

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
POWER TRANSMISSION COMPANY NEPAL LTD.**

Report on Financial Statements

We have audited the accompanying financial statements of Power Transmission Company Nepal Ltd., which comprise the balance sheet as of Ashadh 31, 2073 (Corresponding to July 15, 2016) and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards. This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing to the extent applicable. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Contd.



Opinion

In our opinion, except for the effects of the matter described below under other matter paragraph, the financial statements give a true and fair view of the financial position of Power Transmission Company Nepal Ltd. as of Ashadh 31, 2073 (Corresponding to July 15, 2016) and of its financial performance and its cash flows for the year ended on that date in accordance with Nepal Financial Reporting Standards.

Other Matter



As per Section 10 of Value Added Tax Act, 2052 and Section 7 of the Value Added Tax Rule 2053, if the annual turnover is expected to exceed the threshold amount, the company has to apply for VAT registration as prescribed. However, we found that the company has not applied for VAT registration though its estimated annual turnover exceeds the threshold limit. Any liability on account of not being registered with VAT may have impact on the financial statements.

Report on Other Legal and Regulatory Requirements

We further report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, the company has kept proper books of accounts as required by the law so far, as appears from our examination of such books.
3. The Balance Sheet, the Income Statement, the Statement of Changes in Equity and the Cash Flow Statement referred to in this report are prepared as per the provisions of the Companies Act, 2063 and are in agreement with the books of accounts.
4. In our opinion and to the best of our information and according to the explanations given to us, the board of directors or the representative or any employee of the company has neither acted contrary to the legal provisions relating to accounts nor committed any misappropriation of funds or caused loss or damage to the company.

Date: Marga 29, 2073 (December 14, 2016)
Place: Kathmandu, Nepal



CA Kumud Tripathy, FCA, ISA
For, M/S Kumud Tripathy & Co.
Chartered Accountants

Power Transmission Company Nepal Ltd.

Durbarmarg, Kathmandu

Balance Sheet

As at 15th July, 2016 (Corresponding Nepali Date Ashadh 31, 2073)

Particulars	Schedules	As at 15.07.2016		As at 16.07.2015	
		Amount in NRs	Amount in INR	Amount in NRs	Amount in INR
Equity & Liabilities					
Shareholder's Fund					
Share Capital	1	300,000,000.00	187,500,000.00	247,000,000.00	154,375,000.00
Reserve & Surplus	2	41,022,003.56	25,638,752.23	-	-
Total Shareholder's Fund		341,022,003.56	213,138,752.23	247,000,000.00	154,375,000.00
Non Current Liabilities					
Long Term Borrowing	3	828,380,678.35	517,737,923.97	567,133,718.20	354,458,573.87
Total Non Current Liabilities		828,380,678.35	517,737,923.97	567,133,718.20	354,458,573.87
Current Liabilities					
Provision	4	11,281,050.98	7,050,656.86	-	-
Sundry Creditors & Payables	5	117,543,489.31	73,464,680.82	302,972,395.07	189,357,746.92
Total Current Liabilities		128,824,540.29	80,515,337.68	302,972,395.07	189,357,746.92
Total Equity & Liabilities		1,298,227,222.20	811,392,013.88	1,117,106,113.27	698,191,320.78
Assets					
Non Current Assets					
Property, Plant and Equipment	6	1,216,364,151.88	760,227,594.92	1,744,568.33	1,090,355.21
Capital Work In Progress (CWIP)	7	-	-	789,088,198.08	493,180,123.80
Project Development Cost	8	-	-	243,814,903.69	152,384,314.81
Total Non Current Assets		1,216,364,151.88	760,227,594.92	1,034,647,670.10	646,654,793.81
Current Assets					
Advance and Deposits	9	41,734,004.86	26,083,753.03	25,887,768.94	16,179,855.59
Inventory		99,422.00	62,138.75	-	-
Cash & Bank Balance	10	40,029,643.47	25,018,527.17	56,570,674.23	35,356,671.39
Total Current Assets		81,863,070.33	51,164,418.95	82,458,443.17	51,536,526.98
Total Assets		1,298,227,222.20	811,392,013.88	1,117,106,113.27	698,191,320.78

Significant accounting policies & notes to accounts

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Subject to our report of even date.

For & on behalf of Board of Directors

Director: Rajeev Sharma

Director: CA Lekhnath Koirala

Chief Executive Officer: Om Prakash Mahato

Account Officer: Janak Prasad Dahal

Date: December 14, 2016

Place: Kathmandu

CA Kumud Tripathy, FCA
For M/S Kumud Tripathy & Co.
Chartered Accountants



Power Transmission Company Nepal Ltd.

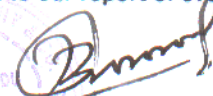
Durbarmarg, Kathmandu

Income Statement

For the period 19th February, 2016 to 15th July 2016 (Corresponding Nepali Date 7th Falgun, 2072 to 31st Ashadh 2073)

Particulars	Schedule	2072/73		2071/72	
		Amount in NRs	Amount in INR	Amount in NRs	Amount in INR
Revenue (Transmission Service Charge)	11	100,841,414.00	63,025,883.75	-	-
Less : Rebate		(1,807,129.44)	(1,129,455.90)	-	-
Total Operating Income		99,034,284.56	61,896,427.85	-	-
Total Operating Expenses		(1,100,821.92)	(688,013.70)	-	-
Gross Profit		97,933,462.64	61,208,414.15	-	-
Interest Income	12	232,150.91	145,094.32	-	-
Other Income		93,475.00	58,421.88	-	-
Administrative Expenses		(7,011,754.07)	(4,382,346.29)	-	-
Depreciation		(21,015,400.12)	(13,134,625.07)	-	-
Interest Expenses		(17,928,879.82)	(11,205,549.89)	-	-
Net Profit before Bonus and Tax		52,303,054.54	32,689,409.09	-	-
Provision for Employee's Bonus		(1,025,550.09)	(640,968.81)	-	-
Provision for Tax				-	-
Current Tax		(10,255,500.89)	(6,409,688.06)	-	-
Deferred Tax				-	-
Net Profit transferred to Reserve & Surplus		41,022,003.56	25,638,752.23	-	-

Subject to our report of even date.


CA Kumud Tripathy, FCA
For M/S Kumud Tripathy & Co.
Chartered Accountants

For & on behalf of Board of Directors

Director: Rajeev Sharma 

Director: CA Lekhnath Koirala 

Chief Executive Officer: Om Prakash Mahato 

Account Officer: Janak Prasad Dahal 

Date: December 14, 2016

Place: Kathmandu



Power Transmission Company Nepal Ltd.

Durbarmarg, Kathmandu

Cash Flow Statement

For the period 17th July, 2015 to 15th July, 2016 (1st Shrawan, 2072 to 31st Asadh, 2073)

Particulars	2072/73		2071/72	
	Amount in NRs.	Amount in INR	Amount in NRs.	Amount in INR
A Cash Flows from Operating Activities				
Profit(loss) Before Bonus & Tax	52,303,054.54	32,689,409.09	-	-
Adjustment for:				
Depreciation	21,015,400.12	13,134,625.07	499,939.89	312,462.43
Operating Surplus/(Deficit) before Working Capital Changes	73,318,454.66	45,824,034.16	499,939.89	312,462.43
Increase/(Decrease) in Sundry Creditors & Payables	(185,428,905.76)	(115,893,066.10)	144,425,708.68	90,266,067.93
(Increase)/Decrease in Advance and Deposits	(15,846,235.92)	(9,903,897.45)	42,631,250.18	26,644,531.36
(Increase)/Decrease in Stock	(99,422.00)	(62,138.75)	-	-
Net Cash Used in Operating Activities	(128,056,109.02)	(80,035,068.14)	187,556,898.75	117,223,061.72
B Cash Flows from Investing Activities				
Purchase of property, Plant & Equipment	(1,235,634,983.66)	(772,271,864.79)	(226,706.96)	(141,691.85)
(Increase)/Decrease in Capital WIP (Transmission Line)	789,088,198.08	493,180,123.80	(784,400,894.24)	(490,250,558.90)
(Increase)/Decrease in Project Development Cost	243,814,903.69	152,384,314.81	(71,668,455.79)	(44,792,784.87)
Net Cash used in Investing Activities	(202,731,881.89)	(126,707,426.18)	(856,296,056.99)	(535,185,035.62)
C Cash Flows from Financing Activities				
Increase/(Decrease) in Share Capital	53,000,000.00	33,125,000.00	237,000,000.00	148,125,000.00
Increase/(Decrease) in Share Application Money	-	-	(50,000,000.00)	(31,250,000.00)
Increase/(Decrease) in Long Term Borrowing	261,246,960.15	163,279,350.09	496,656,333.73	310,410,208.58
Net Cash Flows from Financing Activities	314,246,960.15	196,404,350.09	683,656,333.73	427,285,208.58
Net Increase/(Decrease) in Cash and Cash Equivalents	(16,541,030.76)	(10,338,144.22)	14,917,175.49	9,323,234.68
Cash and Cash Equivalents at the beginning of the period	56,570,674.23	35,356,671.39	41,653,498.74	26,033,436.71
Cash and Cash Equivalents at the end of the period	40,029,643.47	25,018,527.17	56,570,674.23	35,356,671.39

For & on behalf of Board of Directors

Director: Rajeev Sharma

Director: CA Lekhnath Koirala

Chief Executive Officer: Om Prakash Mahato

Account Officer: Janak Prasad Dahal

CA Kumud Tripathy, FCA

For M/S Kumud Tripathy & Co.

Chartered Accountants



Power Transmission Company Nepal Ltd.

Durbarmarg, Kathmandu

Statement of Changes in Equity

For the period 17th July, 2015 to 15th July, 2016 (1st Shrawan, 2072 to 31st Asadh, 2073)

Particulars	Amount in NRs			
	Share Capital	Share Application Money	Retained Earning	Total
	Amount in NRs	Amount in NRs	Amount in NRs	Amount in NRs
Balance as at 16th July, 2014	10,000,000.00	50,000,000.00	-	60,000,000.00
Net Gain & Losses not recognised in the Income Statement				-
Net surplus/(Deficit) for the period				-
Increase/(Decrease) in Share Capital	237,000,000.00	-	-	237,000,000.00
Increase/(Decrease) in Application Money	-	(50,000,000.00)	-	(50,000,000.00)
Balance as at 16th July, 2015	247,000,000.00	-	-	247,000,000.00
Net Gain & Losses not recognised in the Income Statement	-			-
Net surplus/(Deficit) for the period	-		41,022,003.56	41,022,003.56
Increase/(Decrease) in Share Capital	53,000,000.00	-	-	53,000,000.00
Increase/(Decrease) in Application Money	-	-	-	-
Balance as at 15th July, 2016	300,000,000.00	-	41,022,003.56	341,022,003.56

Particulars	Amount in INR			
	Share Capital	Share Application Money	Retained Earning	Total
	Amount in INR	Amount in INR	Amount in INR	Amount in INR
Balance as at 16th July, 2014	6,250,000.00	31,250,000.00	-	37,500,000.00
Surplus on Revaluation of Properties	-	-	-	-
Deficit on Revaluation of Investment	-	-	-	-
Currency Translation differences	-	-	-	-
Increase/(Decrease) in Share Capital	148,125,000.00	-	-	148,125,000.00
Increase/(Decrease) in Application Money	-	(31,250,000.00)	-	(31,250,000.00)
Balance as at 16th July, 2015	154,375,000.00	-	-	154,375,000.00
Net Gain & Losses not recognised in the Income Statement	-	-	-	-
Net surplus/(Deficit) for the period	-	-	25,638,752.23	25,638,752.23
Increase/(Decrease) in Share Capital	33,125,000.00	-	-	33,125,000.00
Increase/Decrease in Application Money	-	-	-	-
Balance as at 15th July, 2016	187,500,000.00	-	25,638,752.23	213,138,752.23

For & on behalf of Board of Directors

Director: Rajeev Sharma

Director: CA Lekhnath Koirala

Chief Executive Officer: Om Prakash Mahato

Account Officer: Janak Prasad Dahal

CA Kumud Tripathy, FCA
For M/S Kumud Tripathy & Co.
Chartered Accountants



Power Transmission Company Nepal Ltd.

Durbarmarg, Kathmandu

Schedules forming part of the financial statements for the year ended 15th July, 2016 (31st Asadh, 2073)

Schedule-1

Share Capital

Particulars	As at 15.07.2016		As at 16.07.2015	
	Amount in NRs	Amount in INR	Amount in NRs	Amount in INR
Authorised Capital				
4,500,000 Ordinary Shares of NRs 100.00 each	450,000,000.00	281,250,000.00	300,000,000.00	187,500,000.00
Issue Capital				
4,000,000 Ordinary Shares of NRs 100.00 each	400,000,000.00	250,000,000.00	260,000,000.00	162,500,000.00
Subscribed & Paid up Capital				
Nepal Electricity Authority (NEA) (1,500,000 Ordinary Shares of NRs 100.00 each)	150,000,000.00	93,750,000.00	130,000,000.00	81,250,000.00
Powergrid Corporation of India Limited. (PGCIL) (780,000 Ordinary Shares of NRs 100.00 each)	78,000,000.00	48,750,000.00	67,600,000.00	42,250,000.00
Hydroelectricity Investment and Development Co. Ltd.(H) (420,000 Ordinary Shares of NRs 100.00 each)	42,000,000.00	26,250,000.00	36,400,000.00	22,750,000.00
IL & FS Energy Development Co. (IEDCL) (300,000 Ordinary Shares of NRs 100.00 each)	30,000,000.00	18,750,000.00	13,000,000.00	8,125,000.00
Total	300,000,000.00	187,500,000.00	247,000,000.00	154,375,000.00

Schedule-2

Reserve & Surplus

Particulars	As at 15.07.2016		As at 16.07.2015	
	Amount in NRs	Amount in INR	Amount in NRs	Amount in INR
Opening Balance	-	-	-	-
Net Profit (Loss) For the period between 19th Feb 2016 to 15th July 2016	41,022,003.56	25,638,752.23	-	-
Total	41,022,003.56	25,638,752.23	-	-

Schedule-3

Long Term Borrowing

Particulars	As at 15.07.2016		As at 16.07.2015	
	Amount in NRs	Amount in INR	Amount in NRs	Amount in INR
Loan from NEA under Subsidiary Financing Agreement	794,407,624.12	496,504,765.08	553,175,921.55	345,734,950.97
Interest Accrued	33,973,054.23	21,233,158.89	13,957,796.65	8,723,622.91
Total	828,380,678.35	517,737,923.97	567,133,718.20	354,458,573.87

Schedule-4

Provisions

Particulars	As at 15.07.2016		As at 16.07.2015	
	Amount in NRs	Amount in INR	Amount in NRs	Amount in INR
Provision for Bonus	1,025,550.09	640,968.81	-	-
Provision for Tax	10,255,500.89	6,409,688.06	-	-
Total	11,281,050.98	7,050,656.86	-	-

For & on behalf of Board of Directors

Director: Rajeev Sharma

Director: CA Lekhnath Koirala

Chief Executive Officer: Om Prakash Mahato

Account Officer: Janak Prasad Dahal

CA Kumud Tripathy, FCA
For M/S Kumud Tripathy & Co.
Chartered Accountants



Power Transmission Company Nepal Ltd.

Durbarmarg, Kathmandu

Schedule-5

Sundry Creditors & Payables

Particulars	As at 15.07.2016		As at 16.07.2015	
	Amount in NRs	Amount in INR	Amount in NRs	Amount in INR
Nepal Electricity Authority (NEA)	15,428,198.63	9,642,624.14	49,511,251.31	30,944,532.07
IL & FS Energy Development Co.	814,248.77	508,905.48	23,660,000.00	14,787,500.00
Cross Border Power Transmission Co.Pvt.Ltd	305,484.00	190,927.50	305,484.00	190,927.50
Nepal Electricity Authority -(Staff Loan payable to NEA)	189,575.00	118,484.38	390,325.00	243,953.13
Power Grid Corporation India Limited Excess Equity Payable	46,495.60	29,059.75	57,075.20	35,672.00
Tata Project s Limited India-Contracts/Services	2,916,099.80	1,822,562.38	124,807,119.60	78,004,449.75
Kumud Tripathy &Co. Chartered Accountants	144,950.00	90,593.75	66,900.00	41,812.50
JKK & Associates Chartered Accountants	133,800.00	83,625.00	-	-
Sajha Pasa Sewa	10,370.81	6,481.76	29,493.21	18,433.26
Ratish Traders Janakpur	107,333.33	67,083.33	112,000.00	70,000.00
V. Oil Stores Janakpur	15,751.58	9,844.74	52,402.25	32,751.41
Balaju Auto Works Ltd	56.25	35.16	-	-
Nepal Telecom	5,802.26	3,626.41	8,984.75	5,615.47
Dhs Consult & Associates Putalisadak	45.00	28.13	45.00	28.13
NEA-interest Payable	17,928,879.82	11,205,549.89	-	-
Patan Dhoka Stationary	8,451.30	5,282.06	-	-
Earnest Money Deposit (Retention Money)	78,509,210.89	49,068,256.81	70,367,872.76	43,979,920.48
TDS Payable -Various Parties	958,238.02	598,898.76	417,315.06	260,821.91
TDS Payable-Employee	251.75	157.34	432.00	270.00
Liability to Employee	20,246.50	12,654.06	-	-
N K Verma & Associates	-	-	84,975.00	53,109.38
A. Kumar & Co	-	-	8,500.00	5,312.50
Usha Bista Sanepa Lalitpur	-	-	70,200.00	43,875.00
Power Grid Corporation India Limited (Consultancy Service)	-	-	12,668,112.87	7,917,570.54
Mosaic Technologies Pvt Ltd	-	-	40,140.00	25,087.50
Dayakanta Jha Janakpur-4	-	-	27,225.00	17,015.63
Shanti Kiran Consultant Pvt Ltd Kathmandu 7	-	-	450,801.19	281,750.74
Tata Projects Limited India For 1% Import Duty	-	-	2,017,680.00	1,261,050.00
Ganapati Steel Furniture Industries, Janakpurdham	-	-	319,633.34	199,770.84
Shanti Nirman Sewa	-	-	288,790.58	180,494.11
Jay Shankar Nirman Sewa	-	-	288,495.10	180,309.44
Singha Construction	-	-	282,079.39	176,299.62
Shree Manakamana General Suppliers	-	-	3,015.08	1,884.43
TATA project limited India VAT	-	-	13,619,041.31	8,511,900.82
Payable to TATA (advance)	-	-	3,013,896.30	1,883,685.19
Badri Narayan Sah	-	-	3,109.77	1,943.61
Total	117,543,489.31	73,464,680.82	302,972,395.07	189,357,746.92

For & on behalf of Board of Directors

Director: Rajeev Sharma

CA Kumud Tripathy, FCA

Director: CA Lekhnath Koirala

For M/S Kumud Tripathy & Co.

Chartered Accountants

Chief Executive Officer: Om Prakash Mahato

Account Officer: Janak Prasad Dahal



Power Transmission Company Nepal Ltd.
Property, Plant & Equipment as Per Income Tax
As at 31st Ashadh 2073 (15th July, 2016)

Schedule 6
All Amounts in NPR

Particulars	Pool	Depreciation Rate	Opening	Addition	Absorbed Addition	Disposal	Depreciation Base	Depreciation		Total as on 15.07.2016	Unabsorbed Additions	Net Block	
								up to preyear	This period			As on 15.07.2016	As on 16.07.2015
Land	A		-	-	-	-	-	-	-	-	-	-	-
Transmission Line	A	5%	-	1,235,404,233.66	411,801,411.22	-	411,801,411.22	-	20,590,070.56	20,590,070.56	823,602,822.44	1,214,814,163.10	-
Furniture & Fixture	B	25%	462,529.83	-	-	-	462,529.83	363,607.22	115,632.46	479,239.68	-	346,897.37	462,529.83
Office Equipments	B	25%	717,086.61	-	-	-	717,086.61	543,346.47	179,271.65	722,618.12	-	537,814.96	717,086.61
Total Pool	B		1,179,616.44	-	-	-	1,179,616.44	906,953.69	294,904.11	1,201,857.80	-	884,712.33	1,179,616.44
Vehicles	C	20%	-	230,750.00	153,833.33	-	153,833.33	-	30,766.67	30,766.67	76,916.67	199,983.34	-
Miscellaneous Assets	D	15%	483,591.89	-	-	-	483,591.89	183,898.91	72,538.78	256,437.69	-	411,053.11	483,591.89
Accounting and Payroll Software	E	1/5	81,360.00	-	-	-	81,360.00	54,240.00	27,120.00	81,360.00	-	54,240.00	81,360.00
Total			1,744,568.33	1,235,634,983.66	411,955,244.55	-	413,699,812.88	1,145,092.60	21,015,400.12	22,160,492.71	823,679,739.11	1,216,364,151.88	1,744,568.33

Schedule 7
Capital Work in Progress

Particulars	As at 15.07.2016		As at 16.07.2015	
	Amount in NPRs	Amount in INR	Amount in NPRs	Amount in INR
Transmission Line 400 Kv	-	-	723,924,172.48	452,452,607.80
Project Consultancy & Development	-	-	65,164,025.60	40,727,516.00
Total	-	-	789,088,198.08	493,180,123.80

For & on behalf of Board of Directors

Director: Rajeev Sharma

Director: CA Lekhnath Koirala

Chief Executive Officer: Om Prakash Mahato

Account Officer: Janak Prasad Dahal



CA Kumud Tripathy, FCA
For M/S Kumud Tripathy & Co.
Chartered Accountants



Power Transmission Company Nepal Ltd.
Schedule - 6 Property, Plants & Equipments
As at Ashadh 31, 2073 (July 15, 2016)

Schedule 6
All Amounts in NPR

Particulars	Rate of Depreciation	Gross Block			Accumulated depreciation/ amortisation			Net block	
		As on 17.07.2015	Additions	Deletions/ Adjustments	As on 15.07.2016	As on 17.07.2015	17th July, 2015 to 15th July, 2016	As on 15.07.2016	As on 16-07-2015
Furniture & Fixtures	25%	826,137.05	-	-	826,137.05	363,607.22	115,632.46	479,239.68	462,529.83
Office Equipments	25%	1,260,433.08	-	-	1,260,433.08	543,346.47	179,271.65	722,618.12	717,086.61
Vehicle	20%	-	230,750.00	-	230,750.00	-	30,766.67	30,766.67	-
Miscellaneous Assets	15%	667,490.80	-	-	667,490.80	183,898.91	72,538.78	256,437.69	483,591.89
Accounting and payroll Software	1/5	135,600.00	-	-	135,600.00	54,240.00	27,120.00	81,360.00	81,360.00
Transmission Line 400 Kv	5%	-	1,235,404,233.66	-	1,235,404,233.66	-	20,590,070.56	1,214,814,163.10	-
Total		2,889,660.93	1,235,634,983.66	-	1,238,524,644.59	1,145,092.60	21,015,400.12	22,160,492.72	1,744,568.33

All Amounts in INR

Particulars	Rate of Depreciation	Gross Block			Accumulated depreciation/ amortisation			Net block	
		As on 17.07.2015	Additions	Deletions/ Adjustments	As on 15.07.2016	As on 17.07.2015	17th July, 2015 to 15th July, 2016	As on 15.07.2016	As on 16-07-2015
Furniture & Fixtures	25%	516,335.66	-	-	516,335.66	227,254.51	72,270.29	299,524.80	289,081.14
Office Equipments	25%	787,770.68	-	-	787,770.68	339,591.54	112,044.78	451,636.33	448,179.13
Vehicle	20%	-	144,218.75	-	144,218.75	-	19,229.17	124,989.59	-
Miscellaneous Assets	15%	417,181.75	-	-	417,181.75	114,936.82	45,336.74	160,273.56	302,244.93
Accounting and payroll Software	1/5	84,750.00	-	-	84,750.00	33,900.00	16,950.00	50,850.00	50,850.00
Transmission Line 400 Kv	5%	-	772,127,646.04	-	772,127,646.04	-	12,868,794.10	759,258,851.94	-
Total		1,806,038.08	772,271,864.79	-	774,077,902.87	715,682.88	13,134,625.07	760,227,594.92	1,090,355.21

For & on behalf of Board of Directors

Director: Rajeev Sharma

Director: CA Lekhnath Koirala

Chief Executive Officer: Om Prakash Mahato

Account Officer: Janak Prasad Dahal



CA Kumud Tripathy, FCA
For M/S Kumud Tripathy & Co.
Chartered Accountants



Power Transmission Company Nepal Ltd.

Durbarmarg, Kathmandu

Schedules forming part of the Accounts for the year ended Ashad 31, 2073 (15.07.2016)

Schedule - 8

Project Development Cost

Particular	As at 15.07.2016		As at 16.07.2015	
	Amount in NRs	Amount in INR	Amount in NRs	Amount in INR
Audit Fee	-	-	399,450.00	249,656.25
Bank Charges & Commission	-	-	2,224,873.56	1,390,545.98
Books & Periodicals Expenses	-	-	20,030.00	12,518.75
Depreciation	-	-	1,145,092.56	715,682.85
Water & Electricity	-	-	164,895.85	103,059.91
Fine & penalty	-	-	10,900.00	6,812.50
Loss on Exchange Variation	-	-	2,918,128.87	1,823,830.54
Rent-Office	-	-	1,274,000.00	796,250.00
Interest On NEA Loan	-	-	13,989,684.13	8,743,552.58
Project Consultancy & Development	-	-	21,286,543.04	13,304,089.40
Notice Publishing Expenses	-	-	1,191,359.66	744,599.79
Miscellaneous Expenses	-	-	612,712.17	382,945.11
Postage & Courier	-	-	38,365.00	23,978.13
Printing & Stationery	-	-	586,541.99	366,588.74
Project Development Cost(IEDCL)	-	-	69,000,000.00	43,125,000.00
Project Development Cost (NEA)	-	-	78,014,967.27	48,759,354.54
Entertainment Expenses	-	-	782,567.47	489,104.67
Registration &Renewal	-	-	114,895.65	71,809.78
Staff Salary & Allowances	-	-	12,460,914.23	7,788,071.39
Meeting Allowance	-	-	2,082,733.60	1,301,708.50
Telecommunication Charges	-	-	552,480.48	345,300.30
Travelling Expenses	-	-	4,874,146.05	3,046,341.28
Training Expenses	-	-	134,832.00	84,270.00
Repair & Maintenance -Vehicle	-	-	769,649.73	481,031.08
Repair & Maintenance -Miscellaneous	-	-	121,565.70	75,978.56
Vehicle Fuel & mobil	-	-	1,760,592.06	1,100,370.04
Rent-Vehicle	-	-	4,155,183.34	2,596,989.59
Compensation for Tree & Crops	-	-	22,293,667.50	13,933,542.19
Organization Development Expense	-	-	8,000.00	5,000.00
Other Services	-	-	870,926.03	544,328.77
Ceremonial Expenses	-	-	8,600.00	5,375.00
Tender Sales Income	-	-	(53,394.25)	(33,371.41)
Total	-	-	243,814,903.69	152,384,314.81

For & on behalf of Board of Directors

Director: Rajeev Sharma

Director: CA Lekhnath Koirala

Chief Executive Officer: Om Prakash Mahato

Account Officer: Mr. Janak Prasad Dahal

CA Kumud Tripathy, FCA, ISA
For M/S Kumud Tripathy & Co.
Chartered Accountants



Power Transmission Company Nepal Ltd.

Durbarmarg, Kathmandu

Schedule-9

Advance and Deposits

Particulars	As at 15.07.2016		As at 16.07.2015	
	Amount in NRs	Amount in INR	Amount in NRs	Amount in INR
Advance Payments to TATA Projects Ltd	464,042.02	290,026.26	-	-
Advance to Contractors (Sajha Pasal sewa)	25,000.00	15,625.00	25,000.00	15,625.00
Janak Prasad Dahal -Staff Loan	189,575.00	118,484.38	222,825.00	139,265.63
Advance Tax	9,070,472.84	5,669,045.53		
Dist. Admin Office Dhanusa (Deposit for Land Acquisition)	7,500,000.00	4,687,500.00	4,000,000.00	2,500,000.00
Dist. Admin Office Mahottari (Deposit for Land Acquisition)	14,000,000.00	8,750,000.00	14,000,000.00	8,750,000.00
TSC Receivable from 1st July to 15th July 2016	10,484,915.00	6,553,071.88		
Claim Receivables/Tata Project Limited India TDS	-	-	7,472,443.94	4,670,277.46
Sunil Kumar Mahato -Staff Loan	-	-	34,500.00	21,562.50
Ashok Kumar Pandi -Staff Loan	-	-	133,000.00	83,125.00
Total	41,734,004.86	26,083,753.03	25,887,768.94	16,179,855.59

Schedule-10

Cash and Bank Balance

Particulars	As at 15.07.2016		As at 16.07.2015	
	Amount in NRs	Amount in INR	Amount in NRs	Amount in INR
Cash in Hand (As certified)	-	-	18,997.50	11,873.44
Cash at Bank				
Bank of Kathmandu (Current A/C)	519,089.40	324,430.88	4,696,130.22	2,935,081.39
Standard Chartered Bank (Current A/C)	534,500.91	334,063.07	51,545,817.80	32,216,136.13
Nabil Bank Ltd (Current A/C)	51,325.22	32,078.26	309,728.71	193,580.44
Sanima Bank (Current A/C)	1,000.00	625.00	-	-
Sanima Bank (Call A/C)	38,923,727.94	24,327,329.96	-	-
Total	40,029,643.47	25,018,527.17	56,570,674.23	35,356,671.39

For & on behalf of Board of Directors

Director: Rajeev Sharma

Director: CA Lekhnath Koirala

Chief Executive Officer: Om Prakash Mahato

Account Officer: Janak Prasad Dahal

CA Kumud Tripathy, FCA

For M/S Kumud Tripathy & Co.

Chartered Accountants



Power Transmission Company Nepal Ltd.

Durbarmarg, Kathmandu

Schedule-11

Operating Expenses

For the period 19th February, 2016 to 15th July 2016 (Corresponding Nepali Date 7th Falgun, 2072 to 31st Ashadh 2073)

Particulars	2072/73		2071/72	
	Amount in NRs	Amount in INR	Amount in NRs	Amount in INR
O & M fee payable to NEA (As per O & M Agreement)	1,100,821.92	688,013.70	-	-
Total	1,100,821.92	688,013.70	-	-

Schedule-12

Administrative Expenses

For the period 19th February, 2016 to 15th July 2016 (Corresponding Nepali Date 7th Falgun, 2072 to 31st Ashadh 2073)

Particulars	2072/73		2071/72	
	Amount in NRs	Amount in INR	Amount in NRs	Amount in INR
Staff Salary & Allowances	2,351,615.35	1,469,759.59	-	-
Notice Publicing Expenses	64,672.00	40,420.00	-	-
Postage & Courier	10,250.00	6,406.25	-	-
Bank Charges & Commission	159,998.86	99,999.29	-	-
Printing & Stationery	119,750.47	74,844.04	-	-
Water Expenses	14,749.00	9,218.13	-	-
Electricity Expenses	27,629.64	17,268.53	-	-
Repair & Maintenance-Miscellaneous	153,958.00	96,223.75	-	-
Vehicle Fuel & Mobil	276,205.85	172,628.66	-	-
Repair & Maintenance-vehicle	35,704.00	22,315.00	-	-
Rent-Office	281,250.00	175,781.25	-	-
Rent- Vehicle	875,833.33	547,395.83	-	-
Telecommunication Charges	67,677.44	42,298.40	-	-
Audit fee	282,500.00	176,562.50	-	-
Training	296,059.94	185,037.46	-	-
Books & Periodicals	8,580.00	5,362.50	-	-
Directors meeting allowance	245,000.00	153,125.00	-	-
Other Meeting Allowance	16,000.00	10,000.00	-	-
Travelling Expenses	390,762.80	244,226.75	-	-
Entertainment Expenses	168,596.80	105,373.00	-	-
Miscellaneous Expenses	207,020.86	129,388.04	-	-
Consultancy Services	957,939.73	598,712.33	-	-
Total	7,011,754.07	4,382,346.29	-	-

For & on behalf of Board of Directors

Director: Rajeev Sharma

Director: CA Lekhnath Koirala

Chief Executive Officer: Om Prakash Mahato

Account Officer: Janak Prasad Dahal

CA Kumud Tripathy, FCA
For M/S Kumud Tripathy & Co.
Chartered Accountants



Power Transmission Company Nepal Ltd.

Durbarmarg, Kathmandu

Schedule 13

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

For the year ended 15th July, 2016 (31st Ashadh, 2073)

1 Constitution & Objective

Power Transmission Company Nepal Ltd. (PTCN) was incorporated on Bhadra 30, 2064 (i.e. 16th September, 2007) with the objective of developing infrastructure, management & executing job related to transmission of electricity.

2 Basis of Accounting

Financial Statements are prepared under the historical cost convention and on accrual basis of accounting and are in conformity with Nepal Accounting Standards to the extent applicable and generally accepted accounting principles.

3 Income Recognition

Since the company has started its commercial operation from 19th February 2016, Income Statement has been prepared for the period covering from 19th February, 2016 to 15th July, 2016. The administrative expenses incurred prior to 19th February, 2016 have been capitalized under transmission line (400 KV). The amount of annual transmission charges (Revenue) has been computed as per Schedule 6 of the Implementation & Transmission Service Agreement between NEA and PTCN signed on 13th December, 2011.

4 Use of estimates

The preparation of Financial Statements in conformity with generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of revenue & expenses during the reporting period.

5 Interest Expenses

The interest expenses incurred from July 17th 2015 to 19th February, 2016 amounting to NRs. 20,015,257.28 has been capitalized to loan account whereas the interest expenses incurred from 19th February, 2016 to 15th July, 2016 amounting to NRs. 17,928,879.82 have been charged to Income Statement.

6 Property, Plant and Equipment

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation. The company has adopted the policy of charging depreciation on various assets as per Income Tax Act 2058.

7 Income Tax

Since the company has started its commercial operation from 7th Falgun, 2072 (19th February, 2016), provision of NRs.10.26 million has been made for income tax in the accounts. The rate of income tax has been applied as per Section 2 (4) of Schedule 1 of Income Tax Act 2058, which is 20% on the Net Profit.



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8 Share Capital

The authorized share capital and issued share capital of company have been increased to Rs. 450 million and Rs.400 million respectively as per the resolution passed by the 7th annual general meeting dated 03/09/2072 (18/12/2015). The company has increased its paid up share capital by Rs. 53 million during this year and, thus, the paid up share capital of the company amounts to Rs. 300 million at the year end.

9 Translation of Financial Statements

The functional currency of the company is Nepalese Rupees and hence all the transactions of the company are recorded in Nepalese Rupees in the books of accounts. For the information of Indian Shareholders, the financial statements are also translated into Indian Rupees using exchange rate of INR 1 = NRs. 1.60.

10. Capitalization of Project Development Cost and Capital Work In Progress

Since the company has started its commercial operation from 19th February, 2016, Project Development Cost and Capital Work In Progress has been capitalized under Transmission Line 400 KV and shown as assets in the balance sheet. Other Expenses which are directly related to Transmission Line e.g. payment to contractor, payment to consultant, compensation etc., which were incurred after 19th Feb, 2016 has also been charged to Transmission Line 400 kV. The Transmission Line 400 kV is categorized under Pool A (Building and other Permanent structure).

11. Loan From Nepal Electricity Authority

Nepal Government & EXIM Bank of India has entered into a Loan agreement on September 14, 2007, where EXIM Bank agrees to provide 100 Million US Dollar to Nepal Government. Amongst the agreement between Nepal Government & EXIM Bank of India, Nepal Government has entered subsidiary loan agreement with Nepal Electricity Authority (NEA) on 28th February 2012 of the value US Dollar 50 Million for the implementation of various electricity projects including transmission line.

Amongst the agreement between Nepal Government & NEA, NEA has signed **Subsidiary Finance Agreement** with Power Transmission Company Nepal Ltd. (PTCN) on 2070.11.27 (11th March, 2014). As per the agreement, NEA shall provide in Nepali currency amount equivalent to US Dollar 13.2 Million, for execution of project related to 400 KV Nepal India Cross Border Transmission Line. Accordingly, the borrowing from NEA under this Subsidiary Finance Agreement amounts to NRs.828.38 million as of 15th July, 2016.



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12. Related Party Disclosure

Following transactions were carried out with related parties during this year.

Name of Party	Amount (In NPR.)	Item/Services	Balance as of 15 th July, 2016
Nepal Electricity Authority- (NEA)	51,429,376.31	Infrastructural Development Liability paid	15,428,198.63
IL&FS Energy Development Company Ltd-(IEDCL)	30,069,591.50	Company Affairs & Support Consultancy fee paid	814,248.77
Power Grid Corporation Of India Ltd	32,272,450.03	Project Management Consultancy fee paid	0.00

13. Staff Bonus

The provisions relating to employees involved in the generation, transmission and distribution of electricity, including accommodation facility and bonus are specified under Section 15 of Electricity Act, 2049. Also, Section 86 (2) of Electricity Regulations 2050 has stated that the Licensee shall have to distribute bonus to the workers and employees every year setting aside the amount equal to two percent of the amount of net profit. Accordingly, provision for employee's bonus amounting to NRs. 1.03 million has been made in the account.

14. Operating Expenses

The company has entered into an agreement with NEA for operation and maintenance of Dhalkebar-Bhittamod Transmission Line during Commercial Operational Phase as per the decision of its 36th board meeting dated.23.06.2016. Accordingly, for the period starting from 19th February, 2016 to 15th July 2016, NRs. 1.10 million has been charged to income statement as operating expenses.

15. The company has given advance of Rs. 7,500,000 and Rs. 14,000,000 to District Administration Office Dhanusha and District Administration Office Mahottari respectively as the deposits for land acquisition. District Administration Offices have distributed the compensation for land acquisition and the list of distribution to land Owner has been obtained on 2073.07.07. Advance given to District Administration Office will be settled on F/Y 2073-74.

16. Previous year figures have been rearranged and regrouped, if required, in order to make them comparable with the current year figures.

17. Schedules 1 to 13 form an integral part of the Financial Statements.

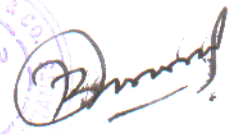
For & on behalf of Board of Directors

Director: Rajeev Sharma

Director: CA Lekhnath Koirala

Chief Executive Officer: Om Prakash Mahato

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