**NRSS XXIX TRANSMISSION LIMITED**
**BALANCE SHEET AS ON 31 MARCH 2019**
(All amounts in Rs. million unless otherwise stated)

| | Note | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 27,385.49 | 2,630.73 |
| Capital work-in-progress | 3 | - | 19,016.65 |
| Financial assets | | | |
| Other financial assets | 4 | 0.42 | 0.08 |
| Other non current assets | 10 | 34.29 | 3,403.06 |
| | | **27,420.20** | **25,050.52** |
| **Current assets** | | | |
| Financial assets | | | |
| i. Investments | 5 | 1,307.91 | 181.42 |
| ii. Trade receivables | 6 | 751.00 | 126.63 |
| iii. Cash and cash equivalents | 7 | 59.32 | 138.80 |
| iv. Bank balances other than (iii) above | 8 | - | 56.14 |
| v. Loans | 9 | 2,757.62 | - |
| vi. Other financial assets | 4 | 2,172.41 | 91.05 |
| Other current assets | 10 | 54.11 | 33.53 |
| | | **7,102.37** | **627.57** |
| **Total assets** | | **34,522.57** | **25,678.09** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 11 | 213.87 | 212.17 |
| Other equity | | | |
| Securities premium | 12 | 1,661.10 | 1,485.00 |
| Retained earnings | 12 | - | 903.48 |
| Other reserves | 12 | 75.24 | - |
| | | **1,950.21** | **2,600.65** |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Long-term borrowings | 13 | 29,594.47 | 17,521.13 |
| Deferred tax liabilities (net) | 19 | 236.55 | 88.77 |
| | | **29,831.02** | **17,609.90** |
| **Current liabilities** | | | |
| Financial Liabilities | | | |
| i. Short-term borrowings | 14 | - | 4,864.84 |
| ii. Trade payables | 15 | | |
| - total outstanding dues of micro enterprises and small enterprises | | 0.28 | - |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | | 17.94 | 1.90 |
| iii. Other financial liabilities | 16 | 2,204.51 | 581.55 |
| Other current liabilities | 18 | 518.61 | 12.43 |
| Current tax liability | 17 | - | 6.82 |
| | | **2,741.34** | **5,467.54** |
| **Total liabilities** | | **32,572.36** | **23,077.44** |
| **Total equity & liabilities** | | **34,522.57** | **25,678.09** |

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 Paul Alvares**
Partner
Membership Number : 105754
Place: Mumbai
Date: 30 April 2019

S R B C & CO LLP CHARTERED ACCOUNTANTS

**For and on behalf of the Board of Directors of NRSS XXIX Transmission Limited**

**Manish Agrawal**
Director
DIN: 05298459
Place:New Delhi

**Vithal Acharya**
Director
DIN: 07680009
Place:Mumbai

**Subhas Chandra Ghosal**
Chief Executive Officer
Place: New Delhi

**Divya Bedi Verma**
Chief Financial Officer
Place: New Delhi

**Ashok Ganesan**
Company Secretary
FCS: 5190
Place:New Delhi

Date: 30 April 2019

NRSS XXIX TRANSMISSION LIMITED

**NRSS XXIX TRANSMISSION LIMITED**
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019**
(All amounts in Rs. million unless otherwise stated)

| | Notes | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from contracts with customers | 20 | 3,006.32 | 1,107.58 |
| Other income | 21 | 1.98 | - |
| **Total income (I)** | | **3,008.30** | **1,107.58** |
| **EXPENSES** | | | |
| Other expenses | 22 | 187.65 | 34.31 |
| **Total expenses (II)** | | **187.65** | **34.31** |
| **Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)** | | **2,820.65** | **1,073.27** |
| Depreciation and amortisation expense | 23 | 537.27 | 89.95 |
| Finance costs | 24 | 1,653.48 | 267.23 |
| Finance Income | 25 | (47.04) | (19.69) |
| **Profit before tax** | | **676.94** | **735.78** |
| **Tax expense** | 19 | | |
| Current tax | | 154.23 | 155.03 |
| Less: MAT credit entitlement | | (154.23) | (216.53) |
| **Net current tax expense** | | - | **(61.50)** |
| Deferred tax | | 297.45 | 237.19 |
| Income tax for earlier years | | - | 2.74 |
| **Total tax expenses** | | **297.45** | **178.43** |
| **Profit for the year** | | **379.49** | **557.35** |
| **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 | | - | - |
| **Total comprehensive income for the period, net of tax** | | **379.49** | **557.35** |
| **Earnings per equity share** | | | |
| **Basic and diluted** | | | |
| Computed on the basis of profit for the year | 26 | 17.83 | 26.27 |
| 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 Paul Alvares**
Partner
Membership Number: 105754
Place: Mumbai
Date: 30 April 2019

S R B C & CO LLP ★ CHARTERED ACCOUNTANTS ★

**For and on behalf of the Board of Directors of**
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Place:New Delhi

**Vithal Acharya**
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DIN: 07680009
Place:Mumbai

**Subhas Chandra Ghosal**
Chief Executive Officer
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**Divya Bedi Verma**
Chief Financial Officer
Place: New Delhi

**Ashok Ganesan**
Company Secretary
FCS: 5190
Place:New Delhi

Date: 30 April 2019

NRSS XXIX TRANSMISSION LIMITED ★

**NRSS XXIX TRANSMISSION 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**

| | Nos. in million | Rs. in million |
|---|---|---|
| Equity Shares of Rs 10 each issued, subscribed and fully paid | | |
| **Balance as at 1 April 2017** | **21.22** | **212.17** |
| Equity shares issued during the year | - | - |
| **Balance as at 31 March, 2018** | **21.22** | **212.17** |
| Conversion of loan into equity share during the year (refer note 11) | 0.17 | 1.70 |
| **Balance as at 31 March, 2019** | **21.39** | **213.87** |

**B) Other equity**

Rs'million

| | Debenture redemption reserve | Securities premium | Retained earnings | Total other equity |
|---|---|---|---|---|
| **As at 1 April 2017** | - | 1,485.00 | 346.13 | **1,831.13** |
| Profit for the year | - | - | 557.35 | 557.35 |
| Other comprehensive income | - | - | - | - |
| **Total comprehensive income** | - | - | **557.35** | **557.35** |
| **As at 31 March 2018** | - | **1,485.00** | **903.48** | **2,388.48** |
| Profit for the year | | - | 379.49 | 379.49 |
| Dividend attributable to shareholders | | | (1,001.77) | (1,001.77) |
| Dividend distribution tax | | | (205.96) | (205.96) |
| Other comprehensive income | - | - | - | - |
| **Total comprehensive income** | | - | **(828.24)** | **(828.24)** |
| Transferred from retained earnings | 75.24 | - | - | 75.24 |
| Transferred to debenture redemption reserve | - | - | (75.24) | (75.24) |
| Security premium on conversion of loan into equity (refer note 11 ) | - | 176.10 | - | 176.10 |
| **As at 31 March 2019** | **75.24** | **1,661.10** | - | **(652.14)** |

**As per our report of even date**

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

**per Paul Alvares**
Partner
Membership Number : 105754
Place: Mumbai
Date: 30 April 2019

**For and on behalf of the Board of Directors of**
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Place: New Delhi

**Ashok Ganesan**
Company Secretary
FCS: 5190
Place:New Delhi

Date: 30 April 2019

S R B C & CO LLP ★ CHARTERED ACCOUNTANTS ★

NRSS XXIX TRANSMISSION LIMITED ★

NRSS XXIX TRANSMISSION 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** | 379.49 | 557.35 |
| Adjustment for taxation | 297.45 | 178.43 |
| **Profit before tax** | 676.94 | 735.78 |
| Non-cash adjustment to reconcile profit before tax to net cash flows | | |
| -Depreciation and amortisation expenses | 537.27 | 89.95 |
| Finance costs | 1,653.48 | 267.23 |
| Finance income | (47.04) | (19.69) |
| **Operating profit before working capital changes** | 2,820.65 | 1,073.27 |
| Movements in working capital : | | |
| - Increase/(Decrease) in Trade payables | 16.32 | (2.17) |
| - Increase/(Decrease) in Other current financial liabilities | 21.53 | (116.75) |
| - Increase/(Decrease) in Other current liabilities | 506.18 | (2.02) |
| - Decrease/(Increase) in Trade receivables | (624.37) | 4.47 |
| - Decrease/(Increase) in Other non current financial asset | - | (0.04) |
| - Decrease/(Increase) in Other current financial asset | (2,081.94) | (0.26) |
| - Decrease/(Increase) in Other current assets | (20.58) | (12.75) |
| **Change in working capital** | (2,182.86) | (129.52) |
| **Cash generated from operations** | 637.79 | 943.75 |
| Direct taxes paid (net of refunds) | (190.79) | (151.47) |
| **Net cash flow from operating activities (A)** | 447.00 | 792.28 |
| **Cash flow from investing activities** | | |
| Purchase of property plant & equipment, including capital work-in-progress and capital advances | (893.54) | (14,018.17) |
| Interest income | 3.00 | 18.73 |
| Deposit with Banks/Security Deposit | 55.80 | (56.01) |
| Loans given to related parties | (2,757.62) | - |
| Investment in mutual funds (net) | (1,081.87) | 158.69 |
| **Net cash flow used in investing activities (B)** | (4,674.23) | (13,896.76) |
| **Cash flow from financing activities** | | |
| Proceeds from long-term external borrowings-Non-convertible debentures | 29,924.47 | 10,712.17 |
| Proceeds from long-term external borrowings-Term loans and bills discounting | 3,085.81 | |
| Repayment of long-term external borrowings-Term loans and bills discounting | (20,659.46) | - |
| Proceeds of short term borrowing from holding company | 649.34 | 4,117.91 |
| Repayment of short term borrowing to holding company | (5,336.38) | - |
| Issue of equity share capital (including premium) | (0.00) | - |
| Dividend paid (including DDT) | (1,207.73) | |
| Investment in bank deposits having original maturity of more than 12 months | - | - |
| Finance costs | (2,308.30) | (1,795.21) |
| **Net cash flow from financing activities (C)** | 4,147.75 | 13,034.87 |
| **Net Increase/(decrease) in cash and cash equivalents (A + B + C)** | (79.48) | (69.61) |
| **Cash and cash equivalents as at beginning of year** | 138.80 | 208.41 |
| **Cash and cash equivalents as at year end** | 59.32 | 138.80 |

S R B C & CO LLP ★ CHARTERED ACCOUNTANTS ★

NRSS XXIX TRANSMISSION LIMITED ★

NRSS XXIX TRANSMISSION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019
(All amounts in Rs. million unless otherwise stated)

**Components of Cash and cash equivalents:**

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| **Balances with banks:** | | |
| - On current accounts | 59.32 | 138.80 |
| **Total cash and cash equivalents (refer note 7)** | **59.32** | **138.80** |

**Reconciliation between opening and closing balances for liabilities arising from financing activities**

| **Particulars** | **Long term borrowings** | **Short term borrowings** |
|---|---|---|
| **1 April 2017** | **6,861.47** | **746.93** |
| Cash flow | | |
| - Interest | (1,795.21) | - |
| - Proceeds/(repayments) | 10,712.17 | 4,117.91 |
| Non- cash Changes | | |
| **Accrual for the period** | 1,812.21 | - |
| **31 March 2018** | **17,590.64** | **4,864.84** |
| Cash flow | | |
| - Interest | (2,308.30) | - |
| - Proceeds/(repayments) | 12,350.82 | (4,687.04) |
| Non- cash Changes | | |
| -Converison of loan into equity shares (including premium) | - | (177.80) |
| Classified as current maturties | (330.00) | |
| **Accrual for the period** | 2,291.31 | - |
| **31 March 2019** | **29,594.47** | - |

Summary of significant accounting policies 2.2

As per our report of even date

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

**per Paul Alvares**
Partner
Membership Number: 105754
Place: Mumbai
Date: 30 April 2019

**For and on behalf of the Board of Directors of**
**NRSS XXIX Transmission Limited**

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Chief Financial Officer
Place: New Delhi

**Ashok Ganesan**
Company Secretary
FCS- 5190
Place:New Delhi

Date: 30 April 2019

S R B C & CO LLP * CHARTERED ACCOUNTANTS *

NRSS XXIX TRANSMISSION LIMITED *

## 1. Corporate information

NRSS XXIX Transmission Limited ('the Company') is a wholly owned subsidiary of Sterlite Grid 2 Limited. 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 and a sub-station that would strengthen the northern region transmission system. One of the transmission lines i.e. Jalandhar Samba was commissioned on 24 June 2016 and the work on the other transmission line and substation is in progress. The Company would operate and maintain the same for a minimum period of 35 years.

The Company was incorporated on 29 July 2013 under the Companies Act, 1956 as a wholly owned subsidiary of REC Transmission Projects Company Limited ("REC TPCL") a wholly owned subsidiary of Rural Electrification Corporation Limited ("REC"). Consequent to the selection of Successful Bidder as per "Guidelines for Determination of Tariff by bidding process for procurement of power by Distribution Licenses" issued by Ministry of Power, Government of India, dated 19 January 2005 (as amended from time to time) and as per bidding documents (as amended from time to time), the Company was transferred to Sterlite Grid 2 Limited vide Share Purchase Agreement dated 4 August 2014.

The financial Statements were authorised for issue in accordance with resolution passed by the Board of Directors of the Company on 30 April 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:

- Derivative financial instruments
- 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.

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NRSS-XXIX Transmission Limited *

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.

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NRSS-XXIX Transmission Limited *

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 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 5)
- 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 comapny with LTTCs for periods of 35 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.

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NRSS-XXIX Transmission Limited *

### 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.

**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.

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NRSS-XXIX Transmission Limited *

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

**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.

## 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) | 25-35 | 40 |
| Plant and Machinery | 2-5 | 15 |
| Data Processing Equipment (Computers) | 3-5 | 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.

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### 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.

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**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.

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.

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**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.

**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:

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**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.

**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 13.

**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 though 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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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

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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 20)

### 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

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**Notes to Financial Statements for the year ended 31 March 2019**

**Note 3: Property Plant & Equipment**

(Rs. in Million)

| Particulars | Transmission Lines | Sub-station | Plant and Machinery | Data Processing Equipments | Furniture and Fitting | Vehicle | Office Equiptment | Total |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| As at April 01, 2017 | 2,781.11 | - | 0.45 | 0.51 | 1.10 | - | 5.43 | **2,788.60** |
| Additions | - | - | - | 0.07 | - | - | 1.46 | **1.53** |
| Disposals | - | - | - | - | - | - | - | - |
| **As at 31 March 2018** | **2,781.11** | - | **0.45** | **0.58** | **1.10** | - | **6.89** | **2,790.13** |
| Additions | 19,417.08 | 5,871.78 | - | - | - | 2.72 | 0.45 | **25,292.03** |
| Disposals | - | | - | - | - | - | - | - |
| **As at 31 March 2019** | **22,198.19** | **5,871.78** | **0.45** | **0.58** | **1.10** | **2.72** | **7.34** | **28,082.16** |
| **Depreciation** | | | | | | | | |
| As at April 01, 2017 | 67.81 | - | 0.10 | 0.05 | 0.19 | - | 1.31 | **69.46** |
| Charge for the year | 88.08 | - | 0.09 | 0.10 | 0.26 | - | 1.41 | **89.94** |
| Disposals | - | - | - | - | - | | - | - |
| **As at 31 March 2018** | **155.89** | - | **0.19** | **0.15** | **0.45** | - | **2.72** | **159.40** |
| Charge for the year | 438.51 | 96.50 | 0.09 | 0.13 | 0.25 | 0.15 | 1.64 | **537.27** |
| Disposals | - | | - | - | - | - | - | - |
| **As at 31 March 2019** | **594.40** | **96.50** | **0.28** | **0.28** | **0.70** | **0.15** | **4.36** | **696.67** |
| **Net Block** | | | | | | | | |
| **As at 31 March 2018** | **2,625.22** | - | **0.26** | **0.43** | **0.65** | - | **4.17** | **2,630.73** |
| **As at 31 March 2019** | **21,603.79** | **5,775.28** | **0.17** | **0.30** | **0.40** | **2.57** | **2.98** | **27,385.49** |

| **Capital work in progress*** | **(Rs. in million)** |
|---|---|
| At 31 March 2019 | - |
| At 31 March 2018 | 19,016.65 |

*In the previous year, capital work in progress mainly included transmission assets

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Notes to Financial Statements for the year ended 31 March 2019

**Note 4: Other financial assets**

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| **Non-current** | | |
| Security deposits (refer note b below) | 0.05 | 0.05 |
| Other bank balances (refer note 8) | 0.37 | 0.03 |
| **Total** | **0.42** | **0.08** |
| **Current** | | |
| Advances recoverable in cash (unsecured) | 1,766.60 | 0.50 |
| Unbilled revenue (refer note a below) | 405.42 | 89.58 |
| Interest accrued on investments | 0.39 | 0.97 |
| **Total** | **2,172.41** | **91.05** |

a) Unbilled revenue pertains to transmission charges for the month of March 2019 amounting to Rs 405.42 million (31 March 2018: Rs 89.58 million) billed to transmission utilities in the month of April 2019.

b) Security deposits are non-derivative financial assets and are refundable in cash.

**Note 5: 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** | | |
| 69,432.68 units (31 March 2018: 180,325.67 units) of SBI Premier Liquid Fund - Direct Plan - Daily Dividend | 69.65 | 180.91 |
| 212,207.93 units (31 March 2018; Nil units) of Axis Liquid Fund - Direct Plan- Daily Dividend | 212.41 | - |
| 212,178.80 units (31 March 2018: Nil units) of DSP Liquidity Fund - Direct Plan - Daily Dividend | 212.38 | - |
| 208,359.66 units (31 March 2018: Nil units) of UTI liquid cash plan - Daily Dividend reinvestment plan | 212.41 | - |
| 240,544.01 units (31 March 2018: 213.23 units)) of L&T Liquid Direct Plan -Growth | 243.74 | 0.51 |
| 1,445,185.29 units (31 March 2018: Nil units) of Aditya Birla sun life Liquid fund -Direct Plan - Daily Dividend | 144.87 | - |
| 138,912.46.units (31 March 2018:Nil units) of Reliance Liquid Fund - Direct Plan Daily Dividend Reinvestment Option | 212.45 | - |
| **Total** | **1,307.91** | **181.42** |
| Details of units lien marked in favour of lenders: | | |
| 144,601.76 units (31 March 2018; Nil units) of Axis Liquid Fund - Direct Plan- Daily Dividend | 144.74 | - |
| 144,605.098 units (31 March 2018: Nil units) of DSP Liquidity Fund - Direct Plan - Daily Dividend | 144.74 | - |
| 141,979.12 units (31 March 2018: Nil units) of UTI liquid cash plan - Daily Dividend reinvestment plan | 144.74 | - |
| 172,894..99 units (31 March 2018: Nil units)) of L & T Liquid Direct Plan -Growth | 175.19 | - |
| 1,444,583.06 units (31 March 2018: Nil units) of Aditya Birla sun life Liquid fund -Direct Plan - Daily Dividend | 144.74 | - |
| 94,679.28.units (31 March 2018:Nil units) of Reliance Liquid Fund - Direct Plan Daily Dividend Reinvestment Option | 144.74 | - |
| **Total** | **898.89** | - |

**Note 6: Trade receivables**

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| Trade receivables | 751.00 | 126.63 |
| **Total** | **751.00** | **126.63** |
| **Break-up of security details:** | | |
| - Unsecured, considered good | 751.00 | 126.63 |

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 respectively in which any director is a partner, a director or a member.

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

See Note 31A 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 7: Cash and cash equivalents**

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| Balance with banks on current accounts | 59.32 | 138.80 |
| **Total** | **59.32** | **138.80** |

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**Note 8: Other bank balances**

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| Deposits with original maturity of more than 12 months* | 0.37 | 0.03 |
| Deposit with original maturity for more than 3 months but less than 12 months | - | 56.14 |
| **Total** | **0.37** | **56.17** |
| Less: Disclosed under other non-current financial assets (refer note 4) | (0.37) | (0.03) |
| **Net balance** | - | 56.14 |

*Deposits lien marked with government authorities

**Note 9: Current Loans**

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| **Unsecured, considered good** | | |
| Loan given to immediate holding company (refer note 34) | 2,757.62 | - |
| **Total** | **2,757.62** | - |

Loan given to Immediate Holding company is repayable by 30 November 2019 and carries Nil rate of interest.

**Note 10: Other assets**

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| **Non current** | | |
| Capital advances (unsecured, considered good) | - | 3,403.06 |
| Advance income tax, including TDS (net of provisions) | 34.29 | - |
| **Total** | **34.29** | **3,403.06** |
| **Current** | | |
| Advances to vendors | 0.31 | - |
| Balances with statutory authorities | 17.08 | 17.72 |
| Prepaid expenses | 22.47 | 15.81 |
| Other assets | 14.25 | - |
| **Total** | **54.11** | **33.53** |

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**Note 11: Equity share capital**

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| **Authorised shares** | | |
| 25.00 million (31 March 2018: 25.00 million) equity shares of Rs.10 each | 250.00 | 250.00 |
| **Issued, subscribed and fully paid-up shares** | | |
| 21.39 million (31 March 2018: 21.21 million) equity shares of Rs. 10 each | 213.87 | 212.17 |
| **Total issued, subscribed and fully paid-up equity share capital** | **213.87** | **212.17** |

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

| | Number of shares (in million) | Equity share (in million) |
|---|---|---|
| **As at 1 April 2017** | **21.22** | **212.17** |
| Issued during the year | - | - |
| **As at 31 March 2018** | **21.22** | **212.17** |
| Conversion of loan into equity shares^ | 0.17 | 1.70 |
| **As at 31 March 2019** | **21.39** | **213.87** |

^ During the year, the Company has issued 170,144 equity shares at face value of Rs. 10 each at a premium of Rs. 1,035 per share on account of conversion of unsecured loan from holding company.

**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 | | 31 March 2018 | |
|---|---|---|---|---|
| | No's in million | % | No's in million | % |
| Sterlite Grid 2 Limited (immediate holding company) | 21.39 | 100% | 21.22 | 100% |

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

| | 31 March 2019 | | 31 March 2018 | |
|---|---|---|---|---|
| | No's in million | % | No's in million | % |
| Sterlite Grid 2 Limited (immediate holding company) | 21.39 | 100% | 21.22 | 100% |

**Note 12: Other equity**

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| **Securities premium account** | | |
| Balance as per last financial statements | 1,485.00 | 1,485.00 |
| Add: Premium on converison of loan into equity share during the year (refer note 11) | 176.10 | - |
| **Closing balance** | **1,661.10** | **1,485.00** |
| **Debenture redemption reserve** | | |
| Balance as per last financial statements | - | - |
| Add: Transferred from retained earnings | 75.24 | - |
| **Closing balance** | 75.24 | - |
| **Retained Earnings** | | |
| Balance as per last financial statements | 903.48 | 346.14 |
| Add: Profit for the year | 379.49 | 557.35 |
| Less: Dividend paid to shareholders | (1,001.77) | - |
| Less: Dividend distribution tax | (205.96) | - |
| Less: Transferred to debenture redemption reserve | (75.24) | - |
| **Total retained earnings** | - | **903.48** |

During the year, the board of directors has approved an interim dividend of Rs. 1,001.77 million @ 46.84 per share.

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**Note 13: Long term borrowings**

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| **Non-current** | | |
| **Debentures (Secured)** | | |
| 30,000 (31 March 2018: Nil ) 9.57% Non- Convertible Debentures of Rs 1,000,000 each | 29,594.47 | - |
| **Term Loans (Secured)** | | |
| Indian rupee term loan from banks | - | 3,380.57 |
| Indian rupee term loan from financial institution | - | 8,065.60 |
| Domestic Bill discounting | - | 6,074.96 |
| **Total** | **29,594.47** | **17,521.13** |
| **The above amount includes** | | |
| Secured borrowings | 29,594.47 | 17,521.13 |
| Unsecured borrowings | - | - |
| **Total non-current borrowings** | **29,594.47** | **17,521.13** |
| **Current maturities** | | |
| **Debentures (Secured)** | | |
| 9.57% Non-convertible Debentures of Rs. 10,000,00 each | 330.00 | - |
| **Term Loans (Secured)** | | |
| Indian rupee term loan from banks | - | 15.51 |
| Indian rupee term loan from financial institution | - | 37.01 |
| Interest accrued but not due on borrowings | 7.87 | 16.99 |
| **Total** | **337.87** | **69.51** |
| Less: Classified to other current financial liabilities (refer note 16) | (337.87) | (69.51) |
| **Net balance** | **29,594.47** | **17,521.13** |

**Note:**

The Company has issued 30,000 Non-Convertible Debentures ('NCDs') having face value of Rs. 10,00,000/- each on private placement basis .The said NCDs' carries coupon rate of 9.57% p.a. and interest is payable on quarterly basis. 30% of the issue amount is repayable in 36 quarterly installments and balance is repayble on 28th November 2028 as bullet repayment. 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:-

(i) all current and non-current assets of the company

(ii) Pledge of 100% Equity shares of the Company
(iii) charge over Trust and Retention account .

The Company is in process of creation of secuirty charge on the above debentures as at 31 March 2019.

**Note 14: Short-term borrowings**

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| Loan from holding company (unsecured) | - | 4,864.84 |
| **Total** | - | **4,864.84** |

The unsecured loan from holding company has been fully repaid during the year.

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**Note 15: Trade payables**

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| **Current** | | |
| Trade payables | 18.22 | 1.90 |
| **Total** | **18.22** | **1.90** |

Disclosure as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 is as follows:-

| Description | 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 | 0.27 | - |
| Interest due on above | 0.02 | - |
| (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. | - | - |
| (iv) The amount of interest accrued and remaining unpaid at the end of each accounting year. | 0.02 | - |
| (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 | - | - |

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of intimation received from the "suppliers" / informations available with the Company regarding their status under the Micro, Small and Medium Enterprises Development Act , 2006

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 31A.

**Note 16: Other financial liabilities**

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| **Current** | | |
| Current maturities of long term borrowings (refer note 13) | 337.87 | 69.51 |
| Payables for purchase of property, plant and equipment (refer note 34) | 1,835.20 | 502.13 |
| Management fees payable to related parties (refer note 34) | 5.59 | 1.43 |
| Others (including reimbursement of expenses payable) (refer note 34) | 25.85 | 8.48 |
| **Total** | 2,204.51 | 581.55 |

**Note 17: Current tax liability**

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| Provision for income tax (net of advance taxes including TDS) | - | 6.82 |
| **Total** | - | 6.82 |

**Note 18: Other current liabilities**

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| TDS payable | 80.51 | 12.10 |
| Advance from customers | 438.10 | - |
| GST Payable | - | 0.33 |
| **Total** | **518.61** | **12.43** |

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**Note 19: Deferred tax liability (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 | 3,365.23 | 357.93 |
| **Gross deferred tax liability (A)** | **3,365.23** | **357.93** |
| **Deferred tax asset** | | |
| Unabsorbed depreciation and tax losses | 2,709.21 | - |
| MAT credit entitlement | 419.48 | 269.16 |
| **Gross deferred tax assets (B)** | **3,128.68** | **269.16** |
| **Net deferred tax liability (A-B)** | **236.55** | **88.77** |

**Reconciliation of deferred tax liability**

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| Opening deferred tax liability (net) | 88.77 | 68.11 |
| Deferred tax charge recorded in statement of profit and loss | 297.45 | 237.19 |
| MAT credit entitlement (taken)/ reversal | (154.23) | (216.53) |
| Others | 4.56 | - |
| **Closing deferred tax liability, net** | **236.55** | **88.77** |

**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** | | |
| Current income tax | 154.23 | 155.03 |
| MAT credit entitlement | (154.23) | (216.53) |
| | - | **(61.50)** |
| **Deferred tax** | | |
| Relating to origination and reversal of temporary differences | 297.45 | 237.19 |
| **Income tax expenses reported in the statement of profit or loss** | **297.45** | **175.69** |

**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 Income before tax** | 676.94 | 735.78 |
| At India's statutory income tax rate of 34.94% (31 March 2018: 34.94%) | 236.52 | 257.08 |
| Disallowance of expenditure | 37.89 | - |
| Others | 23.04 | (78.65) |
| At the effective income tax rate of 43.94% (31 March 2018: 24.24%) | **297.45** | **178.43** |
| Income tax expense reported in the statement of profit and loss | **297.45** | **178.43** |

Minimum alternate tax credit is recognised to the extent that it is probable that taxable profit will be available against which the credit can be utilised. Currently, management has recognised minimum alternate tax credit amounting to Rs. 154.23 million for the year ended 31 March 2019 (31 March 2018: Rs.216.54 million) which can be utilised against future taxable profits. Out of total MAT credit, Rs. 52.63 million can be carried forward till 31 March 2032, Rs. 216.54 million can be carried forward till 31 March 2033 and Rs. 154.23 million can be carried forward till 31 March 2034.

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**Note 20: Revenue from contract with customers**

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| Revenue from transmission charges | 3,006.32 | 1,107.58 |
| **Total** | **3,006.32** | **1,107.58** |

**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 | 2,939.12 | 1,074.92 |
| **Adjustments:** | - | - |
| Incentives earned for higher asset availabilities | 89.10 | 37.62 |
| Surcharges received for late payments | 4.79 | 4.88 |
| Rebates given for early payments | (26.69) | (9.84) |
| **Total revenue from contracts with customers** | **3,006.32** | **1,107.58** |

**Note 21:Other income**

| | 31 March 2019 Rs. in million | 31 March 2018 Rs. in million |
|---|---|---|
| Miscellenous income | 1.98 | - |
| **Total** | **1.98** | **-** |

**Note 22: Other expenses**

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| Transmission line maintenance charges | 26.55 | 8.08 |
| Skilled manpower cost | 8.39 | - |
| Safety expenses | 0.41 | - |
| Rent | 0.93 | 0.24 |
| Insurance | 38.40 | 18.84 |
| Management fees (Refer Note 34 ) | 15.68 | 3.64 |
| Rates and taxes | 81.19 | 1.42 |
| Travelling and conveyance | 1.76 | 0.67 |
| Directors sitting fee | - | 0.11 |
| Payment to auditors | | |
| - As statutory audit fees (including taxes) | 0.65 | 0.59 |
| - Tax audit fees (including taxes) | 0.23 | 0.24 |
| Legal and professional fees | 6.00 | 0.46 |
| Miscellaneous expenses | 7.46 | 0.02 |
| **Total** | **187.65** | **34.31** |

Other expenses as above are net of amounts capitalised to property, plant and equipment (refer note 28).

The Company was required to spend Rs. 8.42 million on Corporate Social Responsibility ('CSR activities') as per Sec 135 of the Companies Act,2013. The management is evaluating best possible alternative for CSR activities hence the amount has not been spent till March 31, 2019.

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**Note 23: Depreciation and amortisation expense**

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| Depreciation of tangible assets | 537.27 | 89.95 |
| **Total** | **537.27** | **89.95** |

**Note 24: Finance cost**

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| Interest on financial liabilities measured at amortised cost | 1,631.52 | 267.19 |
| Bank charges | 21.96 | 0.04 |
| **Total** | **1,653.48** | **267.23** |

Finance cost as above are net of amounts capitalised to property, plant and equipment (refer note 28).

**Note 25: Finance income**

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| Interest income from deposits with banks | 2.42 | 2.99 |
| Dividend income from investment measured at fair value through profit or loss | 44.62 | 16.40 |
| Miscellaneous income | - | 0.30 |
| **Total** | **47.04** | **19.69** |

**Note 26: Earnings per share**

Basic EPS amounts are calculated by dividing the profit/loss 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/loss 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 the 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) | 379.49 | 557.35 |
| Weighted average number of equity shares in calculating basic and diluted EPS (No. million) | 21.28 | 21.22 |
| **Earnings per share** | | |
| Basic and diluted (On nominal value of Rs.10 per share) Rupees/share | **17.83** | **26.27** |

**Note 27: 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- Ind AS 115 -Revenue form 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 35 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 if 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.

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**Note 28: Capitalization of expenditure**

During the year, the Company has capitalised the following expenses to the cost of fixed assets/capital work-in-progress (CWIP) Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company:

| | 31 March 2019 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| **A. Opening Balance** | **1,710.68** | **217.30** |
| **B. Additions during the year** | | |
| Finance cost | 645.71 | 1,476.13 |
| Rent | 0.02 | 0.28 |
| Rates and taxes | - | 1.60 |
| Legal and professional fees | 1.07 | 7.53 |
| Miscellaneous expenses | 0.23 | 7.84 |
| **Total (B)** | **647.03** | **1,493.38** |
| **C. Transferred to property, plant and equipment during the year** | (2,357.71) | - |
| **D. Closing Balance of expenditure in CWIP (A+B-C)** | - | **1,710.68** |

**Note 29: Capital and other commitments**

(a) As at 31 March 2019, the Company has commitment of Rs. Nil (31 March 2018: Rs.1,712.84 million) relating to the completion of 400 kV D/C Quad transmission line, net of capital advances.

(b) 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.

**Note 30: 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.

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**Note 31A: 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, 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. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. 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-off's for due amounts. Due to the payment mechanism explained above as well as due to no history of any write-off's 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 31 March, 2019 and 31 March, 2018 is the carrying amounts of Trade and Other Receivables, Cash and cash Equivalents and Other financial assets as disclosed in Note 6, 7, 8, and 4 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. in 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 | - | - | 330.00 | 3,480.00 | 26,114.47 | 29,924.47 |
| Trade payables | - | 18.22 | - | - | - | 18.22 |
| Other financial liabilities | - | 7.87 | 1,866.64 | - | - | 1,874.51 |
| Total | - | 26.09 | 2,196.64 | 3,480.00 | 26,114.47 | 31,817.20 |
| **31 March 2018** | | | | | | |
| Borrowings | 4,864.84 | 30.12 | 39.39 | 3,665.81 | 13,838.32 | 22,438.49 |
| Trade payables | - | 1.90 | - | - | - | 1.90 |
| Other financial liabilities | - | - | 512.04 | - | - | 512.04 |
| Total | 4,864.84 | 32.02 | 551.43 | 3,665.81 | 13,838.32 | 22,952.43 |

**(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 31 March, 2019 and 31 March, 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 are all constant as at 31 March, 2019 and 31 March, 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 31 March, 2019 and 31 March, 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.

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**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 loss before tax is affected through the impact on floating rate borrowings, as follows:

(Rs. in million)

| Particulars | Increase/decrease in Basis points | Effect on profit before tax / pre-tax equity* |
|---|---|---|
| **31 March 2019** | | |
| Base Rate | +50 | (50.55) |
| Base Rate | -50 | 50.55 |
| **31 March 2018** | | |
| Base Rate | +50 | (40.93) |
| Base Rate | -50 | 40.93 |

*Part of the interest costs pertaining to under construction projects gets capitalised. The figures for sensitivity in the above table are before considering the capitalisation of interest costs.

**Note 31B: 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 (Rs. in million) | 31 March 2018 (Rs. in million) |
|---|---|---|
| Borrowings* | 29,924.47 | 22,438.49 |
| Trade payables | 18.22 | 1.90 |
| Other financial liabilities | 1,874.51 | 512.04 |
| Less: Cash and cash equivalents, other bank balances and short term investments | (1,367.23) | (376.36) |
| **Net debt** | 30,449.97 | 22,576.06 |
| Equity share capital | 213.87 | 212.17 |
| Other equity | 1,661.10 | 2,388.48 |
| **Total capital** | 1,874.97 | 2,600.65 |
| **Capital and net debt** | 32,324.94 | 25,176.71 |
| Gearing ratio | 94% | 90% |

* includes loans of Rs. Nil (31 March 2018 : Rs.4,864.84 million) from the holding company.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. For the period ended 31 March 2019 and 31 March 2018, the Company was not required to comply with the said covenants.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018.

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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 | Carrying Value | (Rs. in million) Fair Value |
|---|---|---|
| **Investments in mutual funds** | | |
| 31 March 2019 | 1,307.91 | 1,307.91 |
| 31 March 2018 | 181.42 | 181.42 |

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 values of borrowings approximate their carrying amounts mainly due to the variable interest rates. 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**

(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 | 1307.91 | 1,307.91 | - | - |
| As at 31 March 2018 | 181.42 | 181.42 | - | - |

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

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Notes to Financial Statements for the year ended 31 March 2019

**Note 34: Related Party Disclosures**

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

**(a) Related parties where control exists**

| | |
|---|---|
| Sterlite Grid 2 Limited | Immediate holding company |
| Sterlite Power Grid Ventures Limited | Intermediate holding company |
| Sterlite Power Transmission limited | Intermediate holding company |
| Twin Star Overseas Limited, Mauritius | Intermediate holding company |
| Volcan Investments Limited, Bahamas | Ultimate holding company |

**(b) Additional related parties as per the Companies Act, 2013 with whom transactions had taken place during the previous year**

**Key management personnel (KMP)**
Ms. Avantika Kakkar (Director)
Mr. Lalit Narayan Tandon (Director)

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

| Particulars | Sterlite Grid 2 Limited | | Sterlite Power Grid Ventures Limited | | KMP* | |
|---|---|---|---|---|---|---|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| | (Rs in millions) | (Rs in millions) | (Rs in millions) | (Rs in millions) | (Rs in millions) | (Rs in millions) |
| **Transactions during the year** | | | | | | |
| Advance given against capital goods | - | - | - | 1,041.38 | - | - |
| Purchase of capital goods and services (Net of Indirect taxes) | 1,445.35 | - | 5,703.92 | 3,805.50 | - | - |
| Conversion of loan into equity shares | 177.80 | - | - | - | - | - |
| Loans given | 2,757.62 | - | - | - | - | - |
| Unsecured loans taken | 649.34 | 4,117.91 | - | - | - | - |
| Unsecured loans repaid | 5,336.38 | - | - | - | - | - |
| Reimbursement of expenses (paid or payable) | - | - | - | 4.59 | - | - |
| Dividend paid | 1,001.77 | - | - | - | - | - |
| Management fees expenses (including tax) | 4.72 | - | 10.96 | 3.64 | - | - |
| Director sitting fees | - | - | | - | - | 0.10 |
| **Outstanding balances** | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| Unsecured loan payable | - | 4,864.84 | - | - | - | - |
| Payable for purchase of property, plant and equipment | 1,835.20 | - | - | 502.13 | - | - |
| Advance outstanding for purchase of property, plant and equipment | - | - | 1,749.04 | 3,403.06 | - | - |
| Unsecured loan receivable | 2,757.62 | - | - | - | - | - |
| Director sitting fees | - | - | - | - | - | 0.03 |
| Payable for Management fees | 4.32 | | 1.27 | 1.43 | | |
| Corporate guarantee given | - | - | - | 22,500 | - | - |

*** Details pertaining to transaction with KMP:**

| | Nature | 2018-19 | 2017-18 |
|---|---|---|---|
| **Director Sitting Fees** | | | |
| Ms. Avantika Kakkar (Director) | KMP | - | 0.03 |
| Mr. Lalit Narayan Tandon (Director) | KMP | - | 0.07 |

**NRSS XXIX TRANSMISSION LIMITED**
**Notes to Financial Statements for the year ended 31 March 2019**

**Note 35: Other notes**

Pursuant to share purchase agreements dated April 30, 2019 executed among Sterlite Power Grid Ventures Limited ("intermediate holding company"), Axis Trustee Services Limited (Trustee to India Grid Trust) and Sterlite Investment Managers Limited (Investment manager of India Grid Trust), Sterlite Power Grid Ventures Limited shall sell 100% stake in Sterlite Grid 2 Limited ('SGL2') [and consequently in NRSS XXIX Transmission Limited ('NRSS') which is a wholly owned subsidiary of SGL2] to India Grid Trust subject to approval from the unitholders of India Grid Trust.

**As per our report of even date**

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

**per Paul Alvares**
Partner
Membership Number: 105754
Place: Mumbai
Date: 30 April 2019

**For and on behalf of the Board of Directors of**
**NRSS XXIX Transmission Limited**

**Manish Agrawal**
Director
DIN: 05298459
Place:New Delhi

**Vithal Acharya**
Director
DIN: 07680009
Place:Mumbai

**Subhas Chandra Ghosal**
Chief Executive Officer
Place: New Delhi

**Divya Bedi Verma**
Chief Financial Officer
Place: New Delhi

**Ashok Ganesan**
Company Secretary
FCS: 5190
Place:New Delhi

Date: 30 April 2019