | - | - | - | - | - | - | - | - | - | - |
| **Net Carrying Amount** | **1,364.66** | **2,533.73** | **7,155.68** | **2,882.42** | **149.52** | **90.74** | **18.13** | **131.96** | **2,810.86** | **17,137.70** |
| **Year ended 31st March 2018** | | | | | | | | | | |
| **Gross carrying amount** | | | | | | | | | | |
| Opening Gross Carrying Amount | 1,364.66 | 2,993.12 | 22,384.93 | 9,262.83 | 156.54 | 122.92 | 23.73 | 169.63 | 6,237.90 | **42,716.26** |
| Additions during the year | - | 3.15 | 109.62 | 913.17 | - | 76.60 | 0.14 | 39.69 | 2,090.27 | **3,232.64** |
| Deduction / Adjustments during the year | - | - | - | - | - | - | - | - | - | - |
| **Closing Gross Carrying Amount** | **1,364.66** | **2,996.27** | **22,494.55** | **10,176.00** | **156.54** | **199.52** | **23.87** | **209.32** | **8,328.17** | **45,948.90** |
| **Accumulated Depreciation** | | | | | | | | | | |
| Opening Accumulated Depreciation | - | 459.39 | 15,229.25 | 6,380.41 | 7.02 | 32.18 | 5.60 | 37.67 | 3,427.04 | **25,578.56** |
| Depreciation charge during the year | - | 92.67 | 734.74 | 335.81 | 9.91 | 11.75 | 1.44 | 26.30 | 298.34 | **1,510.96** |
| Deduction / Adjustments during the year | - | - | - | - | - | - | - | - | - | - |
| **Closing Accumulated Depreciation** | **-** | **552.06** | **15,963.99** | **6,716.22** | **16.93** | **43.93** | **7.04** | **63.97** | **3,725.38** | **27,089.52** |
| | - | - | - | - | - | - | - | - | - | - |
| **Net Carrying Amount** | **1,364.66** | **2,444.21** | **6,530.56** | **3,459.78** | **139.61** | **155.59** | **16.83** | **145.35** | **4,602.79** | **18,859.38** |

(ii) : Depreciation for the year is reconciled as under :

(Rupees in Lakh)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Depreciation charged to Statement of Profit & Loss | 1,510.96 | 1,388.29 |
| Add : Depreciation included under expenditure during construction pending allocation. | - | - |
| Less : Deduction / Adjustments | - | - |
| **Total** | **1,510.96** | **1,388.29** |

(iii) : The titile deeds of Land (Freehold) remains mainly in the name of Electricity Department, UT Administration of Dadra & Nagar Haveli.

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**II. Notes forming part of the Financial Statements as at 31st March 2018**

**2 :- Capital Work in Progress**

(i) : Details of Capital Work in Progress are as under:-

(Rupees in Lakh)

| Particulars | | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|---|
| Capital Work in Progress | See description Note (ii) | 165.92 | 1,910.32 |
| **Total** | | **165.92** | **1,910.32** |

(ii) : Capital Work in Progress includes the amount being incurred on assets under construction (Solar Power Plant).

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**II. Notes forming part of the Financial Statements as at 31st March 2018**

**3 :- Intangible Assets**

(Rupees in Lakh)

| Particulars | Amount | Total |
|---|---|---|
| **Year ended 31st March 2017** | | |
| Gross Carrying amount | - | - |
| Opening Gross Carrying Amount | 16.07 | **16.07** |
| Additions during the year | 4.50 | **4.50** |
| Deduction / Adjustments during the year | - | - |
| **Closing Gross Carrying Amount** | **20.57** | **20.57** |
| | | |
| **Accumulated Amortisation** | | |
| Opening Accumulated Amortisation | 7.97 | **7.97** |
| Amortisation charge during the year | 2.79 | **2.79** |
| Deduction / Adjustments during the year | - | - |
| **Closing Accumulated Amortisation** | **10.76** | **10.76** |
| | - | - |
| **Net Carrying Amount** | **9.81** | **9.81** |
| **Year ended 31st March 2018** | | |
| Gross carrying amount | - | - |
| Opening Gross Carrying Amount | 20.57 | **20.57** |
| Additions during the year | 201.98 | **201.98** |
| Deduction / Adjustments during the year | - | - |
| **Closing Gross Carrying Amount** | **222.55** | **222.55** |
| | | |
| **Accumulated Amortisation** | | |
| Opening Accumulated Amortisation | 10.76 | **10.76** |
| Amortisation charge during the year | 17.81 | **17.81** |
| Deduction / Adjustments during the year | - | - |
| **Closing Accumulated Amortisation** | **28.57** | **28.57** |
| | - | - |
| **Net Carrying Amount** | **193.98** | **193.98** |

(ii) : Amortisation for the year is reconciled as under :

(Rupees in Lakh)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Amortisation charged to Statement of Profit & Loss | 17.81 | 2.79 |
| Add: Amortisation included under expenditure during construction pending allocation. | - | - |
| Less : Deduction / Adjustments | - | - |
| **Total** | **17.81** | **2.79** |

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**II. Notes forming part of the Financial Statements as at 31st March 2018**

**4 :- Non Current Financial Assets-Loans**

(i) : Details of Non Current Financial Assets-Loans (at amortised cost) are as under:-

(Rupees in Lakh)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| **Security Deposits** | | |
| Secured, Considered Good | - | - |
| Unsecured, Considered Good | 50.59 | 59.47 |
| Doubtful | - | - |
| | 50.59 | 59.47 |
| Less: Provision for Doubtful Debt | - | - |
| **Total** | **50.59** | **59.47** |

(ii) : Security Deposits includes the amount deposited with different bodies / authorities for availing facilities during regular business operation. These deposits are generally without any fixed period of maturity.

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**II. Notes forming part of the Financial Statements as at 31st March 2018**

**5 :- Other Non Current Assets**

(i) : Details of Other Non Current Assets are as under:-

(Rupees in Lakh)

| Particulars | | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|---|
| **a) Capital Advances** | **See description Note (ii)** | 1,350.97 | - |
| | | - | - |
| **b) Other than Capital Advance** | | - | - |
| **i) Other Advances** | | - | - |
| Advance Income Tax / Tax Recoverable (Net of Provision) | See description Note (iii) | 1,674.14 | 1,561.40 |
| **Total** | | **3,025.11** | **1,561.40** |

(ii) : Capital Advance includes amount paid to M/s Larsen & Toubro Limited for carring out works of Underground Cabling of Overhead lines in Silvassa Municipal Council Area.

(iii) Details of Advance Income Tax/Tax Recoverables (Net of provision):

(Rupees in Lakh)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Gross Amount of Advance Income Tax / Tax Recoverable | 1,674.15 | 1,561.40 |
| Including TDS Recoverable of Rs.215.79 Lakh for the FY 2017-18 (Previous Year Rs.341.92 Lakh) | - | - |
| Less : Provision for Taxation | - | - |
| Inculding Provision for Tax of Rs. NIL for the FY 2017-18 (Previous Year Rs.NIL) | - | - |
| **Total** | **1,674.15** | **1,561.40** |

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**II. Notes forming part of the Financial Statements as at 31st March 2018**

**6 :- Inventories**

(i) : Details of Inventories are as under:-

(Rupees in Lakh)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Stores and Spares (O&M) | 566.04 | 820.98 |
| Less: Provision for obsolescene | - | - |
| See description Note (ii) | | |
| **Total** | **566.04** | **820.98** |

** For valuation method refer Accounting Policy No. 3 (vii).*

(ii) : Inventory stated above includes Goods in Transit amounting to Rs. NIL (Previous Year Rs. NIL).

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**DNH Power Distribution Corporation Limited**

**II. Notes forming part of the Financial Statements as at 31st March 2018**

**7 :- Current Financial Assets -Trade Receivables**

(i) : Details of Current Financial Assets -Trade Receivables are as under :

(Rupees in Lakh)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Trade Receivables - Secured & Considered Good | | |
| Outstanding Exceeding Six Months from due date of payment | 678.12 | 193.31 |
| Others | 22,291.29 | 19,496.55 |
| | 22,969.41 | 19,689.86 |
| Trade Receivables - Un-Secured & Considered Good | - | - |
| Outstanding Exceeding Six Months from due date of payment | 61.46 | 54.71 |
| Others | 811.77 | 186.51 |
| | 873.23 | 241.22 |
| Trade Receivables - Doubtful | - | - |
| Outstanding Exceeding Six Months from due date of payment | 918.96 | 610.00 |
| Others | - | - |
| | 918.96 | 610.00 |
| Less : Provision for Doubtful Receivables | (918.96) | (610.00) |
| See description Note (ii) & (iii) | - | - |
| **Total** | **23,842.64** | **19,931.08** |

(ii) : The Corporation has used a practical expedient for computing expected credit loss allowance for trade receivables taking into account credit loss based on historical periodicity. As per management assessment, provision was made wherever necessary.

(iii) The movement in provision for doubtful trade receivables is as under:

(Rupees in Lakh)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Balance at beginning of the year | 610.00 | 808.56 |
| Movement in expected credit loss allowance on trade receivables | 308.96 | (198.57) |
| Balance at end of the year | 918.96 | 610.00 |

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**DNH Power Distribution Corporation Limited**

**II. Notes forming part of the Financial Statements as at 31st March 2018**

**8 :-Cash & Cash Equivalents and Bank Balances other than Cash & Cash Equivalents**

(i) : Details of Cash & Cash Equivalents are as under :

(Rupees in Lakh)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| **Balances with Bank** | | |
| Current Accounts' Balance | 265.63 | 82.70 |
| Deposit Accounts' Balance | 3,337.75 | 19,556.25 |
| **Cash on hand** | - | - |
| **Others - including Imprest Balance** | - | - |
| **Total** | **3,603.38** | **19,638.95** |

(ii) : Details of Bank Balances other than Cash and Cash Equivalents are as under:-

(Rupees in Lakh)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Bank Deposits - with maturity more than 3 to 12 months | 30,221.16 | 32,967.45 |
| See description Note (iii) | - | - |
| **Total** | **30,221.16** | **32,967.45** |

(iii) : Bank Deposits with maturity more than 3 months and more includes fixed deposits amounting to Rs. 1,014.18 Lakh (Previous Year Rs. 993.37 Lakh) held as the margin money for opening of letter of credit. These deposits are not available for use in the normal coruse of business operation.



**DNH Power Distribution Corporation Limited**

**II. Notes forming part of the Financial Statements as at 31st March 2018**

**9 :- Current Financial Assets- Others**

(i) : Details of Current Financial Assets- Others as under :

(Rupees in Lakh)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Interest receivable on Deposit/Advances | 123.96 | 590.99 |
| Deviation Settlement Mechanism Charges Receivable | 34.83 | 83.69 |
| Receivable against Deposit Works | - | 67.77 |
| Others Receivable See description Note (ii) | 166.63 | - |
| **Total** | **325.42** | **742.45** |

(ii) : The Others Receivable amounting to Rs. 166.63 Lakh (Previous Year Rs. NIL) represents the amount recoverable from Rural Electrification Corporation (REC) under the Deen Dayal Upadhyaya Gram Jyoti Yojana Scheme.

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**DNH Power Distribution Corporation Limited**

**II. Notes forming part of the Financial Statements as at 31st March 2018**

**10 :- Other Current Assets**

(i) : Details of Other Current Assets as under :

(Rupees in Lakh)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| **Other advances** | | |
| Prepaid Expenses | 23.52 | 7.62 |
| **Other Receivable** | - | 0.72 |
| **Total** | **23.52** | **8.34** |

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**DNH Power Distribution Corporation Limited**
**II. Notes forming part of the Financial Statements as at 31st March 2018**

**11 :- Equity Share Capital**

(i) : Details of Authorised Share Capital as under :

(Rupees in Lakh)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| 1,00,00,000 (As at 31st March 2017: 1,00,00,000) Equity Shares of Rs. 100/- each | 10,000.00 | 10,000.00 |
| **Total** | 10,000.00 | 10,000.00 |

(ii) : Details of Issued, Subscribed and Paid-up Share Capital are as under :

(Rupees in Lakh)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| 80,00,000 (As at 31st March 2017: 80,00,000) Equity Shares of Rs. 100/- each fully paid up | 8,000.00 | 8,000.00 |
| **Total** | 8,000.00 | 8,000.00 |

(iii) : Reconciliation of number of Equity Share is as under :

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Equity Shares at the beginning of the year<br>Add : Equity Shares allotted during the year | 80,00,000.00 | 80,00,000.00 |
| Equity Shares at the end of the year | 80,00,000.00 | 80,00,000.00 |

(iv) : The Corporation is a Government Company with 100% shareholding by the President of India and nominees, through administrative control of Ministry of Home Affairs. The Corporation has only one class of shares having par value of Rs. 100/- each with equal rights for Dividend and Vote.

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**DNH Power Distribution Corporation Limited**
**II. Notes forming part of the Financial Statements as at 31st March 2018**

**12 :- Other Equity**

(i) : Details of Other Equity are as under :

| Particulars | | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|---|
| DNHPDCL CAPEX, Replacement & Development Fund | See description Note (ii) & (iii) | 30,974.45 | 35,160.45 |
| General Reserve | See description Note (ii) & (iv) | 1,171.53 | 1,171.53 |
| Corporate Social Responsibility Fund | See description Note (ii) & (v) | - | 279.25 |
| Retained Earnings / Surplus | See description Note (ii) & (vi) | 11,527.25 | 8,308.32 |
| **Total** | | **43,673.23** | **44,919.55** |

(ii) : Movement in Other Equity are as under :

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| DNHPDCL CAPEX, Repalcement & Development Fund | | |
| Opening Balance | 35,160.45 | 35,160.45 |
| (+) Addition during the year | - | - |
| (-) Transfer to Surplus Account | 4,186.00 | - |
| Closing Balance | **30,974.45** | **35,160.45** |
| General Reserve | | |
| Opening Balance | 1,171.53 | 1,171.53 |
| (+) Addition during the year | - | - |
| (-) Transfer during the year | - | - |
| Closing Balance | **1,171.53** | **1,171.53** |
| Corporate Social Responsibility (CSR) | | |
| Opening Balance | 279.25 | 80.10 |
| (+) Addition during the year | - | 199.15 |
| (-) Transfer to Surplus Account | 279.25 | - |
| Closing Balance | **-** | **279.25** |
| Retained Earnings / Surplus | | |
| Opening Balance | 8,308.32 | 15,632.56 |
| (+) Net profit/(Net loss) for the Current Year | (1,246.32) | (7,324.24) |
| Add:Transferred from CSR | 279.25 | - |
| Add:Transferred from DNHPDCL CAPEX, Repalcement & Development Fund | 4,186.00 | - |
| Closing Balance | **11,527.25** | **8,308.32** |
| **Total** | **43,673.23** | **44,919.55** |

(iii) : The DNHPDCL CAPEX, Replacement & Development Fund represents the contribution from the Government (i.e. net assets value) attributable to the Corporatisation of distribution and associated division of Electricity Department. Further, there was a contingent liability of Rs. 4,186 Lakh at the time of Corporatisation excess recovery from consumers for Fuel Power Purchase Cost Adjustment. The Appellate Tribunal vide its order dated 26/03/2015 directed to refund the said amount to the consumers. Hence, the said amount of Rs. 4,186 Lakh has been adjusted during the Current Financial Year 2017-18 by way of transfer to Surplus Account.

(iv) : The General Reserve is created by transfer of profit from time to time. As the General Reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income. Hence, the General Reserve will not be reclassified subsequently to the Statement of Profit & Loss.

(v) : The Corporate Social Responsibility represents the amount required to be incurred on the Corporate Social Activities permitted under the Companies Act, 2013. The said Companies Act requires the incurrence of actual expenditure on these activities instead of earmarking of fund by way of creation of reserve. Hence, the Corporation has decided to transfer the amount remains with Corporate Social Responsibility to Surplus Account during the Current Financial Year 2017-18.

(vi) : The Retained Earnings / Surplus represents amount remaining with the Corporation after considering appropriations.

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**DNH Power Distribution Corporation Limited**

**II. Notes forming part of the Financial Statements as at 31st March 2018**

**13 :- Non-Current Financial Liabilities - Others**

(i) : Details of Non-Current Financial Liabilities - Others are as under :

(Rupees in Lakh)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Security Deposits (Consumers & Others) | 3,869.12 | 3,250.64 |
| **Total** | **3,869.12** | **3,250.64** |

(ii) : Security Deposits represents mainly amount collected from consumers against power connections. These deposits are generally without any fixed period of maturity and accordinlgy, the Corporation has classified these Security Deposits as Non-Current.



**DNH Power Distribution Corporation Limited**
**II. Notes forming part of the Financial Statements as at 31st March 2018**

**14 :- Deferred Tax Liabilities (Net)**

(i) : Details of Deferred Tax Liabilities (Net) are as under :

(Rupees in Lakh)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Deferred Tax Liabilities | 1,885.01 | 1,227.59 |
| Less: Deferred Tax Recoverable (Assets) | - | - |
| **Net Deferred Tax (Assets)/Liabilities** | **1,885.01** | **1,227.59** |

(ii) : The item wise details of deferred tax liability (net) in accordance with Ind AS 12 : "Income Taxes" are given below :

(Rupees in Lakh)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| **Deferred Income Tax Liabilities** | | |
| Depreciation and Amortization | 1,973.93 | 1,292.52 |
| | - | - |
| **Deferred Income Tax Assets** | - | - |
| Provisions not currently deductible for tax purposes | 88.92 | 64.93 |
| **Total** | **1,885.01** | **1,227.59** |

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**II. Notes forming part of the Financial Statements as at 31st March 2018**

**15 :- Current Financial Liabilities - Trade and Other Payables**

(i) : Details of Current Financial Liabilities - Trade and Other Payables are as under :

(Rupees in Lakh)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| **Trade Payables** | | |
| - Amount due to Micro & Small Enterprise<br>See description Note (ii) & (iii) | 417.39 | 104.71 |
| - Payable to Others<br>See description Note (iii) | 7,629.30 | 22,584.03 |
| **Other Payables** | | |
| - Accrued Expenses<br>See description Note (ii) & (iii) | 488.08 | 635.65 |
| - Accrued Payroll<br>See description Note (iii) | 64.93 | 72.50 |
| **Total** | **8,599.70** | **23,396.89** |

(ii) : The Details of liabilities to Micro & Small Enterprises, to the extent information available with the Corporation are given under. These liabilities are not due for payment as per the contractual term of payment.

(Rupees in Lakh)

| Due to MSME Enterprise | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| 1. The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of the accounting year (No amount is due for more than 45 days & Interest due Rs. Nil). | 417.39 | 104.71 |
| 2. The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006, alongwith the amounts of the payment made to the supplier beyond appointed day during the accounting year. | - | - |
| 3. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006 | - | - |
| 4. The amount of interest accrued and remaining unpaid at the end of the accounting year | - | - |
| 5. The amount of further interest remaining due and payable even in the succeeding years. Until such date when the interest dues as above are actually paid to the small enterprise for the purpose of Disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006 | - | - |
| **Total** | **417.39** | **104.71** |

(iii) : Terms and conditions of above Financial Liabilities:

a) Trade Payables are non interest bearing and generally settled after submission of all relevant documents for payment as per the terms of the contract.

b) Other Payables - Accrued expenses are non interest bearing liabilities that have not been settled or invoiced and generally settled in normal course of business.

c) Other Payables - Accrued payroll are non-interest bearing dues to employees and generally settled in normal course of business.

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**II. Notes forming part of the Financial Statements as at 31st March 2018**

**16 :- Current Financial Liability- Others**

(i) : Details of Current Financial Liability- Others are as under :

(Rupees in Lakh)

| Particulars | | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|---|
| Payable towards Deposit Works | See description Note (ii) | 581.30 | 279.07 |
| Compensation Payable | | 1.83 | 1.83 |
| **Total** | | **583.13** | **280.90** |

(ii) : Payable towards Deposit Works represents amount collected from various Government Department / Authorities on account of electrical works to be executed on their behalf.



**DNH Power Distribution Corporation Limited**
**II. Notes forming part of the Financial Statements as at 31st March 2018**

**17 :- Current Liabilities- Provision**

(i) : Details of Current Liabilities - Provisions are as under :

(Rupees in Lakh)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Provision for Excess Recovery of FPPCA | 103.84 | 103.84 |
| Provision for Non Solar Power (RPO) | 3,049.16 | 666.91 |
| Provision for Solar Power (RPO) | 8,879.26 | 7,513.55 |
| Provision for RGPPL Power Purchase | - | 3,946.29 |
| Provision for NSPCL Power Purchase | 890.00 | 890.00 |
| Provision - others | 13.04 | 2.87 |
| Leave salary | 68.46 | 35.52 |
| Pension | 101.12 | 52.44 |
| **Total** | **13,104.88** | **13,211.42** |

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**II. Notes forming part of the Financial Statements as at 31st March 2018**

**18 :- Other Current Liabilities**

(i) : Details of Other Current Liabilities are as under :

| Particulars | | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|---|
| Payable to Statutory Authorities | | 127.23 | 86.16 |
| Payable to EPF & GPF Trust | | 4.48 | 9.77 |
| State Energy Conservation Fund | See description Note (ii) | 200.00 | - |
| Other Liabilities | See description Note (iii) | 830.36 | 405.03 |
| **Total** | | **1,162.07** | **500.96** |

(ii) : The Corporation has been appointed as State Designated Agency vide Notification No. 01/17/ED-DNH/2017-18/141 dated 19-04-2018 issued by Union Territory Administration of Dadra & Nagar Haveli. As per the said notification, the State Energy Conservation Fund shall be utilized for the purpose of promotion and efficient use of energy and its conservation in the Union Territory.

(iii) : Other Liability represents an amount of Rs. 830.36 Lakh (Previous Year Rs. 405.03 Lakh) received as grants for creation of capital assets. If the grants is not utilised for the specified purpose within specified period, then the said grant is required to be refunded back to the sanctioning authority. The specified period may also be extendable in future with the approval of the sanctioning authority. Till the Previous Financial Year 2016-17, the capital grant was shown as capital reserve in the financial statements, however, the said item is regrouped or reclassified during the Current Financial Year 2017-18 to achiev better presentation.

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**II. Notes forming part of the Financial Statements as at 31st March 2018**

**19 : Revenue from Operations**

(i) : Details of Revenue from Operation are as under:-

(Rupees in Lakh)

| Particulars | For Year Ended on 31st March,2018 | For Year Ended on 31st March,2017 |
|---|---|---|
| **(I) Revenue from Sale of Power** | | |
| a) Sale to High Tension Consumers | 2,10,473.21 | 1,74,691.94 |
| **Total HT Supply** | **2,10,473.21** | **1,74,691.94** |
| b) Sale to Low Tension Consumers | | |
| Domestic | 2,282.93 | 2,071.55 |
| Commercial | 1,114.47 | 1,154.44 |
| Low Tension (Industries) | 7,997.57 | 9,083.23 |
| Public Lighting | 255.63 | 282.31 |
| Public Water Works | 211.38 | 203.80 |
| Agricuture & Others See description Note (ii) | 233.56 | 283.66 |
| **Total LT Supply** | **12,095.54** | **13,078.99** |
| c) Sale of Power through Exchange | 5,229.75 | - |
| d) Deviation Settlement Mechanism Receipts | 333.73 | 1,723.07 |
| **Total (a+b+c+d)** | **2,28,132.23** | **1,89,494.00** |
| Less: Rebate Allowed to Consumers | 88.52 | 74.53 |
| **Total Revenue from Sale of Power** | **2,28,043.71** | **1,89,419.47** |
| **(II) Other Operating Income** | | |
| Reactive Income | 13.57 | 32.16 |
| STOA Application Fees | 345.22 | 2,574.75 |
| Supervision Charges | 296.48 | 127.70 |
| Other charges from consumers See description Note (iii) | 73.87 | 56.15 |
| **Other Operating Income** | **729.14** | **2,790.76** |
| **Total Revenue from Operation (I+II)** | **2,28,772.85** | **1,92,210.23** |

(ii) : The Details of Sales to LT Consumers- Agricuture & Others are as under:-

**Agricuture & Others**

(Rupees in Lakh)

| Particulars | For Year Ended on 31st March,2018 | For Year Ended on 31st March,2017 |
|---|---|---|
| Agriculture | 51.74 | 49.55 |
| LIG Power Sale | 36.09 | 99.08 |
| Temporary Connections | 145.73 | 135.03 |
| **Total** | **233.56** | **283.66** |

(iii) : The Details Other charges from consumers are as under:-

**Other charges from consumers**

(Rupees in Lakh)

| Particulars | For Year Ended on 31st March,2018 | For Year Ended on 31st March,2017 |
|---|---|---|
| Meter Testing Charges | 5.98 | 3.66 |
| Reconnection Charges & Name Change | 0.95 | 0.61 |
| Registration Fees | 41.51 | 22.66 |
| Service Connection Charges | 25.43 | 29.22 |
| **Total** | **73.87** | **56.15** |

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**DNH Power Distribution Corporation Limited**

**II. Notes forming part of the Financial Statements as at 31st March 2018**

## 20 : Other Income

(i) : Details of Other Income are as under:-

(Rupees in Lakh)

| Particulars | For Year Ended on 31st March,2018 | For Year Ended on 31st March,2017 |
|---|---|---|
| Interest Income See description Note (ii) | 2,114.21 | 3,369.61 |
| Delayed Payment Charges from consumers | 1,708.59 | 912.61 |
| Tender Fees | 3.35 | 2.33 |
| Provision Written Back See description Note (iii) | 3,936.16 | 225.03 |
| Sale of Scrap | 74.77 | - |
| Miscellaneous Income See description Note (iv) | 1,267.95 | 173.55 |
| **Total** | **9,105.03** | **4,683.13** |

(ii) : The Corporation earns interest income on investment made from DNHPDCL CAPEX, Replacement & Development Fund and Surplus Fund available with the Corporation. The details of interest income earned pertaining to these investment are as under-

(Rupees in Lakh)

| Particulars | For Year Ended on 31st March,2018 | For Year Ended on 31st March,2017 |
|---|---|---|
| DNHPDCL CAPEX, Replacement & Development Fund's earned Interest | 1,951.39 | 1,987.14 |
| Surplus Fund's earned Interest | 162.82 | 1,382.47 |
| **Total Interest Earned** | **2,114.21** | **3,369.61** |

(iii) : Provision written back includes an amount of Rs. 3,933.56 Lakh during the Current Financial Year 2017-18. The said provision was previously made towards Power Purchase (i.e. Capacity & other charges) from M/s Ratnagiri Gas & Power Private Limited (RGPPL). The RGPPL had stopped the genertaion & supply of power since October-2013 on account of technical minimum requirement load as the principle beneficiary (95% beneficiary of installed capacity) of the power plant i.e. Maharashtra was not scheduling the power. Accordingly, the non-supply of the power as per the terms of Purchase Power Agreement is solely on account of reason attributable to RGPPL, hence, the Corporation is not liable to make any payment to RGPPL.

(iv) : The Details of Miscellaneous Income are as under:-

**Miscellaneous Income**

(Rupees in Lakh)

| Particulars | For Year Ended on 31st March,2018 | For Year Ended on 31st March,2017 |
|---|---|---|
| Miscellaneous Income See description Note (v) | 1,267.85 | 173.45 |
| Licence Fees | 0.10 | 0.10 |
| **Total** | **1,267.95** | **173.55** |

(v) : Miscellaneous Income for the Current Financial Year includes an amount of Rs. 880.75 Lakh levied on M/s GMR Warora Energy Limited for the period of 2013-14 on account of non-compliance of the terms of Power Purchase Agreement.

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**DNH Power Distribution Corporation Limited**

**II. Notes forming part of the Financial Statements as at 31st March 2018**

**21 : Purchase of Power**

(i) : Details of Purchase of Power are as under:-

(Rupees in Lakh)

| Particulars | For Year Ended on 31st March,2018 | For Year Ended on 31st March,2017 |
|---|---|---|
| Power Purchase | 2,16,123.61 | 1,86,630.61 |
| Point of Connection Charges (Transmission & Wheeling Charges) | 16,828.04 | 16,105.39 |
| Deviation Settlement Mechanism Charges | 4,903.32 | 83.99 |
| Reactive Charges | 8.42 | 17.52 |
| **Total Purchase of Power** | **2,37,863.39** | **2,02,837.51** |
| Less: Rebate on Power Purchase | 4,541.57 | 3,762.96 |
| **Total** | **2,33,321.82** | **1,99,074.55** |



**DNH Power Distribution Corporation Limited**

**II. Notes forming part of the Financial Statements as at 31st March 2018**

**22 : Operation & Maintenance Expenses**

(i) : Details of Operation & Maintenance Expenses are as under:-

(Rupees in Lakh)

| Particulars | For Year Ended on 31st March,2018 | For Year Ended on 31st March,2017 |
|---|---|---|
| Stores & Spares Consumed | 312.05 | 366.71 |
| **Repaires & Maintenance** | - | - |
| (i) Plant & Machinery | 405.48 | 156.79 |
| (ii) Repair & Maintenance Office | 16.68 | 9.79 |
| (iii) Other Operational Expenses | 582.78 | 186.91 |
| **Total** | **1,316.99** | **720.20** |



**DNH Power Distribution Corporation Limited**

**II. Notes forming part of the Financial Statements as at 31st March 2018**

**23 : Employee Benefit Expenses**

(i) : Details of Employee Benefit Expenses are as under:-

(Rupees in Lakh)

| Particulars | For Year Ended on 31st March,2018 | For Year Ended on 31st March,2017 |
|---|---|---|
| Salary & Wages | 980.50 | 1,014.48 |
| EPF (Employers Contribution) | 54.51 | 54.74 |
| Bonus | 22.50 | 38.57 |
| Leave Salary, Pension and Gratuity | 82.59 | 91.63 |
| Staff Welfare Expenses | 3.82 | 2.32 |
| **Total** | **1,143.92** | **1,201.74** |

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**DNH Power Distribution Corporation Limited**

**II. Notes forming part of the Financial Statements as at 31st March 2018**

## 24 : Finance Costs

(i) : Details of Finance Costs are as under:-

(Rupees in Lakh)

| Particulars | For Year Ended on 31st March,2018 | For Year Ended on 31st March,2017 |
|---|---|---|
| **Interest Expenses** | | |
| Interest Expenses (Power) | 116.57 | 693.43 |
| Interest on Security Deposit | 210.72 | 235.45 |
| **Total** | **327.29** | **928.88** |



**DNH Power Distribution Corporation Limited**

**II. Notes forming part of the Financial Statements as at 31st March 2018**

**25 : Administrative & Other Expenses**

(i) : Details of Administrative & Other Expenses are as under:-

(Rupees in Lakh)

| Particulars | | For Year Ended on 31st March,2018 | For Year Ended on 31st March,2017 |
|---|---|---|---|
| Fees to Auditors | See description Note (ii) | 9.03 | 11.76 |
| Printing and Stationery Expenses | | 6.42 | 13.46 |
| Travelling and Accommodation Expenses | | 1.02 | 2.06 |
| Advertisment Expenses | | 22.17 | 24.08 |
| Corporate Social Responsibiltiy Expenses | See description Note (iii) | 150.00 | - |
| Telephone Expenses | | 34.43 | 24.89 |
| Legal and Professional Charges | | 76.03 | 101.12 |
| Bank Charges | | 0.13 | 0.01 |
| Fees and Subscription Expenses | | 78.82 | 56.19 |
| Other Expenses | | 140.97 | 155.87 |
| Provision for Bad & Doubtful Debts | | 308.97 | - |
| **Total** | | **827.99** | **389.44** |

(ii) : Audit Fees includes the amount paid to Statutory Auditors:

(Rupees in Lakh)

| Particulars | For Year Ended on 31st March,2018 | For Year Ended on 31st March,2017 |
|---|---|---|
| Fees for Statutory Audit | 6.00 | 6.50 |
| Fees for Tax Audit | 0.44 | 0.44 |
| Out of pocket expenses | - | - |
| **Total** | **6.44** | **6.94** |

(iii) : In terms of stipulation of Section – 135 of the Companies Act 2013, the Corporation is required to spend Rs. 51.04 Lakh during FY 2017-18 on Corporate Social Responsibility (i.e. CSR) activities (Previous Year Rs.199.15 Lakh). During the said FY, the Corporation has incurred an amount of Rs.150.00 Lakh (Previous Year Rs.NIL) on the following CSR activities;

(Rupees in Lakh)

| Particulars | For the year ended 31st March 2018 | | | For the year ended 31st March 2017 | | |
|---|---|---|---|---|---|---|
| | Amount Paid | Yet to be paid | Total | Amount Paid | Yet to be paid | Total |
| (i) construction / acquisition of any asset in the name of Corporation | - | - | - | - | - | - |
| (ii) On purposes other than (i) above | | | | | | |
| - Health and Sanitation | - | - | - | - | - | - |
| - Education | - | - | - | - | - | - |
| - Infrastructure Facilities / Projects | - | - | - | - | - | - |
| - Environmental Sustainability | - | - | - | - | - | - |
| - National Heritage | - | - | - | - | - | - |
| - Armed force Supports | - | - | - | - | - | - |
| - Sport Supports | - | - | - | - | - | - |
| - Eligible Contribution | 150.00 | - | 150.00 | - | - | - |
| **Total** | **150.00** | **-** | **150.00** | **-** | **-** | **-** |

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**DNH POWER DISTRIBUTION CORPORATION LIMITED**

**II. Notes forming part of the Financial Statements as at 31st March 2018**

**26 : Contingent Liabilities & Commitments :**

(i) Contingent Liabilities not provided for includes :

(Rupees in Lakh)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| (a) Claims against the Corporation not acknowledged as debts | 16,374.01 | 11,851.38 |
| (b) Service Tax demands including interest and penalty for the period of April-2008 to March-2013 on Supervision Charges. The said demand is contested in Appeal. Amount paid under protest Rs. 144.42 Lakh (Previous Year Rs. 144.42 Lakh) | 145.42 | 145.42 |
| (c) Letter of Credit issued by Dena Bank to Power Generating Companies. (LC are secured by creation of charge on book-debts and movable assets of the Corporation) | 18,980.50 | 16,762.00 |
| (d) Interest on Security Deposits | 45.97 | 26.33 |

(ii) Claims under point (i) (a) above includes :

a) Claim of Rs. NIL (Previous Year Rs. 5,552.00 Lakh) made by M/s GMR Warora Energy Limited for the period November-2013 to February-2014. The said claim was made on account of Capacity Charges inspite of the fact that, there was no increase in Capacity Charges due to non availability of long term open access. M/s GMR Warora Energy Limited has filed petition before Appellate Tribunal for Electricity against the order of Central Electricity Regulatory Commission. Appellate Tribunal for Electricity has dismissed the case in favour of the Corporation.

b) Claim of Rs.3,933.56 Lakh (Previous Year Rs.3,946.29 Lakh) made by M/s Ratnagiri Gas & Power Private Limited (RGPPL) for the period October-2013 to March-2018. The RGPPL had stopped the generation & supply of power since October-2013 on account of technical minimum requirement load as the principle beneficiary (95% beneficiary of installed capacity) of the power plant i.e. Maharashtra was not scheduling the power. Accordingly, the non-supply of the power as per the terms of Purchase Power Agreement is solely on account of reason attributable to RGPPL, hence, the Corporation is not liable to make any payment to RGPPL.

c) Claim of Rs. 2,035.24 Lakh (Previous Year Rs. 1,484.21 Lakh) made by M/s Maharashtra State Electricity Transmission Corporation Limited (MSETCL) for the period January-2014 to March-2018. Corporation entered into an Agreement for Bulk Power Transmission with MSETCL for transmission of allocated power to be generated by Ratnagiri Gas & Power Private Limited (RGPPL) to the Corporation. However, the RGPPL was unable to generate the agreed power as explained in the (ii) (b) above. Accordingly, there was no power transmitted by MSETCL. Hence, the said claim has not been provided for.

d) Claim of Rs. 10,405.21 Lakh (Previous Year Rs. 4,815.17 Lakh) made by M/s GMR Warora Energy Limited for the period March-2014 to March-2018. The said claim was raised on account of increase in operating expenses due to Change in Law. However, the Corporation has filed petition before Appellate Tribunal for Electricity.

(iii) Claims under point (i) (d) above includes :

a) Security Deposits amounting to Rs.302.23 Lakh (Previous Year Rs.339.70 Lakh) which were transferred from erstwhile Electricity Department to the Corporation through approved transfer scheme. Service Connection Number of the Consumers were unidentified and untraceable. Therefore, the provision for interest on such Security Deposit remains unprovided being unidentification of consumers.

27 : (i) Related Parties - Key Management Personnel who exercise control :

| Name | Designation |
|---|---|
| a) Shri Praful Patel | Chairman |
| b) Shri Kannan Gopinathan | Managing Director |

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(ii) Transaction with related parties mentioned in (i) above;

Remuneration for the FY 2017-18 Rs. NIL (Previous Year Rs. NIL)

Dues outstanding to the Corporation as at 31st March 2018 Rs. NIL (As at 31st March 2017: Rs. NIL)

(iii) The Corporation is ultimately controlled by the Central Government of India (GOI) and various entities which are controlled, jointly controlled or significantly influenced by the GOI are considered to be government related entities. The Corporation enters into various transactions in normal course of business with government related entities which are at its arms length and are entered on the basis of tendering procedures wherein other entities also participate. Further, the Corporation also enters into certain other transactions which are not subject matter of tendering procedures, however, these transactions are not outside normal day to day business operation and are not carried out on non market terms.

28 : Details of Earnings per Share :-

(i) Earnings per Share (EPS) Basic and Diluted (after tax) is calculated as under:

| Year | Numerator - Profit (after tax) as per the Statement of Profit & Loss | Denominator – Weighted Average number of equity shares outstanding (Face Value of Rs. 100/- each) | Earnings Per Share |
|---|---|---|---|
| **Basic EPS for continuing operation before Rate Regulated Activities :** | | | |
| 2017-18 | (124631765) | 80,00,000 | (15.58) |
| 2016–17 | (712508462) | 80,00,000 | (89.06) |
| **Diluted EPS for continuing operation before Rate Regulated Activities :** | | | |
| 2017-18 | (124631765) | 80,00,000 | (15.58) |
| 2016–17 | (712508462) | 80,00,000 | (89.06) |
| **Basic EPS for continuing and discontinuing operation :** | | | |
| 2017-18 | (124631765) | 80,00,000 | (15.58) |
| 2016–17 | (712508462) | 80,00,000 | (89.06) |
| **Diluted EPS for continuing and discontinuing operation :** | | | |
| 2017-18 | (124631765) | 80,00,000 | (15.58) |
| 2016–17 | (712508462) | 80,00,000 | (89.06) |

(ii) Weighted average no. of Equity Share used for calculation of Earnings per Share (Basic and Diluted) are as under:

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Weighted average no. of Equity Share used for calculation of Basic Earnings per Share | 80,00,000 | 80,00,000 |
| Adjustments for calculating Diluted Earnings per Share: | - | - |
| Share Application Money | - | - |
| Weighted average no. of Equity Share used for calculation of Diluted Earnings per Share | 80,00,000 | 80,00,000 |

29 : As stipulated in Ind AS–36 Impairment of Assets, the Corporation assessed potential Purchase of economic benefits from its

30 : Expenditure in foreign currency (on Payment Basis) are as under:

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| (i) Project related payments including KKNPP (Net of Tax) | NIL | NIL |
| (ii) Other matters (travelling, subscription to books, periodicals, membership fee, etc.) | NIL | NIL |

31 : Receipts in foreign currency are as under :

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| - | NIL | NIL |

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32 : Foreign Currency Exposures not hedged are as under :

| Particulars | Currencies | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|---|
| Sundry Creditors / Deposits / Loans / Retention Money | USD | NIL | NIL |
| | EURO | NIL | NIL |
| | GBP | NIL | NIL |
| | EURO | NIL | NIL |

33 : Value of imports :

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Value of imports calculated on CIF basis | NIL | NIL |

34 : Disclosure in respect of Operating Segments :

i) Operating Segments :- In accordance with Ind AS 108 – Operating Segment used to present the segment information are identified on

ii) With regard to information about major products, refer the disclosure made in Note 35.

iii) Details of customers having sales value more than Rs. 100 crore or more either in Current Year or Previous Year :

(Rupees in Lakh)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Consumer- A | 23,773.00 | 16,151.61 |
| Consumer- B | 17,945.28 | 9,199.34 |
| **Total** | **41,718.28** | **25,350.95** |

35(a) : Details of Units Purchased, Sold and Distribution Losses are as under :

**(Units in Mus)**

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| 1. Net Power Purchased* | 5,942.11 | 3,967.05 |
| 2. Unit Sold* | 5,676.29 | 3,752.91 |
| 3. Unit Loss* 3=1-2 | 265.82 | 214.14 |
| 4. Distribution Losses* (%) 4=(3/1)*100 | 4.47% | 5.40% |

* Includes own generation and distribution of Solar Energy as detailed below.

35(b) : Quantitative information in respect of generation and distribution of Solar Energy:

| Electricity | Financial Year | Solar Energy |
|---|---|---|
| Generation (In Millions Kwh) | 2017-18 | 5.23 |
| | 2016-17 | 0.88 |
| Sales (In Millions Kwh) | 2017-18 | 5.23 |
| | 2016-17 | 0.88 |

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36: Income and deferred taxes

**(i) Movement in deferred tax assets/liabilities**

(Rupees in Lakh)

| Particulars | Depreciation and Amortization | Provisions | Total |
|---|---|---|---|
| **As at 1st April 2016** | **(938.67)** | **23.64** | **(915.03)** |
| (Charged)/ Credited: | - | - | - |
| To profit or loss | (353.85) | 41.30 | (312.55) |
| To other comprehensive income | - | - | - |
| Recognised directly in Equity | - | - | - |
| Reclassified from equity to profit and loss | - | - | - |
| Deferred Tax on basis adjustment | - | - | - |
| **As at 31st March 2017** | **(1,292.52)** | **64.93** | **(1,227.59)** |
| (Charged)/ Credited: | - | - | - |
| To profit or loss | (681.41) | 23.99 | (657.42) |
| To other comprehensive income | - | - | - |
| Recognised directly in Equity | - | - | - |
| Reclassified from equity to profit and loss | - | - | - |
| Deferred Tax on basis adjustment | - | - | - |
| **As at 31st March 2018** | **(1,973.92)** | **88.92** | **(1,885.01)** |

**(ii) Reconciliation of tax expenses and accounting profit multiplied by country's tax rate:**

(Rupees in Lakh)

| Particulars | As at 31st March 2018 | As at 31st March 2017 |
|---|---|---|
| Profit from continuing operations before income tax expenses | (588.90) | (6,812.53) |
| Profit from discontinuing operations before income tax expenses | - | - |
| Tax at the Indian tax rate of 34.608% (Previous Year 34.608%) | - | - |
| Tax effect of amounts which are not deductible (taxble) in calculating taxable income: | - | - |
| Tax paid at lower rate due to MAT | - | - |
| Difference in overseas tax rates | - | - |
| Adjustment for current tax of prior periods | - | - |
| Substantially enacted tax rate change | - | - |
| Tax losses for which no deferred income tax was recognised | - | - |
| Previously unrecognised tax losses now recouped to reduce current tax expenses | - | - |
| Previously unrecognised tax losses used to reduce deferred tax expenses | - | - |
| **Income Tax Expense** | - | - |

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**DNH POWER DISTRIBUTION CORPORATION LIMITED**
**II. Notes forming part of the Financial Statements as at 31st March 2018**

**37: Financial Instruments- Fair values and risk management**

The following table shows the carrying amount and

(Rupees in Lakh)

| As at 31st March 2018 | Note No. | | | | Fair Value | | | | Valuation technique and key input |
|---|---|---|---|---|---|---|---|---|---|
| | | Other financial assets- Amortised cost | Other financial liabilities | Total Carrying Amount | Level 1 (Quoted Prices) | Level 2 (Significant observable inputs) | Level 3 (Significant unobservable inputs) | Total | |
| | | | | | | | | | |
| **Financial Assets measured at Fair value** | | - | - | - | - | - | - | - | - |
| | | | | | | | | | |
| **Financial Assets not measured at Fair value** | | - | - | - | - | - | - | - | - |
| Receivables & Others* | 4,7,8,9 | 58,043.19 | - | 58,043.19 | - | - | - | - | - |
| | | - | - | - | | | | | |
| **Total** | | **58,043.19** | - | **58,043.19** | | | | | |
| **Financial Liabilities not measured at fair value** | | - | - | - | - | - | - | - | - |
| Payables & Others* | 13,16,17 | - | 17,557.12 | 17,557.12 | | | | | |
| | | - | - | - | | | | | |
| **Total** | | - | **17,557.12** | **17,557.12** | - | - | - | - | - |

| As at 31st March 2017 | Note No. | | | | Fair Value | | | | Valuation technique and key input |
|---|---|---|---|---|---|---|---|---|---|
| | | Other financial assets- Amortised cost | Other financial liabilities | Total Carrying Amount | Level 1 (Quoted Prices) | Level 2 (Significant observable inputs) | Level 3 (Significant unobservable inputs) | Total | |
| | | | | | | | | | |
| **Financial Assets measured at Fair value** | | - | - | - | - | - | - | - | - |
| | | | | | | | | | |
| **Financial Assets not measured at Fair value** | | - | - | - | - | - | - | - | - |
| Receivables & Others* | 4,7,8,9 | 73,339.40 | - | 73,339.40 | - | - | - | - | - |
| | | - | - | - | | | | | |
| **Total** | | **73,339.40** | - | **73,339.40** | | | | | |
| **Financial Liabilities not measured at fair value** | | - | - | - | - | - | - | - | - |
| Payables & Others* | 13,16,17 | - | 16,742.95 | 16,742.95 | | | | | |
| | | - | - | - | | | | | |
| **Total** | | - | **16,742.95** | **16,742.95** | - | - | - | - | - |

* The Corporation has not disclosed the fair values for financial instruments as their carrying amounts are a reasonable approximation of fair value.

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**DNH POWER DISTRIBUTION CORPORATION LIMITED**
**II. Notes forming part of the Financial Statements as at 31st March 2018**

**38 : Capital Management:**
The Corporation objective when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders of capital.

**Financial risk management:**
The Corporation has assessed followed risks arising from financial instruments:-

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Credit risk | Cash & Cash equivalents, Bank Balance, Trade Receivables and financial assets measured at amortised cost. | Ageing analysis and credit ratings | Regular follow ups to ensure timely recovery and closely monitoring all receivables |
| Liquidity risk | Borrowings and other liabilities | Cash flow forecasts | Availability of regular cash flows through operations. |

**Credit risk management:**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Corporation. Credit risk arises from Cash and Cash equivalents, investments carried at amortised cost, deposits with banks and financial institutions as well as credit exposures to customers including outstanding receivables.
The carrying amounts of financial assets represent maximum credit exposure.
**Trade receivables & Trade payables:**
The Corporation limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 15 days for all customers and by offering prompt settlement discounts if payment done within 7 days. The Corporation's main consumers are HT consumers contributing more than 90% and have been transacting with the Corporation for over significant period of time, and none of these customers balances are credit-impaired at the reporting date.
The Corporation's exposure to credit risk for trade receivables by type of counterparty is given in Note. 7.

**Balances with Banks and other financial assets:**

For banks and financial institutions, only high rated banks/institutions are accepted. The Corporation holds cash and cash equivalents with bank and financial institution counterparties, which are having highest safety ratings based on ratings published by various credit rating agencies. The Corporation considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

For other financial assets, the Corporation assesses and manages credit risk based on reasonable and supportive forward looking information. The Corporation does not have significant credit risk exposure for these items.

**Liquidity risk management:**
Liquidity risk is the risk that the Corporation will not be able to settle or meet its obligations on time or at a reasonable price. The Corporation's Finance Department is responsible for liquidity, funding as well settlement management. The Corporation manages liquidity risk by maintaining adequate surplus and banking facilities by continuously monitoring forecast.

**39 :** Previous Financial Year 2016-17 figures have been regrouped - reclassified to achieve the better presentation requirement, wherever found necessary.

**40 :** Certain Significant Accounting Policies of the Corporation as mentioned in Note No. 3 have been reworded/redrafted to aline with the Indian Accounting Standard (Ind AS) during the Current Financial Year 2017-18. The Corporation has adopted the Ind AS in Financial Year 2016-17. However, there is no change in the Accounting Policies during the Current Financial Year 2017-18 as compared to Previous Financial Year 2016-17.

**41 :** The Company is evaluating the requirements of the application of the Ind AS 115 "Revenue from contracts with customers" and the effect on the financial statements is not likely to be material.

**42 : Critical accounting judgements and sources of estimation uncertainties**
The preparation of the financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures including the disclosure of contingent liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Corporation and that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. 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 revision and future periods if the revision affects both current and future periods.
Detailed information about each of these estimates, assumptions and judgements, if required, is included in relevant notes together with information about the basis of calculation for each affected line item of financial statements. However, the following are the key assumptions and other key sources of estimation uncertainty concerning the future, at the end of the reporting year that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years.
**(i) Useful lives of property, plant and equipment (PPE):**
The estimated useful life of PPE is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances). Useful life of PPE of engaged in the distribution of electricity is determined by the CERC / JERC Tariff Regulations. However, the Corporation reviews the estimated useful lives of PPE at the end of each reporting year. The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is an increase / decrease the depreciation expense in the current financial year and future years.

ii) **Impairment of non-financial assets:**
The Corporation assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.



iii) **Classification of Security Deposits**

Considering the historical experience and practical expediency, the Corporation has exercised its judgement on timing of settlement of security deposit collected from the customers and has accordingly classified the said security deposit as current and non-current liability in the Financial Statements.

**iv) Impairment of trade receivables and financial assets**

The Corporation estimates the credit allowance as per practical expedient based on historical credit loss experience based on periodicity. Further, the Corporation reviews the carrying amounts of financial assets and where there is indication for impairment. The impairment provisions for such financial assets are based on assumptions about risk of default and expected loss rates. The Corporation used judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Corporation's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**v) Contingent liabilities**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Corporation. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised. Potential liabilities, that are remote, are neither recognized nor disclosed as contingent liability. The management decides whether the matters need to be classified as remote, possible or probable based on expert advice, past judgements or experiences.

In terms of our Audit Report of even date attached

**For, Agarwal & Dhandhania**
Chartered Accountants
FRN. 0125756W

**CA Sanjay Agarwal**
(Partner)
M.N.078579
Place: Silvassa
Date: 31 JUL 2018

AGARWAL & DHANDHANIA * Chartered Accountants * Surat

For and on behalf of
**For, DNH Power Distribution Corporation Limited**

**(Vitthal Chavan)**
Company Secretary

**(Kannan Gopinathan)**
Managing Director

**(Pawan Kumar Mishra)**
Chief Financial Officer

**(Praful Patel)**
Chairman