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INDEPENDENT AUDITOR'S REPORT

To the Members of East North Interconnection Company Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of East North Interconnection Company Limited ("the Company"), which comprise the Balance sheet as at March 31 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.



Key audit matters	How our audit addressed the key audit matter
Applicability of Appendix C of Ind AS 115 "Service Concession Arrangement" (as described in Note 25 of the Ind AS financial statements)	
<p>The Company acts as a transmission licensee under the Electricity Act, 2003 holding valid licenses for 25 years. The Company has entered into Transmission Services Agreement ("TSA") with Long Term Transmission Customers ("LTTC") through a tariff based bidding process to Build, Own, Operate and Maintain ("BOOM") the transmission infrastructure for a period of 25 years. The management of the Company is of the view that the grantor as defined under Appendix C of Ind AS 115 ("Appendix C") requires transmission licensee to obtain various approvals under the regulatory framework to conduct its operations both during the period of the license as well as at the end of the license period. In the view of management, the grantor's involvement and approvals are to protect public interest and are not intended to control, through ownership, beneficial entitlement or otherwise, any significant residual interest in the transmission infrastructure at the end of the term of the arrangement. Accordingly, management is of the view that Appendix C is not applicable to the Company.</p> <p>Significant management judgment is involved in determining the grantor's involvement and whether the grantor controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the transmission infrastructure at the end of the term of the arrangement. Accordingly, it is considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Evaluating terms of the TSAs to understand roles and responsibilities of the grantor; Evaluating terms of the TSAs to assess whether the grantor controls significant residual interest in the infrastructure at the end of the term of the arrangement through ownership, beneficial ownership or otherwise. Discussed with management regarding the extent of grantor's involvement in the transmission assets and grantor's intention not to control the significant residual interest through ownership, beneficial entitlement or otherwise. Assessed the positions taken by other entities in India with similar projects/TSAs as to the extent of involvement of the grantor and the consequent evaluation of the applicability of Appendix C for such entities. Assessed the disclosures in the Ind AS financial statements for compliance with the relevant accounting standards requirements.
Impairment of property, plant and equipment (as described in Note 25 of the Ind AS financial statements)	
<p>The Company owns and operates power transmission assets which are constructed on Build, Own, Operate and Maintain Basis ("BOOM"). The carrying value of the power transmission assets as at March 31, 2019 is INR 9,098.61 million.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the management's valuation methodology applied in determining the recoverable amounts. In making this assessment, we also evaluated the objectivity and



Key audit matters	How our audit addressed the key audit matter
<p>During the current year, impairment indicators were identified by the management. As a result, an impairment assessment was required to be performed by the management under Ind AS 36 – Impairment of Assets by comparing the carrying value of the Property, Plant & Equipment to their recoverable amount to determine whether an impairment needs to be recognized.</p> <p>For the purpose of the above impairment testing, value in use has been determined by forecasting and discounting future cash flows. Furthermore, the value in use is highly sensitive to changes in the inputs used e.g. the discounting rate (WACC), inflation rates, tax rates, etc. and involves significant judgement.</p> <p>Accordingly, the impairment assessment of the transmission assets was determined to be a key audit matter in our audit of the Ind AS financial statements.</p>	<p>independence of the company's independent valuer involved in the process;</p> <ul style="list-style-type: none"> • Together with valuation specialists, we assessed the valuation reports issued by the independent valuer engaged by the management. • We tested that the tariff revenues considered in the respective valuation models are in agreement with TSAs / tariff orders; • We assessed the assumptions around the key drivers of the cash flow forecasts, discount rates and residual values; • We also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used; • We discussed changes in key drivers as compared to previous year / actual performance with management in order to evaluate whether the inputs and assumptions used in the valuation models were appropriate; • We tested the arithmetical accuracy of the models; • We read/assessed the disclosures in the Ind AS financial statements for compliance with the relevant accounting standards requirements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the board report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise



appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit



procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;



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- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company as no managerial remuneration is paid to its directors for the year ended March 31, 2019;
- (h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
- The Company does not have any pending litigations which would impact its financial position;
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.


For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003


per Arjun Jassani
Partner

Membership Number: 046447
Place of Signature: Mumbai
Date: May 14, 2019



For KNPS & Associates
Chartered Accountants
ICAI Firm Registration No.: 024073N


per Kumar Nagmani
Partner
Membership Number: 506310
Place of Signature: Gurugram
Date: May 14, 2019



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Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: East North Interconnection Company Limited (the "Company")

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- b. All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c. According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
- ii. The company's business does not involve inventories, and accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order 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 Companies Act, 2013, related to service of transmission of electricity regulated by relevant regulatory body or authority under the Electricity Act, 2003, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, goods and service tax and other material statutory dues applicable to it. The Company did not have any statutory dues towards provident fund, employees' state insurance, wealth-tax, duty of customs and cess.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, goods and service tax and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



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- c. According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to debenture holders and in repayment of loans or borrowing to banks. The Company did not have any loans or borrowing in respect of financial institution or government during the year.
- ix. In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. Further, according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments).
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company as no managerial remuneration is paid to its directors for the year ended and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and section 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- xv. According to 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 as referred to in section 192 of the Companies Act, 2013.

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- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003



per Amyn Jassani
Partner
Membership Number: 046447
Place of Signature: Mumbai
Date: May 14, 2019



For KNPS & Associates
Chartered Accountants
ICAI Firm Registration No.: 024073N



per Kumar Nagmani
Partner
Membership Number: 506310
Place of Signature: Gurugram
Date: May 14, 2019



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ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS
FINANCIAL STATEMENTS OF EAST NORTH INTERCONNECTION COMPANY LIMITED

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

We have audited the internal financial controls over financial reporting of East North
Interconnection Company Limited ("the Company") as of March 31, 2019 in conjunction with
our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial
controls based on the internal control over financial reporting criteria established by the
Company considering the essential components of internal control stated in the Guidance Note
on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of
Chartered Accountants of India. 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 the
Company's policies, the safeguarding of its assets, the prevention and detection of frauds and
errors, the accuracy and completeness of the accounting records, and the timely preparation
of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over
financial reporting with reference to these standalone financial statements 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 as
specified 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 with reference to these standalone financial statements was established
and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the
internal financial controls system over financial reporting with reference to these standalone
financial statements and their operating effectiveness. Our audit of internal financial controls
over financial reporting included obtaining an understanding of internal financial controls over
financial reporting with reference to these standalone financial statements, assessing the risk
that a material weakness exists, and testing and evaluating the design and operating
effectiveness of internal control based on the assessed risk. The procedures selected depend
on the auditor's judgment, including the assessment of the risks of material misstatement of
the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a
basis for our audit opinion on the internal financial controls system over financial reporting
with reference to these standalone financial statements.



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Meaning of Internal Financial Controls Over Financial Reporting with reference to these standalone financial statements

A company's internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone financial statements 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these standalone financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, 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 with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2019, 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 S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003


per Arjun Jassani
Partner

Membership Number: 046447
Place of Signature: Mumbai
Date: May 14, 2019



For KNPS & Associates
Chartered Accountants
ICAI Firm Registration No.: 024073N


per Kumar Nagmani
Partner
Membership Number: 506310
Place of Signature: Gurugram
Date: May 14, 2019



EAST-NORTH INTERCONNECTION COMPANY LIMITED
BALANCE SHEET AS ON 31 MARCH 2019
 (All amounts in Rs. million unless otherwise stated)

	Notes	31 March 2019 (Rs. in million)	31 March 201 (Rs. in million)
ASSETS			
Non-current assets			
Property, plant and equipment	3	9,098.61	9,808.00
Capital work-in-progress	3	182.73	-
Deferred tax assets (net)	9	142.95	88.53
Other non current assets	5	54.34	-
		<u>9,478.63</u>	<u>9,896.53</u>
Current assets			
Financial assets			
i. Investments	6	176.94	180.21
ii. Trade receivables	7	284.32	197.02
iii. Cash and cash equivalents	8	23.96	55.51
iv. Bank Balances other than (iii) above	8	25.78	-
v. Other financial assets	4	364.56	484.65
Other current assets	5	111.32	87.68
		<u>986.88</u>	<u>1,005.07</u>
Total assets		<u><u>10,465.51</u></u>	<u><u>10,901.66</u></u>
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	0.50	0.50
Other equity			
Compulsorily convertible preference shares/debentures classified as equity	11	209.50	209.50
Equity component of non-convertible debentures	11	82.29	82.25
Securities premium	11	1,290.10	1,290.10
Retained earnings	11	(279.76)	(290.52)
Other reserves	11	23.64	23.64
Total equity		<u>1,326.27</u>	<u>1,315.51</u>
Non-current liabilities			
Financial liabilities			
i. Borrowings	12	8,001.82	8,312.70
		<u>8,001.82</u>	<u>8,312.70</u>
Current liabilities			
Financial Liabilities			
i. Borrowings	13	247.89	686.09
ii. Trade payables	14		
- total outstanding dues of micro enterprises and small enterprises		13.28	17.82
- total outstanding dues of creditors other than micro enterprises and small enterprises		24.33	3.46
iii. Other financial liabilities	15	848.09	563.32
Other current liabilities	16	3.83	1.61
Liabilities for current tax (net)		-	1.15
		<u>1,137.42</u>	<u>1,273.45</u>
Total liabilities		<u>9,139.24</u>	<u>9,586.15</u>
Total equity and liabilities		<u><u>10,465.51</u></u>	<u><u>10,901.66</u></u>

Summary of significant accounting policies

2.2

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & Co LLP
 Chartered Accountants
 Firm Registration No. 324982E/E300003

per Anand Dissanai
 Partner
 Membership Number: 046447
 Place: Mumbai
 Date: 14 May 2019



For KNPS & Associates
 Chartered Accountants
 Firm Registration No. 024073M

per Kumar Nagmani
 Partner
 Membership Number: 506310
 Place: Gurugram
 Date: 14 May 2019



For and on behalf of the Board of Directors of
 East-North Interconnection Company Limited

Manish Agrawal
 Director
 DIN: 05298459
 Place: New Delhi

Rajani Kumar Chinnuri
 Chief Financial Officer
 Place: New Delhi
 Date: 14 May 2019



Vithal Acharya
 Director
 DIN: 07680009
 Place: Mumbai

Ravisha
 Company Secretary
 Place: New Delhi

Sai Kiran Dhami
 Chief Executive Officer
 Place: Sao paulo

Sai Kiran Dhami

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EAST-NORTH INTERCONNECTION COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019
 (All amounts in Rs. million unless otherwise stated)

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	Notes	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
INCOME			
Revenue from contract with customers	17	1,474.50	1,608.00
Other income	18	-	15.95
Total Income (I)		1,474.50	1,623.95
EXPENSES			
Other expenses	19	202.04	82.89
Total expenses (II)		202.04	82.89
Earning before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)		1,272.46	1,541.06
Depreciation and amortisation expense	20	510.39	508.05
Finance costs	21	811.08	810.78
Finance income	22	(11.67)	(18.92)
Profit/(loss) before tax		(37.34)	241.15
Tax expense		-	43.01
Current tax		-	93.01
Deferred tax	9	(54.35)	2.75
Income tax for earlier years	9	6.25	-
Total tax expenses		(48.10)	138.77
Profit for the year		10.76	102.38
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		10.76	102.38
Earnings per equity share			
Basic and diluted			
Computed on the basis of profit for the year	23	10.25	97.50
Summary of significant accounting policies	22		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For SRBC & Co LLP
 Chartered Accountants
 Firm Registration No. 324982E/E300003

per Anirudh Jassani
 Partner
 Membership Number: 046447
 Place: Mumbai
 Date: 14 May 2019



For KNPS & Associates
 Chartered Accountants
 Firm Registration No. 1024073N

per Kumar Nagmani
 Partner
 Membership Number: 506310
 Place: Gurugram
 Date: 14 May 2019



For and on behalf of the Board of Directors of
 East-North Interconnection Company Limited

Manish Agrawal
 Director
 DIN: 05298459
 Place: New Delhi

Rajant Kumar Chinnari
 Chief Financial Officer
 Place: New Delhi
 Date: 14 May 2019



Vithal Acharya
 Director
 DIN: 07680009
 Place: Mumbai

Ravisha
 Company Secretary
 Place: New Delhi

Sal Kiran Dhami
 Chief Executive Officer
 Place: Sao paulo

Signature of Sal Kiran Dhami

Signature of Anirudh Jassani

EAST-NORTH INTERCONNECTION COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019
 (All amounts in Rs. million unless otherwise stated)

A. Equity share capital

Equity Shares of Rs.10 each issued, subscribed and fully paid
 As at 01 April, 2017
 Changes in equity share capital during the year
 Balance as at 31 March 2018
 Changes in equity share capital during the year
 Balance as at 31 March 2019

No.s in million	Rs. in million
0.05	0.50
-	-
0.05	0.50
-	-
0.05	0.50

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B. Other equity

	Compulsorily convertible debenture classified as equity	Compulsorily convertible preference shares classified as equity	Equity component of Non-Convertible debentures	Reserves and surplus			Total
				Securities premium	Retained earnings	Debt redemption reserve	
As at 01 April, 2017	200.00	9.50	82.29	1,290.10	(392.90)	23.64	1,212.63
Profit for the year	-	-	-	-	102.38	-	102.38
Other comprehensive income	-	-	-	-	102.38	-	102.38
Total comprehensive Income	-	-	-	-	204.76	-	204.76
As at 31 March 2018	200.00	9.50	82.29	1,290.10	(290.52)	23.64	1,315.01
Profit for the year	-	-	-	-	10.76	-	10.76
Other comprehensive income	-	-	-	-	10.76	-	10.76
Total comprehensive Income	-	-	-	-	21.52	-	21.52
As at 31 March 2019	200.00	9.50	82.29	1,290.10	(279.76)	23.64	1,325.77

As per our report of even date

For SRBC & Co LLP
 Chartered Accountants
 Firm Registration No. 180062E/2300003

per Ananya Jaiswal
 Partner
 Membership Number: 046447
 Place: Mumbai
 Date: 14 May 2019



For KNPS & Associates
 Chartered Accountants
 Firm Registration No. 014073N

per Kumar Megmani
 Partner
 Membership Number: 506310
 Place: Gurugram
 Date: 14 May 2019



For and on behalf of the Board of Directors of
 East-North Interconnection Company Limited

Manish Agrawal
 Director
 DIN: 05298459
 Place: New Delhi

Rajani Kumar Chinnari
 Chief Financial Officer
 Place: New Delhi
 Date: 14 May 2019



Vishal Acharya
 Director
 DIN: 07680009
 Place: Mumbai

Ravisha
 Company Secretary
 Place: New Delhi

Sai Kiran Dhami
 Chief Executive Officer
 Place: Sao paulo

Sai Kiran Dhami

Ravisha

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EAST-NORTH INTERCONNECTION COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019
(All amounts in Rs. million unless otherwise stated)

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Cash flow from operating activities		
Net profit as per statement of profit and loss	10.76	102.38
Adjustment for taxation	(48.10)	138.77
Profit/ (loss) before tax	(37.34)	241.15
Non-cash adjustment to reconcile profit before tax to net cash flows		
-Depreciation and amortisation expenses	510.39	508.05
-Loss on property, plant and equipments discarded	49.00	-
-Insurance claim recoverable written off	45.80	-
Finance costs	811.08	810.78
Finance income	(11.67)	(18.92)
Operating profit before working capital changes	1,367.26	1,541.06
Movements in working capital :		
- Increase/(Decrease) in trade payables	16.33	(4.69)
- Increase in other current financial liabilities	3.08	11.72
- Increase/(Decrease) in other current liabilities	2.22	(1.54)
- Decrease/(Increase) in trade receivables	(87.30)	(57.75)
- Decrease in other non current financial asset	-	1.71
- Decrease/(Increase) in other current financial asset	74.71	(85.05)
- (Increase) in other current assets	(23.64)	(0.83)
Change in working capital	(14.61)	(136.42)
Cash generated from operations	1,352.65	1,404.64
Direct taxes paid (net of refunds)	(10.02)	(45.19)
Net cash flow from operating activities (A)	1,342.64	1,359.45
Cash flow from investing activities		
Purchase of property, plant & equipment, including capital advances	(184.33)	(161.50)
Investment in fixed deposit with original maturity more than 3 months	(25.78)	-
Investment in mutual funds (net)	13.38	274.88
Dividend income on current investment	-	18.92
Interest income	1.14	-
Net cash flow from / (used in) investing activities (B)	(195.60)	132.30
Cash flow from financing activities		
Proceeds from long term borrowings	400.00	-
Repayment of long-term borrowings	(361.87)	(375.00)
Loan availed from immediate holding company	124.00	268.08
Loan repaid to immediate holding company	(562.20)	(300.00)
Finance costs	(778.52)	(1,051.41)
Net cash used in financing activities (C)	(1,178.59)	(1,458.33)
Net (Decrease)/Increase in cash and cash equivalents (A + B + C)	(31.55)	33.43
Cash and cash equivalents as at beginning of year	55.51	22.09
Cash and cash equivalents as at year end	23.96	55.51



EAST-NORTH INTERCONNECTION COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019
(All amounts in Rs. million unless otherwise stated)

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Components of Cash and cash equivalents:

	31 March 2019 (Rs. in millions)	31 March 2018 (Rs. in millions)
Balances with banks:		
- On current accounts	23.96	55.51
Cash in hand	-	-
Total cash and cash equivalents (refer note 8)	23.96	55.51

Particulars	Long term borrowings	Short term borrowings
1 April 2017	9,280.05	718.01
Cash Flow:		
- Interest	(1,051.41)	(31.92)
- Proceeds/(repayments)	(375.00)	-
Accrual for the period	810.78	-
31 March 2018	8,664.42	686.09
Cash Flow:		
- Interest	(778.52)	-
- Proceeds/(repayments)	38.13	(438.20)
Accrual for the period	811.07	-
31 March 2019	8,735.10	247.89

Summary of significant accounting policies

2.2

As per your report of even date

For SRBC & CO LLP
Firm Registration No. 324982E/E300003
Chartered Accountants
per Anand Dassani
Partner
Membership Number: 046447
Place: Mumbai
Date: 14 May 2019



For KNPS & Associates
Chartered Accountants
Firm Registration No. 024073N
per Kumar Nagmani
Partner
Membership Number: 506310
Place: Gurugram
Date: 14 May 2019



For and on behalf of the Board of Directors of
East-North Interconnection Company Limited

Manish Agrawal
Director
DIN: 05298459
Place: New Delhi

Rajni Kumar Chinnari
Chief Financial Officer
Place: New Delhi
Date: 14 May 2019



Vithal Acharya
Director
DIN: 07680009
Place: Mumbai

Ravisha
Company Secretary
Place: New Delhi

Sai Kiran Dhami
Chief Executive Officer
Place: Sao paulo

in Kiran Dhami

East-North Interconnection Company Limited
Notes to Financial Statements for the year ended 31 March 2019

1. Corporate information

East-North Interconnection Company Limited ('the Company') is a public company domiciled in India and incorporated on 01 February 2007 under the provisions of the Companies Act, 1956. The registered office of the company is located at F-1, The Mira Corporate Suits, Ishawar Nagar, New Delhi 110065.

The Company is a developer on Build, Own, Operate and Maintain ('BOOM') basis, for the designing, finalizing, construction and maintenance of power transmission lines which include establishment of two 400 kV Double Circuit transmission lines. The Company would operate and maintain the transmission systems for a period of 25 years.

The financial Statements were authorised for issue in accordance with resolution passed by the Board of Directors of the Company on 14 May 2019.

2. Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended, prescribed under Section 133 of the Companies Act, 2013 ("Ind AS").

The financial statements have been prepared on a historical cost basis, except for the following assets which have been measured at fair value or revalued amount:

- Certain financial assets measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Indian Rupees Millions, except when otherwise indicated.

2.2 Summary of significant accounting policies

The following is the summary of significant accounting policies applied by the Company in preparing its financial statements:

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realised 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.

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.

The Company classifies all other liabilities as non-current.

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

Operating cycle of the Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company has identified twelve months as its operating cycle.



b) Foreign currencies

The Company's financial statements are presented in INR, which is its functional currency. The Company does not have any foreign operation and has assessed the functional currency to be INR.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

c) Fair value measurement

The Company measures financial instruments such as investments in mutual funds at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

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 Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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;

Level 2- Valuation techniques for which the lowest level input 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.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

In estimating the fair value of transmission assets/projects, the Company engages independent qualified external valuers to perform the valuation. The management works closely with the external valuers to establish the appropriate valuation techniques and inputs to the model. The management in conjunction with the external valuers also compares the change in fair value with relevant external sources to determine whether the change is reasonable. The valuation results are discussed at the Audit Committee.

At each reporting date, the management analyses the movement of assets and liabilities which are required to be remeasured or reassessed as per the Company's accounting policies. For this analysis, the management verifies the



East-North Interconnection Company Limited
Notes to Financial Statements for the year ended 31 March 2019

major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (note 32 and note 33)
- Investment in quoted mutual fund (note 6)
- Financial instruments (including those carried at amortised cost) (note 32 and note 33)

d) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The company has concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Power transmission services

Revenue from contracts with customers comprises of revenue from power transmission services rendered in India to Long Term Transmission Customers (LTTCs) pursuant to the respective Transmission Services Agreements (TSAs) executed by the company with LTTCs for periods of 25 years. The company is required to ensure that the transmission assets meet the minimum availability criteria under the respective TSAs. The company's performance obligation under the TSAs is to provide power transmission services. The performance obligation is satisfied over time as the customers receive and consume the benefits provided by the company's performance as the company performs. Accordingly, the revenue from power transmission services is recognised over time based on the transmission asset availabilities and the tariff charges approved under the respective CERC tariff orders and includes unbilled revenues accrued up to the end of the accounting period. The payment is generally due within 60 days upon receipt of monthly invoice by the customer.

Contract balances

A receivable represents the company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Amounts which have been billed to the customers are disclosed as Trade receivables and amounts which are to be billed to the customers (and not conditional on the group's future performance) are disclosed under Other financial assets. Refer accounting policies for financial assets in Financial instruments – initial recognition and subsequent measurement.

e) Interest income/Dividend income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Income from dividend on investments is accrued in the year in which it is declared, whereby the company's right to receive is established.

f) Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



East-North Interconnection Company Limited
Notes to Financial Statements for the year ended 31 March 2019

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales/value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the balance sheet.



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g) Property, plant and equipment

Capital work in progress, property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred. No decommissioning liabilities are expected or be incurred on the assets of plant and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

(Life in number of years)

Asset Category	Useful Life considered	Useful life (Schedule II#)
Transmission lines (including components)	25	40
Data Processing Equipment (Computers)	4	3-6
Furniture and Fittings	7.5	10
Office Equipment	4	3

Schedule II to the Companies Act, 2013

The Company, based on technical assessments made by technical experts and management estimates, depreciates the certain items of building, plant and equipment, data processing equipment's, furniture and fittings and office equipment's over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

h) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

i) Impairment of non-financial assets

The Company 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 Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. 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.

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 costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.



The Company bases its impairment calculation on detailed budgets and forecast calculations. These budgets are prepared for the entire project life.

Impairment losses of continuing operations are recognised in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

j) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, 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 cost.

k) 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.

Financial assets

Initial recognition and measurement

All financial assets are recognised 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. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- i. Debt instruments at amortised cost
- ii. Debt instruments at fair value through other comprehensive income (FVTOCI)
- iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.



East-North Interconnection Company Limited
Notes to Financial Statements for the year ended 31 March 2019

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss. The Company does not have significant financial assets which are subsequently measured at amortised cost.

Debt instrument at FVTOCI

A 'debt instrument' is classified as the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. The Company does not have significant financial assets which are subsequently measured at FVTOCI.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

This category is most relevant to the Company. This category is generally applied to Investments in short-term mutual funds, Trade and other receivables and Cash and short-term deposits.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

The Company does not have significant investments in the nature of Equity investments.



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Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's combined balance sheet) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Majority of the financial assets of the Company pertain to Trade and other receivables. Considering the nature of business, the Company does not foresee any credit risk on its trade and other receivables which may cause an impairment. As per the TSA, the receivables are covered by clause of payment security mechanism which ensures receipt of all trade receivables. Also, the Company does not have any past history of impairment of Trade receivables.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include borrowings and related costs and trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

The Company has not designated any financial liability as at fair value through profit and loss.



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Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to borrowings. For more information refer note 12.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.



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East-North Interconnection Company Limited
Notes to Financial Statements for the year ended 31 March 2019

The following table shows various reclassification and how they are accounted for:

Original classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in statement of profit or loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to statement of profit or loss at the reclassification date.

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.

l) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

m) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

n) Presentation of EBITDA

The company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. This is not required by the Ind AS 1. The EBITDA is not defined in the Ind AS. Ind AS compliant schedule III allows companies to present line items, sub line items and sub totals to be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial position or performance.

Accordingly, the company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortisation expense, finance income, finance costs and tax expense.



2.3 New/Amended standards adopted by the Company

The Company has applied the Ind AS 115 Revenue from contracts with customers for the first time in the financial year beginning with April 1, 2018. There is no material impact on recognition and measurement of revenue due to adoption of new standard. (Refer note 17)

2.4 Standards issued but not yet effective

The standards/amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Ind AS 116 Leases

Ind AS 116 shall be applied for accounting of leases by lessee and lessor in their respective books. Compared to previous Standard (Ind AS 17) on leases which shall be omitted w.e.f. April 1, 2019, principles of Ind AS 116 for lessor are substantially same. However, there is significant change in the way a lessee shall account for leases in its books

It provides that an entity, being a lessee, shall treat almost all leases, except leases for short-term and leases of low value assets, as finance leases. The entity shall recognise a right-of-use asset and a lease liability whenever it takes any asset on lease. The right-of-use asset shall be measured at cost that comprises of initial value of lease liability, lease payments made on or before the commencement of lease, initial direct costs incurred by the entity and an initial estimated cost of dismantling & removing the leased asset and restoring the site on which the asset is located. The lease liability shall be measured at the present value of the lease payments due. The interest rate implicit in the lease or lessee's incremental borrowing may be used to arrive at the present value. Subsequently, at each balance sheet date, the right-of-use asset shall be depreciated and lease liability shall be increased by interest amount & decreased by amount paid. The right-of-use asset may also be measured at revalued amount under revaluation model. The Company intends to adopt these standards from 1st April 2019. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its Financial Statements.

Other Amendments to Standards, issued but not effective, which are either not applicable to the Company or the impact is not expected to be material

- (a) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment
- (b) Amendments to Ind AS 109: Prepayment Features with Negative Compensation
- (c) Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement
- (d) Amendments to Ind AS 28: Long-term interests in associates and joint ventures
- (e) Annual improvement to Ind AS (2018):
 - Amendments to Ind AS 103: Party to a Joint Arrangements obtains control of a business that is a Joint Operation
 - Amendments to Ind AS 111: Joint Arrangements
 - Amendments to Ind AS 12: Income Taxes
 - Amendments to Ind AS 23: Borrowing Costs



EAST NORTH INTERCONNECTION COMPANY LIMITED

Notes to financial statements for the year ended 31 March 2019

Note 3: Property, plant & equipment

						Rs. in million
Particulars	Freehold Land	Transmission Lines	Data Processing Equipments	Furniture and Fitting	Office Equipment	Total
Cost						
At 01 April 2017	9.29	11,479.94	0.77	0.19	0.13	11,490.32
Additions	-	271.83	-	-	-	271.83
Disposals	-	-	-	-	-	-
At 31 March 2018	9.29	11,751.77	0.77	0.19	0.13	11,762.15
Additions	-	-	-	-	-	-
Adjustment *	-	(150.00)	-	-	-	(150.00)
Disposals (Refer Note 29)	-	(63.05)	-	-	-	(63.05)
At 31 March 2019	9.29	11,538.72	0.77	0.19	0.13	11,549.10
Depreciation						
At 01 April 2017	-	1,445.13	0.75	0.16	0.06	1,446.10
Charge for the year	-	508.03	0.00	0.00	0.01	508.04
Disposals	-	-	-	-	-	-
At 31 March 2018	-	1,953.16	0.75	0.16	0.07	1,954.14
Charge for the year	-	510.38	0.00	0.00	0.01	510.39
Disposals (Refer Note 29)	-	(14.03)	-	-	-	(14.03)
At 31 March 2019	-	2,449.51	0.75	0.16	0.08	2,450.50
Net Block						
At 31 March 2018	9.29	9,798.61	0.02	0.03	0.05	9,808.00
At 31 March 2019	9.29	9,089.21	0.02	0.03	0.05	9,098.61

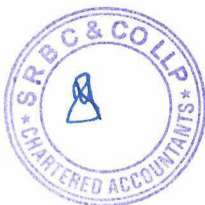
* During the year, the company has derecognised liability of Rs. 150 million peratining to construction of property, plant and equipment which is no longer payable.

Capital work in progress#
(Rs. in million)

At 31 March 2019 182.73

At 31 March 2018 -

#mainly includes Transmission Lines



Note 4: Other financial assets

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Current		
Unbilled revenue*	114.25	116.95
Interest accrued on investments	0.42	-
Advances recoverable in cash (refer note 29)	204.20	250.00
Reimbursement of expenses receivable from related party (refer note 24)	45.69	117.70
Total	364.56	484.65

* Unbilled revenue is the transmission charges for the month of March 2019 amounting to Rs.114.25 million (31 March 2018: Rs.116.95 million) billed to transmission utilities in month of April 2019.

Note 5: Other assets

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Non current		
Capital advances (unsecured, considered good)	51.72	-
Advance income tax, including TDS (net of provisions)	2.62	-
Total	54.34	-
Current		
Advances to vendors	0.20	-
Prepaid expenses	34.13	10.69
Deposits paid under dispute	75.28	75.28
Deposits others	1.71	1.71
Total	111.32	87.68

Note 6: Current investments

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Investment in mutual funds (valued at fair value through profit or loss)		
Quoted		
35,354.65 units (31 March 2018: Nil) of Axis Liquid Fund-Direct plan- Daily Dividend	35.39	-
35,275.00 units (31 March 2018: 179,618.88) of SBI Premier Liquid Fund - Direct Plan - Daily Dividend	35.39	180.21
35,349.80 units (31 March 2018: Nil) of DSP Blackrock Liquidity Fund- Direct plan- Daily Dividend	35.38	-
23,140.03 units (31 March 2018: Nil) of Reliance Liquid Fund - Direct Plan Daily Dividend Option	35.39	-
34,713.52 units (31 March 2018: Nil) of UTI Mutual Fund Liquid Fund - Direct Plan Daily Dividend Option	35.39	-
Total	176.94	180.21

Note 7: Trade receivables

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Current		
Trade receivables (Refer Note 29 b)	284.32	197.02
Total	284.32	197.02
Break-up of security details		
- Secured, considered good	-	-
- Unsecured, considered good	284.32	197.02

As at 31 March 2019, there are no trade receivables which have significant increase in credit risk or receivables where credit is impaired.

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies.

Trade receivables are non-interest bearing and are generally on terms of 60 days

See Note 30 on credit risk of trade receivables, which explains how the Company manages and measures credit quality of trade receivables that are neither past due nor impaired.



Note 8: Cash and cash equivalents

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Balance with banks on current accounts	23.96	45.91
Deposit with original maturity of less than 3 months	-	9.60
Total	23.96	55.51
Other bank balances		
Deposit with original maturity for more than 3 months but less than 12 months*	25.78	-
* Margin money deposit		
Total	25.78	-

Note 9: Deferred tax assets (net)

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Deferred tax liability		
Property plant & equipment: Impact of difference between tax depreciation and depreciation for the financial reporting	1,162.09	1,094.07
Others	2.34	10.48
Gross deferred tax liability	1,164.43	1,104.55
Deferred tax assets		
Unabsorbed tax depreciation	1,307.38	1,193.14
Gross deferred tax assets	1,307.38	1,193.14
Net deferred tax asset	142.95	88.59

Reconciliation of deferred tax assets

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Opening deferred tax asset, net	88.59	181.60
Deferred tax credit / (charge) recorded in statement of profit and loss	54.35	(93.01)
Closing deferred tax asset, net	142.95	88.59

The major components of income tax expense for the period ended 31 March 2019 and 31 March 2018 are:

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Current income tax		
Minimum alternate tax	-	43.01
Income tax for earlier years	6.25	2.75
Deferred tax		
Relating to origination and reversal of temporary differences	(54.35)	93.01
Income tax charge/ (credit) reported in the statement of profit or loss	(48.10)	138.77

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2019 and 31 March 2018:

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Accounting profit/(loss) before income tax	(37.34)	241.15
At India's statutory income tax rate of 29.12% (31 March 2018: 29.12%)	(10.87)	70.22
Minimum alternate tax	-	43.01
Income tax for earlier years *	6.25	-
Deferred tax asset recognised on tax losses carried forward	(43.48)	25.54
At the effective income tax rate	(48.10)	138.77
Income tax expense/ (credit) reported in the statement of profit and loss	(48.10)	138.77

* During the year, while filling of income tax return for assessment year 2018-19 there is additional tax liability of Rs. 6.25 million which has been deposited as self assessment tax. The amount has been expensed off as income tax for earlier years.

(i) For the calculation of deferred tax assets/liabilities, the Company has not considered tax holiday available under the Income Tax Act. The management based on estimated cash flow workings for the project, believes that since there will be losses in the initial years of the project, no benefit under the Income tax Act would accrue to the Company in respect of the tax holiday. Management will re-assess this position at each balance sheet date.

(ii) The Company has recognized deferred tax asset on tax losses representing unabsorbed depreciation to the extent that it is probable that the Company will have sufficient taxable profits in future periods as required under Ind AS-12 Income Taxes. The Company has entered into Transmission Services Agreement (TSA) with long term transmission customers which provides for fixed revenues over the period of 25 years. The existence of TSA and the projects having become operational fulfilled the requirement of Ind AS-12 for recognition of deferred tax assets.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.



Note 10: Equity share capital

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Authorised equity shares		
1 million (31 March 2018: 1 million) equity shares of Rs. 10 each	10.00	10.00
Issued, subscribed and fully paid-up shares		
0.05 million (31 March 2018: 0.05 million) equity shares fully paid - up	0.50	0.50
Total issued, subscribed and fully paid-up equity share capital	0.50	0.50

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	Number of shares (in million)	Amount (in million)
As at 01 April 2017	0.05	0.50
Issued during the year	-	-
As at 31 March 2018	0.05	0.50
Issued during the year	-	-
As at 31 March 2019	0.05	0.50

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding/ ultimate holding company and/or their subsidiaries/associates

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Sterlite Power Transmission Limited (Intermediate holding company)	0.26	0.26
Sterlite Power Grid Ventures Limited (Immediate holding company)*	0.25	0.25

*Sterlite Power Grid Ventures Limited ('SPGVL') holds 49% equity stake in the Company and has a right to appoint majority of the directors on the board of the Company as per the Shareholders' agreement dated July 07, 2014 as amended by the amendment agreement dated July 28, 2014 executed among the Company, Sterlite Power Transmission Limited ('SPTL') (demerged from Sterlite Technologies Limited) and Standard Chartered Financial Holdings, Mauritius read with Share Purchase Agreement dated November 24, 2016 executed among SPGVL, Sterlite Grid 1 Limited and the Company. Further, pursuant to Shareholders' agreement read with Share purchase agreement, SPTL is required to transfer 51% equity shareholding in the Company to SPGVL at a nominal amount in future subject to applicable laws and regulations. Based on the above, the management believes that SPGVL has control over the Company and accordingly, SPGVL has been considered as immediate holding company.

d. Details of shareholders holding more than 5% of shares in the company

	Nos. in million	% holding
Sterlite Power Transmission Limited		
31 March 2019	0.03	51%
31 March 2018	0.03	51%
Sterlite Power Grid Ventures Limited		
31 March 2019	0.02	49%
31 March 2018	0.02	49%



Note 11: Other equity

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Compulsorily convertible preference shares/debentures classified as equity		
(a) Compulsorily convertible debentures #	200.00	200.00
(b) Compulsorily convertible preference shares ##	9.50	9.50
Total (a+b)	209.50	209.50
Equity component of non-convertible debentures (refer note 12)	82.29	82.29
Securities premium	1,290.10	1,290.10
Retained earnings		
Opening balance	(290.52)	(392.90)
Add: Net profit for the year	10.76	102.38
Total retained earnings	(279.76)	(290.52)
Other reserves		
Debenture redemption reserve	23.64	23.64

50,000 0.10% Compulsorily Convertible Debenture ('CCD') of Face value of Rs.10 each at a premium of Rs. 3,990 each amounting to Rs. 200 million held by Sterlite Power Grid Ventures Limited. The CCD holders have an option to convert their debentures into equity at any time prior to the expiry of 1 year from March 31 2019. At the end of March 31, 2019 all the CCDs will be compulsorily converted to equity shares of the Company. Each CCD is convertible into 1 equity share of Rs.10 at a premium of Rs.3,990 per share. During the year, the board of directors has extended the term of conversion by 1 year i.e. March 30, 2020.

Details pertaining to 0.10% Compulsorily Convertible Preference Shares ('CCPS')

a. Authorised compulsorily convertible preference share capital

1 million (31 March 2018: 1 million) Compulsorily Convertible Preference Shares of Rs.10 each

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
	10.00	10.00

b. Issued, subscribed and fully paid up compulsorily convertible preference share capital

0.95 million (31 March 2018: 0.95 million) compulsorily convertible preference shares fully paid - up

9.50 9.50

c. Reconciliation of the CCPS outstanding at the beginning and at the end of the reporting period

	31 March 2019		31 March 2018	
	No. in million	Rs. in million	No. in million	Rs. in million
At the beginning of the period	0.95	9.50	0.95	9.50
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	0.95	9.50	0.95	9.50

d. Terms/rights attached to CCPS

During the year ended March 31, 2016, the Company converted 950,000 Compulsorily Convertible Debentures ('CCD') of Rs. 10 each into 950,000 Compulsorily Convertible Preference Shares ('CCPS') of Rs. 10 each issued at a premium of Rs 1,358/- per CCPS fully paid vide Board Resolution dated 28 December 2015. Each CCPS shall be convertible into 1 equity share of the Company within a period of 5 years from the date of issue i.e. on or before 31 December 2020. The CCPS are entitled to cumulative preferential dividend at the rate of 0.10% per year and preferential right with respect to repayment of capital. CCPS will carry voting rights as per the provisions of Section 47(2) of the Companies Act, 2013.

e. CCPS held by holding company and their subsidiaries/associates:

Sterlite Power Grid Ventures Limited

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
	9.50	9.50

f. Details of shareholders holding more than 5% of CCPS in the company

Sterlite Power Grid Ventures Limited (Immediate Holding company)

- Numbers (in million)
- % holding

	31 March 2019	31 March 2018
	0.95	0.95
	100%	100%



Note 12: Long term borrowings

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Non-current		
Debentures		
7,425 (31 March 2018: 7,825) Non-Convertible Debentures of Rs. 10,00,000/- each (secured) (refer note a below)	7,629.90	8,031.95
Nil (31 March 2018: 31.89 million) Non Convertible debentures of Rs 10 each (unsecured) (refer note b below)	-	280.75
Term loans		
Indian rupee loan from banks (secured) (refer note c below)	371.92	-
The above amount includes		
Secured borrowings	8,001.82	8,031.95
Unsecured borrowings	-	280.75
Total non-current borrowings	8,001.82	8,312.70
Current maturities		
Debentures		
400 (31 March 2018: 350) Non-Convertible Debentures of Rs. 10,00,000/- each (secured)	402.13	351.51
31.89 (31 March 2018: 31.89 million) Non Convertible debentures of Rs 10 each (unsecured) (refer note b below)	310.92	-
Indian rupee loan from banks (secured)	16.20	-
Interest accrued	4.03	0.21
	733.28	351.72
The above amount includes		
Secured borrowings	422.36	351.72
Unsecured borrowings	310.92	-
Total	733.28	351.72
Amount disclosed under the head "other current financial liabilities" (note 15)	733.28	351.72
Net amount	-	-

Notes:

a. Non convertible debentures of Rs 1,000,000/- each - Secured

During the year 2015-16, the Company issued 9,250 Non Convertible Debentures ('NCDs') of Rs 1,000,000/- each on private placement basis in three tranches of 2,125 8.85% Non Convertible Debentures, 2,375 9.10% Non Convertible Debentures and 4,750 9.25% Non Convertible Debentures having face value of Rs 1,000,000 each redeemable by 31 December 2020, 31 December 2025 and 31 December 2033 respectively in quarterly instalments ranging from Rs. 0.07 million to Rs 0.25 million. All the NCDs together with interest, additional interest, liquidated damages, premium on prepayment, cost and charges, expenses and all other monies and all other amounts stipulated and payable to the debenture holders are secured by:

- 1) First and exclusive charge on all movable assets and immovable assets of issuers including but not limited to movable plant and machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, intangible, goodwill, uncalled capital, right of way/land, civil structures, tower and cables, office buildings, present and future if any for the project.
- 2) First charge by way of:
 - a) Assignment/hypothecation or creation of security interest present and future of all rights, titles, interest, benefits, claims and demands whatsoever of the company in the project, documents including but not limited to transmission supply agreements, transmission licenses, package/construction contracts, O&M related agreements if any, land lease agreements, service contracts etc. duly acknowledged, consented by relevant counter parties to such project documents all as amended, varied or supplemented from time to time;
 - b) All rights, title, interest, benefits, claims and demands whatsoever of the company in the permits, approvals and clearances pertaining to the projects, in the letter of credit, guarantee, performance bond, corporate guarantee, bank guarantees provided by any party to the project document;
 - c) All insurances proceeds (debenture trustee to be the loss payee in the insurance policy).
- 3) A First charge on letter of credit, Escrow account, debt service reserve account and other reserve and any other bank account of the issuer wherever maintained, present and future.
- 4) First charge on all book debts, operating cash flow, receivables, commissions, revenues of whatsoever nature and wherever arising, of the company, present and future.
- 5) Pledge of 51% of the equity share capital of the Company.

b. Non convertible debentures of Rs 10/- each - Unsecured

31,895,443 Non Convertible debenture (NCD) of Face value of Rs.10 each amounting to Rs. 31.89 million (March 31, 2018: 31.89 million) held by Sterlite Power Grid Ventures Limited. The NCDs would be redeemable at the option of the NCD holder anytime after 5 years from the date of allotment viz July 23, 2014. If the NCD holders do not exercise their right of redeeming the NCDs, the NCDs shall be due for repayment at the end of 7 years from the date of allotment. Since the interest rate for the non-convertible debentures is 0.01% p.a., an amount of Rs 82.29 million (net of deferred tax of Rs. 43.56 million) being the impact of difference between market rate of interest and rate of interest of NCDs, has been re-classified to equity as contribution from parent.



c. Term Loan from Bank- Secured

During the year, the Company has taken term loan from bank amounting to Rs. 400 million out of total limit of Rs. 550 million. The said loan is repayable by way of an amortisation in proportion to the repayment of existing NCD holders. The balance shall be repaid in the form of bullet at the end of 37 months. The loan carries an interest rate of 3 month MCLR and interest is payable on monthly basis.

All amount together with interest, additional interest, liquidated damages, premium on prepayment, cost and charges, expenses and all other monies and all other amounts provided to existing debts holders. Security should include

- 1) A First and pari-passu charge on all movable assets and immovable assets of borrowers including but not limited to movable plant and machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future, intangible, goodwill, uncalled capital, present and future.
- 2) A First and pari-passu charge by way of assignment/hypothecation or creation of security interest present and future of
 - a) All rights, titles, interest, benefits, claims and demands whatsoever of the company in the project, documents including but not limited to transmission supply agreements, transmission licenses, package/construction contracts, O&M related agreements if any, land lease agreements, service contracts etc. duly acknowledged, consented by relevant counter parties to such project documents all as amended, varied or supplemented from time to time;
 - b) All rights, title, interest, benefits, claims and demands whatsoever of the company in the permits, approvals and clearances pertaining to the projects
 - c) All rights, title, interest, benefits, claims and demands whatsoever of the company in letter of credit, guarantee, performance bond, corporate guarantee, bank guarantees provided by any party to the project document and
 - d) All insurances proceeds either the bank or security trustee holding security interest of the bank to be the loss payee in the insurance policy.
- 3) A First and pari-passu charge on letter of credit, Escrow account/ Trust & Retention account, debt service reserve account and other reserve and any other bank account of the issuer wherever maintained, present and future.
- 4) A First and pari-passu charge on all book debts, operating cash flow, receivables, commissions, revenues of whatsoever nature and wherever arising, of the company, present and future.
- 5) Pledge of 51% of the equity share capital of the Company.

Financial Covenants

The Company is required to ensure compliance of financial covenants in respect of Non Convertible Debentures of Rs.10,00,000 each. The Company shall pay additional interest to the lenders at the rate of 1% (one per cent) per annum over and above the applicable interest rate on the outstanding amount of the secured obligations in the event of any adverse deviation in respect of the maintenance of the minimum debt service coverage ratio and specified security margin.

The financial covenants will be reviewed on availability of audited accounts of the Borrower annually. For the period ended March 31, 2019, the Company has satisfied all debt covenants prescribed in the terms of non-convertible debentures.

Note 13: Short term borrowings

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Loan from holding company (unsecured) (refer note 24)	247.89	686.09
Total	247.89	686.09

The unsecured loan from holding company carries nil interest rate and is repayable on demand

Note 14: Trade payables

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Current		
Trade payables (refer note 28 for details of dues to Micro, small and medium enterprises)	37.61	21.28
Total	37.61	21.28

Trade payables are not-interest bearing and are normally settled on 30-90 days terms
For explanation on the Company's risk management policies, refer note 30.

Note 15: Other financial liabilities

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Current		
Current maturities of long-term borrowings (refer note 12)	733.28	351.72
Management fees payable to holding company (refer note 24)	9.58	7.53
Payables for purchase of property, plant and equipment	100.23	200.10
Others	5.00	3.96
Total	848.09	563.32



Note 16: Other current liabilities

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Withholding taxes (TDS) payable	3.66	1.40
GST payable	0.17	0.21
Total	3.83	1.61

Note 17: Revenue from contract with customers

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Income from transmission charges *	1,474.50	1,608.00
Total	1,474.50	1,608.00

* CERC vide order dated September 19, 2018 approved an increase in non-escalable transmission charges of 1.09% per annum on the quoted non-escalable tariff from the commercial operation dates of the respective transmission lines on account of changes in law. Accordingly revenue of Rs. 71.58 million has been recognised during the year in respect of the incremental tariff arising from CERC Order from the respective commercial operation dates.

Revenue from contracts with customers

Revenue from contracts with customers comprises of revenue from power transmission services rendered in India to Long Term Transmission Customers (LTTCS) pursuant to the respective Transmission Services Agreements (TSAs) executed by the company with LTTCS. The TSAs are executed for a period of 35 years and have fixed tariff charges as approved by CERC (except some escalable portion and some incentives/penalties relating to transmission assets availabilities). Under the TSAs, the Company's performance obligation is to provide power transmission services. The company is required to ensure that the transmission assets meet the minimum availability criteria under the respective TSAs failing which could result in certain disincentives/penalties. The performance obligation is satisfied over-time as the customers receive and consume the benefits provided by the company's performance as the company performs. The payment is generally due within 60 days upon receipt of monthly invoice by the customer.

The Company receives payments as per the pooling arrangements specified under the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 ('Pooling Regulations'). In the Point of Connection (PoC) mechanism, the transmission charges to be recovered from the entire system are allocated between users based on their location in the grid. Under the PoC mechanism, all the charges collected by the Central Transmission Utility (i.e. Power Grid Corporation of India Limited) from LTTCS are disbursed pro-rata to all Transmission Service Providers from the pool in proportion of the respective billed amount. Applying the practical expedient as given in Ind AS 115, the company has not disclosed the remaining performance obligation related disclosures since the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date.

Management has adopted Ind AS 115 from April 1, 2018. Based on the assessment performed by the management, there is no material impact of Ind AS 115 on revenue recognition as well as measurement.

Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price

	31 March 2019 Rs. in million	31 March 2018 Rs. in million
Revenue as per contracted price	1,445.59	1,541.53
Adjustments:		
Incentives earned for higher asset availabilities	33.50	71.38
Surcharges received for late payments	5.35	6.51
Rebates given for early payments	(9.94)	(11.42)
Total revenue from contracts with customers	1,474.50	1,608.00

Note 18: Other income

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Other Income	-	15.95
Total	-	15.95



Note 19: Other expenses

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Transmission line maintenance charges	35.30	35.49
Rent	0.44	0.23
Rates and taxes	7.68	8.26
Insurance expenses	45.01	22.46
Travelling and conveyance expenses	1.14	1.33
Legal and professional fees	4.53	2.28
Management fees (Refer note 24)	10.47	9.00
Payment to auditor (including taxes)		
- Statutory audit fees	0.50	0.30
- Tax audit fees	0.23	0.24
- Other services (including certification fees)	-	0.06
Loss on property, plant and equipments discarded (Refer Note 29)	49.00	-
Insurance claim recoverable written off (Refer Note 29)	45.80	-
Miscellaneous expenses	1.93	3.25
Total	202.04	82.89

Note 20: Depreciation and amortisation expense

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Depreciation of tangible assets	510.39	508.05
Total	510.39	508.05

Note 21: Finance costs

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Interest on financial liabilities measured at amortised cost	807.80	810.77
- On Term loan from banks and financial institution	31.38	-
- On Non Convertible Debentures	776.42	807.69
- On Acceptances and Others	-	3.08
Other bank and finance charges	3.28	0.01
Total	811.08	810.78

Note 22: Finance income

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Dividend income from investment measured at fair value through profit or loss	10.11	18.92
Interest income on bank deposits	1.56	0.00
Total	11.67	18.92

Note 23: Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects in the profit/ (loss) and share data used in the basic and diluted EPS computation

	31 March 2019	31 March 2018
Profit after tax for calculating basic and diluted EPS (Rs in million)	10.76	102.38
Weighted average number of equity shares in calculating basic and diluted EPS (No. million)*	1.05	1.05
Earnings per share		
Basic and Diluted (on nominal value of Rs. 10 per Share) Rupees/share	10.25	97.50

*Equity shares that will be issued upon the conversion of mandatorily convertible instruments are included in the calculation of basic earnings per share from the date the contract is entered into as required by Ind AS 33 - Earnings per share.



EAST-NORTH INTERCONNECTION COMPANY LIMITED
Notes to financial statements for the year ended 31 March 2019

Note 24: Related party disclosures

(A) Name of related party and nature of its relationship:

(a) Related parties where control exists

Holding Company

Sterlite Power Grid Ventures Limited
Sterlite Power Transmission Limited
Twin Star Overseas limited, Mauritius
Volcan Investments Limited, Bahamas

Immediate holding company
Intermediate holding company
Intermediate holding company
Ultimate holding company

(B) The transactions with related parties during the year and their outstanding balances are as follows:-

Transactions during the year	Rs. in million	
	2018-19	2017-18
Sterlite Power Grid Ventures Limited		
Interest on Compulsorily Convertible Debentures	0.01	0.01
Management fees expenses (including tax)	10.47	9.00
Loan availed	170.50	268.01
Repayment of Loan	608.70	300.00
Reimbursement of expenses paid	68.46	1.49
Sterlite Power Transmission Limited		
Purchase of Conductor for property, plant & equipments	31.20	-

Outstanding balances	Rs. in million	
	As at 31 march 2019	As at 31 march 2018
Sterlite Power Grid Ventures Limited		
Unsecured loan payable	247.89	686.09
Non Convertible Debentures	318.95	318.95
Compulsorily Convertible Debentures	200.00	200.00
Management fees payable (net of TDS)	9.58	7.53
Reimbursement of expense receivable	45.69	117.70
Sterlite Power Transmission Limited		
Payable for property, plant & equipments	31.20	-

Disclosure in respect of material related party transaction during the year:

Particulars	Rs. in million	
	2018-19	2017-18
1. Interest on Compulsorily Convertible Debentures		
Sterlite Power Grid Ventures Limited	0.01	0.01
2. Management fees expenses		
Sterlite Power Grid Ventures Limited	10.47	9.00
3. Unsecured Loan availed		
Sterlite Power Grid Ventures Limited	170.50	268.01
4. Unsecured Loan repaid		
Sterlite Power Grid Ventures Limited	608.70	300.00
5. Reimbursement of expenses paid/ payable		
Sterlite Power Grid Ventures Limited	68.46	1.49
6. Purchase of Goods		
Sterlite Power Transmission Limited	31.20	-



Note 25: Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Applicability of Appendix C-Service Concession Arrangements of Ind AS 115 Revenue from contract with customers

The Company is a transmission licensee under the Electricity Act 2003 holding valid license for 25 years. It has also entered into a Transmission Services Agreement ("TSA") with Long Term Transmission Customers ("LTTC") through a tariff based bidding process and is required to Build, Own, Operate and Maintain ("BOOM") the transmission infrastructure for a period of 25 years. The management of the Company is of the view that the grantor as defined under Appendix C of Ind AS 115 ("Appendix C") requires transmission licensee to obtain various approvals under the regulatory framework to conduct its operations both during the period of the license as well as at the end of the license period. However, in the view of management, the grantor's involvement and approvals are to protect public interest and are not intended to control through ownership, beneficial entitlement or otherwise, any significant residual interest in the transmission infrastructure at the end of the term of the arrangement. Accordingly, management is of the view that Appendix C is not applicable to the Company.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. For the purpose of assessment for impairment, the management has compared the carrying value of an asset or cash generating unit with the value in use. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and other assumptions.

Note 26: Capital and other Commitments

(i) The Company has entered into transmission services agreement (TSA) with long term transmission customers pursuant to which the Company has to transmit power of contracted capacity and ensure minimum availability of transmission line over the period of the TSA. The TSA contains provision for disincentives and penalties in case of certain defaults.

(ii) As on March 31, 2019, the Company has commitments of Rs. 510.53 million (Net of Advance) (31 March 2018: Rs. Nil) relating to further investment in property, plant & equipments

Note 27: Segment reporting

The Company's activities comprise of transmission of electricity in certain states in India. Based on the guiding principles given in Ind AS - 108 "Operating Segments", this activity falls within a single operating segment and accordingly the disclosures of Ind AS -108 have not separately been given.

Under Point of Connection (PoC) mechanism, Power Grid Corporation of India Limited ('PGCIL') is designated as central transmission utility with the responsibility for billing and collecting of usage charges from Inter-State Transmission Services (ISTS) users. Hence the entire amount of trade receivables pertaining to transmission charges is receivable from PGCIL.



Note 28: Details of Dues to Micro and Small Enterprises as defined under MSMED Act, 2006

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
(i) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.		
Principal amount due to micro and small enterprises	4.31	17.82
Interest due on above	0.09	-
(ii) The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iii) 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.	Nil	Nil
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.09	-
(v) 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	-	-

Interest payable as per section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 is Rs. 0.09 million (31 March, 2018: Rs.Nil). Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of intimations received from the "suppliers" / information available with the Company regarding their status under the Micro, Small and Medium Enterprises Act, 2006.

Note 29: Purnia-Biharsharif transmission line rendered inoperable due to floods

(a) "On August 23, 2016, the Purnia – Biharsharif 400kv DC transmission line ('PB Line') of the Company was rendered inoperable due to unprecedented flood in the Ganga river. Due to severe flood situation and reported abnormal flow of flood water certain towers of the transmission line were damaged. The restoration work for the same was completed on June 23, 2017. The Company had claimed this event as a force majeure event under the Transmission Services Agreement ('TSA'). The Eastern Regional Power Committee ('ERPC') accepted the event as force majeure and accordingly ENICL received availability certificates considering deemed availability of PB line which recognised the incident as force majeure. Further, ENICL received transmission charges post the incident based on the availability certificates considering deemed availability of PB Line.

The carrying amounts of assets destroyed of Rs. 94.64 million had been derecognised and charged to the statement of profit and loss. The Company filed an insurance claim with the insurer and recognised an insurance claim receivable of Rs.250.00 million in earlier year. During the current year, insurance surveyor has submitted survey report to the insurance company basis which the claim has been sanctioned post balance sheet date. Accordingly, the Company has written off claim amount of Rs. 45.80 million being the difference between insurance claim receivable recognised in earlier year and the claim amount sanctioned post year end."

(b) On August 10, 2018, a tower of Purnia – Biharsharif transmission line ('PB Line') collapsed due to change of course of river Ganga and water flow with very high velocity. The restoration work for the same is in progress. ENICL has claimed this event as a force majeure event under the Transmission Services Agreement ('TSA'). The Eastern Regional Power Committee ('ERPC') through 148th operation co-ordination committee meeting held on September 03, 2018 accepted the event as force majeure event. Accordingly, the company has recognised tariff revenue for PB Line from August 10, 2018 till March 31, 2019 of Rs. 404.97 million as per the TSA. Further based on the assessment, management has recognized loss of Rs. 49 million on the net book value of assets destroyed/damaged and no other adjustments have been made in the books in respect of this event.



Note 30: Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and short-term deposits and other financial assets that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The management reviews and agrees policies for managing each of these risks, which are summarised below.

The Risk Management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. In performing its operating, investing and financing activities, the Company is exposed to the Credit Risk, Liquidity Risk and Market risk.

(A) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

The Company is engaged in transmission infrastructure development business under BOOM (Build, Own, Operate and Maintain) model and currently derive its revenue primarily from BOOM contracts with long term transmission customers ('LTTC'). Being transmission licensee, the Company receives payments as per the pooling arrangements specified under the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 ('Pooling Regulations'). In the PoC method, the transmission charges to be recovered from the entire system are allocated between users based on their location in the grid. Under the PoC mechanism, all the charges collected by the Central Transmission Utility ('CTU') from LTTC's are disbursed pro-rata to all Transmission Service Providers ('TSPs') from the pool in proportion of the respective billed amount. Due to this, the TSPs are shielded against any potential default by a particular customer. If a particular customer delays or defaults, the delay or shortfall is prorated amongst all the TSPs. Based on past history of payments, payments due have always been paid and there have been no write-offs for due amounts. Due to the payment mechanism explained above as well as due to no history of any write-offs of payments which were due, the Company has not considered any expected credit loss on the financial assets in the nature of trade receivables. During the various periods presented, there has been no change in the credit risk of trade receivables. However, this assessment may need a review if there is any change in the Pooling Regulations.

Credit risk from balances deposited/invested with banks and financial institutions as well as investments made in mutual funds, is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within limits assigned to each counterparty. Counterparty limits are reviewed by the top management on an annual basis, and may be updated throughout the year subject to approval of the Board of Directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. Based on this policy, the Company does not foresee any risk on account of credit losses, either in the bank deposits which are made with AAA rated banks and also in regard to mutual funds which is primarily debt oriented funds. No loss allowances have been provided for any trade receivables, or other receivables from financing activities like cash and bank deposits, mutual funds and other similar deposits. Also, there have been no modifications in contractual cash flows on financial assets.

The Company's maximum exposure to credit risk for the components of the Balance Sheet as at March 31, 2019 and March 31, 2018 is the carrying amounts of Trade and Other Receivables, Cash and cash Equivalents and Other Assets as disclosed in Note 4, 6, 7 and 8 respectively. However, the credit risk is low due to reasons mentioned above.

(B) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral obligations. The Company requires funds both for short term operational needs as well as for long term investment programs mainly in projects. The Company closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, liquid investments and sufficient committed fund facilities, will provide liquidity.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 30 days. The other payables are with short term durations. The carrying amounts are assumed to be reasonable approximation of fair value. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	(Rs.million)					
Particulars	Payable on demand	Less than 3 months	3 months to 12 months	1 to 5 years	More than 5 years	Total
31 March 2019						
Borrowings	247.89	107.27	623.88	2,146.92	5,857.03	8,982.99
Trade payables	-	37.61	-	-	-	37.61
Other financial liabilities	-	14.58	100.23	-	-	114.81
Total	247.89	159.46	724.11	2,146.92	5,857.03	9,135.41
31 March 2018						
Borrowings	686.09	77.44	274.07	2,003.04	6,309.87	9,350.51
Trade payables	-	21.28	-	-	-	21.28
Other financial liabilities	7.53	3.96	200.10	-	-	211.60
Total	693.62	102.68	474.17	2,003.04	6,309.87	9,583.39



(C) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings, bank deposits and Investments in short-term mutual funds.

The sensitivity analysis in the following sections relate to the position as at March 31, 2019 and March 31, 2018

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant as at March 31, 2019 and March 31, 2018

The analyses exclude the impact of movements in market variables on the carrying values of gratuity and provisions

The following assumption has been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2019 and March 31, 2018

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate primarily relates to the Company's long term debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on that portion of loans and borrowings affected. With all the other variables held constant, the Company's profit/ loss before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	(Rs.million)	
	Increase/Decrease in Basis Points	Effect on profit before tax / pre-tax equity
31 March 2019		
Base Rate	+50	1.65
Base Rate	-50	(1.65)
31 March 2018		
Base Rate	+50	-
Base Rate	-50	-

Note 31: Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio optimum. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents, other bank balances and short term investments

Particulars	31 March 2019	31 March 2018
	(Rs. in million)	(Rs. in million)
Borrowings*	8,982.99	9,350.51
Trade payables	37.61	21.28
Other financial liabilities	114.81	211.60
Less: Cash and cash equivalents, other bank balances and short term investments	(200.90)	(235.72)
Net debt	8,934.51	9,347.67
Equity share capital	0.50	0.50
Other equity	1,325.77	1,315.01
Total capital	1,326.27	1,315.51
Capital and net debt	10,260.78	10,663.18
Gearing ratio	87%	88%

* includes loans of Rs. 558.81 million (31 March 2018 : Rs. 966.84 million) from the holding company disclosed under long term borrowings and short term borrowings in Note 12 & 13



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Note 32: Fair value measurements

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Financial Assets	(Rs 'million)	
	Carrying Value	Fair Value
Investments		
31 March 2019	176.94	176.94
31 March 2018	180.21	180.21

The management assessed that fair values of cash and cash equivalents, other bank balances, trade receivables, trade payables and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of the quoted mutual fund is based on the price quotations at reporting date.

Note 33: Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2019 and 31 March 2018

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2019 and 31 March 2018				Rs in million
Amount	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets/(liabilities) measured at fair value through profit and loss				
Investments in Mutual Funds				
As at 31 March 2019	176.94	176.94	-	-
As at 31 March 2018	180.21	180.21	-	-

There have been no transfers among Level 1, Level 2 and Level 3.

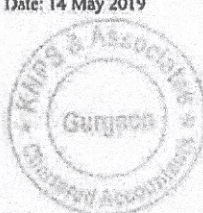
For S R B C & Co LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

per Amv Jassani
Partner
Membership Number: 046447
Place: Mumbai
Date: 14 May 2019



For KNPS & Associates
Chartered Accountants
Firm Registration No. 024073N

per Kumar Nagmani
Partner
Membership Number: 506310
Place: Gurugram
Date: 14 May 2019



For and on behalf of the Board of Directors of
East-North Interconnection Company Limited

Manish Agrawal
Director
DIN: 05298459
Place: New Delhi

Rajant Kumar Chinnari
Chief Financial Officer
Place: New Delhi

Date: 14 May 2019



Vithal Acharya
Director
DIN: 07680009
Place: Mumbai

Ravisha
Company Secretary
Place: New Delhi

Sai Kiran Dhani
Chief Executive Officer
Place: Sao paulo

Sai Kiran Dhani