

INDEPENDENT AUDITOR'S REPORT

To the Members of Sterlite Power Grid Ventures Limited

Report on the Audit of the standalone Ind AS financial statements**Opinion**

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

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

Basis for Opinion

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

Key Audit Matters

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

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



procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Fair valuation of investments in subsidiaries <i>(as described in note 31 of the standalone Ind AS financial statements)</i>	
<p>The Company recognizes investments in subsidiaries at fair value through other comprehensive income.</p> <p>For the purpose of the above, the fair values of investments in subsidiaries have been determined by forecasting and discounting future cash flows of the underlying projects. Furthermore, the fair values are highly sensitive to changes in some of the inputs used e.g. debt equity ratio, cost of debt, cost of equity, residual value, etc.</p> <p>Further, the determination of the fair values involved judgment due to inherent uncertainty in the assumptions supporting the amounts.</p> <p>Accordingly, fair valuation of investments in subsidiaries was determined to be a key audit matter in our audit of the standalone Ind AS financial statements</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We assessed the appropriateness of the management's valuation methodology applied in determining the fair values. • Together with valuation specialists, we reviewed the valuation reports issued by the external valuer engaged by management. • We tested that the tariff revenues considered in the respective valuation models are in agreement with TSAs / tariff orders. • We assessed the assumptions around the key drivers of the cash flow forecasts, discount rates and residual values. • We also assessed the headroom by performing sensitivity testing of key assumptions used. • We discussed changes in key drivers as compared to previous year / actual performance with management in order to evaluate whether the inputs and assumptions used in the valuation models were appropriate. • We tested the arithmetical accuracy of the models. • We reviewed the disclosures in the standalone Ind AS financial statements for compliance with the relevant accounting standards requirements.
Impairment of investment in associate <i>(as described in note 31 of the standalone Ind AS financial statements)</i>	
<p>During the current year, impairment indicators were identified in respect of the investment in units of India Grid Trust ('IndiGrid'), an associate of the Company.</p>	<p>Our audit procedures performed included the following:</p> <ul style="list-style-type: none"> • We read the Agreement entered into by the Company with the Investor;



Key audit matters	How our audit addressed the key audit matter
<p>As a result, an impairment assessment was required to be performed by the management under Ind AS 36 - Impairment of Assets by comparing the carrying value of the investment with its recoverable amount.</p> <p>Further, subsequent to balance sheet date, the Company entered into "Inter-se sponsor agreement" dated April 30, 2019 ("the Agreement") with Esoteric II Pte. Ltd ("Investor") pursuant to which the Company agreed to sell 60.03 million units of IndiGrid to the Investor at Rs. 83.89 per unit. Accordingly, the Company has classified such investment in the units of IndiGrid as held for sale which is recognised at cost or fair value less costs to sell whichever is lower, resulting in an impairment loss of Rs. 954.97 million. Further, 0.10 million units that will remain with the Company have also been valued at the above price and the resultant impairment charge recorded in books as at March 31, 2019.</p> <p>Accordingly, the impairment of investment in associate was determined to be a key audit matter in our audit of the standalone financial statements.</p>	<ul style="list-style-type: none"> • We checked the per unit price agreed for the sale of units of IndiGrid to the Investor under the Agreement; • We reviewed the requirements for classification and measurement of assets held for sale under Ind AS and whether the investment in units of IndiGrid have been appropriately classified and measured; • We tested the arithmetical accuracy of the calculations made for the impairment charge; • We reviewed the disclosures in the standalone Ind AS financial statements for compliance with the relevant accounting standards requirements.
Revenue recognition from Engineering, Procurement and Construction contracts <i>(as described in note 31 of the standalone Ind AS financial statements)</i>	
<p>During the year, the Company recognised revenue of INR 23,082.89 million from fixed price Engineering, procurement and construction contracts ("EPC projects") using the estimated contract margins and the progress of work based on actual costs incurred to total estimated costs.</p> <p>Significant management judgment and estimation is required in the estimation of the total contract costs which form part of computation of estimated contract margins</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Reviewed the management's methodology for estimating the total contract costs and assessed the reasonableness of key inputs in the cost estimation. • Tested the effectiveness of controls implemented by management for computation and review of estimated costs of the EPC projects, estimated revenues of the EPC projects and actual costs incurred for EPC projects till date.



Key audit matters	How our audit addressed the key audit matter
<p>as well as used in calculation of progress of work for recognition of revenue over time.</p> <p>Accordingly, the revenue recognition for EPC projects is determined to be a key audit matter in our audit of the standalone Ind AS financial statements.</p>	<ul style="list-style-type: none"> • Tested the appropriateness of estimated costs by comparing these against actual costs incurred for historical periods. • Verified project progress reports from the project management team to assess the appropriateness of management's calculation of project progress based on actual costs incurred. • Checked the arithmetical accuracy of computation of estimated margins and also the revenues recognized based on project progress for the current financial year. • Reviewed the adequacy of the Company's disclosures in standalone Ind AS financial statements in respect of this matter.

Other Information

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

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the standalone Ind AS Financial Statements

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



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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;



S R B C & CO LLP

Chartered Accountants

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 34 to the standalone Ind AS financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 8 to the standalone Ind AS financial statements;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares

Partner

Membership Number: 105754

Place of Signature: Mumbai

Date: May 14, 2019



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

Re: Sterlite Power Grid Ventures Limited (the "Company")

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- b. All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c. According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- ii. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the undertaking the engineering, procurement and construction contracts, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii. a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, duty of custom, cess and other statutory dues applicable to it except those relating to goods and service tax where there are delays. The provisions relating to employees' state insurance are not applicable to the Company.



- vii.b. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, sales-tax, goods and service tax, duty of custom, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- vii.c. According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or dues to debenture holders. The Company did not have any loans or borrowings dues to government during the year.
- ix. In our opinion and according to information and explanations given by the management, monies raised by the Company by way of term loans were applied for the purpose for which they were raised. According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments).
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and accordingly reporting requirements under clause 3(xiv) are not applicable to the Company and hence not commented upon.
- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.



S R B C & CO LLP

Chartered Accountants

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

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares

Partner

Membership Number: 105754

Place of Signature: Mumbai

Date: May 14, 2019



**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
FINANCIAL STATEMENTS OF STERLITE POWER GRID VENTURES LIMITED**

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares

Partner

Membership Number: 105754

Place of Signature: Mumbai

Date: May 14, 2019



STERILITE POWER GRID VENTURES LIMITED
BALANCE SHEET AS AT 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	122.32	132.57
Capital work-in-progress	3	33.78	-
Other intangible assets	4	35.78	19.71
Investment in associate	5A	8.39	5,880.28
Financial assets			
Investments	5B	24,579.36	26,292.09
Loans	6	9,375.00	8,214.29
Other financial assets	8	37.02	24.92
Other non-current assets	9	83.30	14.27
		34,274.95	40,578.13
Current assets			
Inventories	11	60.93	705.65
Financial assets			
Investments	5C	29.00	28.03
Loans	6	19,532.33	12,683.23
Trade receivables	7	3,010.32	6,320.00
Cash and cash equivalents	12	657.55	13.03
Bank Balances other than (iii) above	12A	-	-
Other current financial assets	8	531.51	67.51
Other current assets	9	3,594.52	3,568.54
Non current assets classified as held for sale	10	20,173.59	-
		47,589.75	23,385.99
Total assets		81,864.70	63,964.12
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	12,435.29	12,435.31
Other equity			
Securities premium	14	45.49	45.53
Retained earnings	14	(2,921.13)	(5,645.95)
Others	14	20,945.58	17,961.81
Total equity		30,505.23	24,796.70
Non-current liabilities			
Financial liabilities			
Borrowings	15	9,688.60	2,812.06
Other financial liabilities	19	-	9.39
Employee benefit obligations	29	54.26	23.44
Deferred tax liabilities (net)	16	5,490.12	4,747.38
		15,232.98	7,592.27
Current liabilities			
Financial liabilities			
Borrowings	17	11,046.65	13,149.30
Trade payables	18	-	-
- total outstanding dues of micro enterprises and small enterprises		54.40	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		10,805.16	5,710.64
Other financial liabilities	19	1,523.98	824.53
Other liabilities	20	6,421.90	11,866.96
Employee benefit obligations	29	11.86	23.72
Liabilities associated with non current assets classified as held for sale	10	6,115.12	-
Current tax liability		147.42	-
		36,126.49	31,575.15
Total liabilities		51,359.47	39,167.42
Total equity and liabilities		81,864.70	63,964.12

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

per Paul Alvarez
Partner
Membership number: 105754
Place: Pune
Date: 14 May 2019



For and on behalf of the Board of Directors of
Sterlite Power Grid Ventures Limited

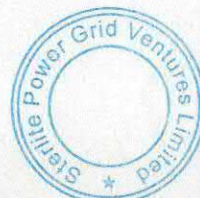
Pratik Agarwal
Director & Vice-Chairman
DIN: 03040062
Place: Mumbai

Pooja Aggarwal
Chief Financial Officer
Place: New Delhi

Date: 14 May 2019

Ved Mani Tiwari
CEO & Whole Time Director
DIN: 06652919
Place: New Delhi

Saurabh Mathur
Company Secretary
FCS-7272
Place: Mumbai



STERILITE POWER GRID VENTURES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019
(All amounts in Rs. million unless otherwise stated)

	Note	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
INCOME			
Revenue from operations	21	23,136.74	15,825.32
Other income	22	2,980.84	373.46
Total income (I)		26,117.58	16,198.78
EXPENSES			
Contract expenses	23	18,523.08	11,962.72
Employee benefits expense	24	1,111.57	893.96
Other expenses	25	2,696.98	1,798.67
Total expenses (II)		22,331.63	14,655.35
Earning before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)		3,785.95	1,543.43
Depreciation and amortisation expense	26	63.97	38.87
Finance costs	27	1,339.67	726.92
Finance income	28	(1,194.49)	(409.67)
Profit before tax		3,576.80	1,187.31
Tax expense:			
Current tax	16	565.93	335.96
Deferred tax	16	32.87	53.82
Income tax for earlier years		1.94	-
Income tax expense		600.74	389.78
Profit for the year		2,976.06	797.53
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net movement on cash flow hedges		353.23	(92.12)
Income tax effect		(131.17)	32.23
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		222.06	(59.88)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gain / (loss) on defined benefit plans		(1.95)	2.99
Income tax effect		0.68	(1.04)
		(1.27)	1.95
Net gain on FVTOCI equity investments		4,300.56	6,901.19
Income tax effect		(1,001.86)	(1,283.16)
		3,298.70	5,618.03
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		3,297.43	5,619.98
Other comprehensive income for the year		3,519.49	5,560.10
Total comprehensive income for the year		6,495.55	6,357.62
Earnings per equity share (EPS)	30		
Basic (Rupees per share)		2.39	0.64
Diluted (Rupees per share)		2.39	0.58
Computed on the basis of profit for the year			

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 Alvarez
Partner
Membership number: 105754
Place: Pune
Date: 14 May 2019



For and on behalf of the Board of Directors of
Sterlite Power Grid Ventures Limited

Pratik Agarwal
Director & Vice-Chairman
DIN: 03040062
Place: Mumbai

Pooja Aggarwal
Chief Financial Officer
Place: New Delhi

Date: 14 May 2019

Ved Mani Tiwari
CEO & Whole Time Director
DIN: 06652919
Place: New Delhi

Saurabh Mathur
Company Secretary
FCS-7272
Place: Mumbai



STERLITE POWER GRID VENTURES LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019
(All amounts in Rs. million unless otherwise stated)

A. EQUITY SHARE CAPITAL

Equity shares of Rs. 10 each issued, subscribed and fully paid
At 1 April 2017
Issued during the year
At 31 March 2018
Issued during the year
Buy back of shares during the year
At 31 March 2019

No. in million	Rs. in million
0.05	0.52
1,243.48	12,434.79
1,243.53	12,435.31
-	-
(0.00)*	(0.02)
1,243.53	12,435.29

* amount is below 0.01 million

B. OTHER EQUITY

Particulars	Equity component of compulsorily convertible preference shares	Reserves and surplus				Items of OCI		Total equity
		Capital Redemption Reserve	Securities premium	Retained earnings	Debt redemption reserve	Cash flow hedge reserve	FVTOCI reserve	
Balance as at 1 April 2017	12,434.79	-	45.53	(1,908.38)	416.81	(0.98)	8,184.95	19,172.72
Profit for the period	-	-	-	797.53	-	-	-	797.53
Other comprehensive income	-	-	-	1.95	-	(59.88)	5,618.03	5,560.10
Total Comprehensive Income	-	-	-	799.48	-	(59.88)	5,618.03	6,357.63
Realised loss on sale of investment in Sterlite Grid 1 Limited transferred from FVTOCI reserve to retained earnings	-	-	-	(3,802.88)	-	-	3,802.88	-
Equity component of loan given to holding company	-	-	-	(734.17)	-	-	-	(734.17)
Conversion of CCPS into equity shares of the Company	(12,434.79)	-	-	-	-	-	-	(12,434.79)
Balance as at 31 March 2018	-	-	45.53	(5,645.95)	416.81	(60.86)	17,605.86	12,361.39
Profit for the year	-	-	-	2,976.06	-	-	-	2,976.06
Other comprehensive income	-	-	-	(1.27)	-	222.06	3,298.70	3,519.49
Total Comprehensive Income	-	-	-	2,974.79	-	222.06	3,298.70	6,495.55
Transferred from debt redemption reserve	-	-	-	416.81	(416.81)	-	-	-
Realised Gain on sale of investment in Sterlite Grid 1 Limited transferred from FVTOCI reserve to retained earnings	-	-	-	120.21	-	-	(120.21)	-
Equity component of loan given to holding company	-	-	-	(786.99)	-	-	-	(786.99)
Buy back of shares	-	0.02	(0.04)	-	-	-	-	(0.02)
Balance as at 31 March 2019	-	0.02	45.49	(2,921.13)	-	161.20	20,784.35	18,069.94

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

per Paul Alvarez
Partner
Membership number: 105754
Place: Pune
Date: 14 May 2019



For and on behalf of the Board of Directors of
Sterlite Power Grid Ventures Limited

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Saurabh Mathur
Company Secretary
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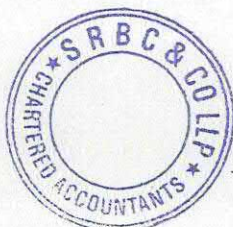
Date: 14 May 2019



One

STERLITE POWER GRID VENTURES LIMITED
CASH FLOW STATEMENT 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)
A. Cash flow from operating activities			
Net profit as per the statement of profit and loss		2,976.06	797.53
Adjustment for taxation		600.74	389.78
Profit before tax		<u>3,576.80</u>	<u>1,187.31</u>
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation expense	26	63.97	38.87
Impairment of investment in an associate [refer note 10(b)]	25	954.97	-
Provision for estimated loss on a contract		5.63	-
Loss on property, plant & equipment written off		1.12	-
Impairment of loan given to Sterlite Grid 3 Limited [refer note 10(a)]	25	410.85	-
Finance income	28	(1,194.49)	(409.67)
Finance cost	27	1,339.67	726.92
Dividend income on investment in associate and subsidiary	22	<u>(2,979.40)</u>	<u>(373.46)</u>
		<u>(1,397.68)</u>	<u>(17.34)</u>
Operating profit before change in operating assets/ liabilities		<u>2,179.12</u>	<u>1,169.97</u>
Change in operating assets/ liabilities			
Decrease/(increase) in trade receivables		1,790.13	2,490.07
Decrease/(increase) in inventories		644.72	(705.65)
Decrease/(increase) in other current financial assets		1.18	320.68
Decrease/(increase) in other non current financial assets		(9.49)	(1.34)
Decrease/(increase) in other current assets		(25.97)	(168.91)
Decrease/(increase) in other non current assets		(76.88)	(1.45)
Increase/(decrease) in employee benefit obligation		17.00	11.61
Increase/(decrease) in trade payables		5,148.92	719.98
Increase/(decrease) in other current financial liabilities		(287.20)	(27.60)
Increase/(decrease) in other non-current financial liabilities		(9.39)	9.39
Increase/(decrease) in other current liabilities		<u>(3,803.65)</u>	<u>2,756.21</u>
Changes in operating assets/ liabilities		<u>3,389.37</u>	<u>5,402.99</u>
Cash generated from operations		<u>5,568.49</u>	<u>6,572.95</u>
Income taxes paid		(412.60)	(413.35)
Net cash flows from operating activities (A)		<u>5,155.89</u>	<u>6,159.60</u>
B. Cash flows from investing activities			
Purchase of property, plant & equipment, intangible assets & Capital work in progress		(104.69)	(41.02)
Subscription of shares of subsidiary company		(5,422.58)	(3.51)
Investment in associate		(119.06)	-
Proceeds from repayment of non-convertible debentures by subsidiary		-	6,223.21
Sale/(purchase) of mutual funds (net)		14.31	(28.03)
Dividend income on investment in associate & subsidiary		2,979.40	373.46
Finance income received		64.87	331.48
Loans given to related parties		(17,139.56)	(20,367.37)
Loans repaid by related parties		6,326.67	7,156.87
Net cash flows used in investing activities (B)		<u>(13,400.64)</u>	<u>(6,354.91)</u>
C. Cash flows from financing activities			
Proceeds from long term borrowings		10,888.60	-
Repayment of long term borrowings		(3,000.00)	-
Repayment of finance lease		(2.47)	-
Proceeds / (repayment) from short term borrowings from banks		(2,102.65)	771.24
Proceeds from short term borrowings from related parties		4,365.03	-
Finance costs paid		<u>(1,259.23)</u>	<u>(572.65)</u>
Net cash flow from financing activities (C)		<u>8,889.28</u>	<u>198.59</u>
Net increase in cash and cash equivalents (A + B + C)		644.52	3.27
Cash and cash equivalents as at beginning of the year		13.03	9.76
Cash and cash equivalents as at end of the year		<u>657.55</u>	<u>13.03</u>



STERLITE POWER GRID VENTURES LIMITED
CASH FLOW STATEMENT 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)
Components of cash and cash equivalents:			
Cash and cash equivalents			
Balance with banks on current accounts		610.47	13.03
Deposit with original maturity of less than 3 months		47.08	-
Cash and cash equivalents in cash flow statement (note 12)		657.55	13.03

Particulars	Long term borrowings	Short term borrowing
1 April 2017	13,068.20	2,283.91
Cash flow		
- Interest	(465.91)	(106.74)
- Proceeds/(repayments)	-	771.24
Non-cash changes		
- Classified as short term borrowings	(9,948.55)	9,948.55
- Classified as current maturities	(312.00)	-
- Others	(2.67)	-
Accrual for the period	472.99	252.33
31 March 2018	2,812.06	13,149.29
Cash flow		
- Interest	(659.71)	(208.74)
- Proceeds/(repayments)	7,886.13	(2,102.65)
Non-cash changes		
- Classified as current maturities	(1,201.03)	
- Others	(64.87)	(40.47)
Accrual for the period	916.02	249.21
31 March 2019	9,688.60	11,046.65

As per our report of even date

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

per Paul Alvares
Partner
Membership number: 105754

Place: Pune
Date: 14 May 2019



For and on behalf of the Board of Directors of
Sterlite Power Grid Ventures Limited

Pratik Agarwal
Director & Vice-Chairman
DIN: 03040062
Place: Mumbai

Pooja Aggarwal
Chief Financial Officer
Place: New Delhi

Date: 14 May 2019

Ved Mani Tiwari
CEO & Whole Time Director
DIN: 06652919
Place: New Delhi

Saurabh Mathur
Company Secretary
FCS-7272
Place: Mumbai



Signature

Sterlite Power Grid Ventures Limited

Notes to financial statements for the year ended 31 March 2019

1. Corporate information

Sterlite Power Grid Ventures Limited ("the Company") is a subsidiary of Sterlite Power Transmission Limited ('SPTL') and is a public company domiciled in India. The Company was incorporated under the Companies Act, 2013 on 03 June 2014. The Company, directly or indirectly, through its subsidiaries, acts as a developer on Build Own Operate & Maintain ("BOOM") basis, for designing, financing, construction and maintenance of power transmission systems for concessional periods ranging from 25 to 35 years. The Company also undertakes the Engineering, Procurement and Construction Contracts for construction of power transmission systems.

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

2. Significant Accounting Policies

2.1 Basis of preparation

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

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

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

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

2.2 Summary of significant accounting policies

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

a) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.



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

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

b) Foreign currencies

The Company's financial statements are presented in INR, which is its functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's 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 Optionally Convertible Redeemable Preference Shares issued by the Company, investments in equity instruments of subsidiaries, mutual funds and derivatives 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.



Sterlite Power Grid Ventures Limited

Notes to financial statements for the year ended 31 March 2019

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.

External valuers are involved for valuation of significant assets such as investment in unquoted equity and other instruments, and significant liabilities, such as optionally convertible redeemable preference shares. Involvement of external valuers is decided by the management on a need basis and with relevant approvals. The valuers involved are selected based on criteria like market knowledge, reputation, independence and professional standards. The management decides after discussion with the external valuers, which valuation techniques and inputs to use for the valuation.

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.

The management in conjunction with the external valuers also compares the change in fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. The valuation results are discussed at the Audit Committee.

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 42)
- Disclosures for valuation methods, significant estimates and assumptions (Note 31, 41)
- Investment in unquoted equity instruments, unquoted debt instruments (classified as held for sale) (Note 10)
- Financial instruments (including those carried at amortised cost) (Note 5, 5B, 15, 19)

d) Revenue from operations

Revenue from contracts with customers

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the 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 generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

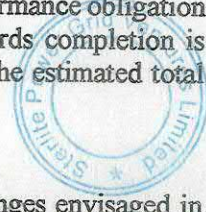
The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 31.

Revenue from EPC contracts:

In case of revenue from fixed price EPC contracts for power transmission lines, the performance obligation is satisfied progressively over the construction period. The Company's progress towards completion is measured based on the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Payment is due as per the achievement of contractual milestones.

Contract modifications:

Contract modifications are defined as changes in the scope of the work, other than changes envisaged in the original contract, that may result in a change in the revenue associated with that contract. Modifications to approval before billings can be issued and the amounts relating to the additional work can be collected.



Sterlite Power Grid Ventures Limited

Notes to financial statements for the year ended 31 March 2019

The Company does not recognise the revenue from such additional work until the customer's approval has been obtained. In cases where the additional work has been approved but the corresponding change in price has not been determined, the requirement described below for variable consideration is applied: namely, to recognise revenue for an amount with respect to which it is highly probable that a significant reversal will not occur. The costs associated with these additional units or services performed are recognised when incurred, irrespective of whether or not the modification has been approved.

Variable considerations:

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Contract balances:

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

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). Refer to accounting policies of financial assets in section "Financial instruments – initial recognition and subsequent measurement".

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Management fees

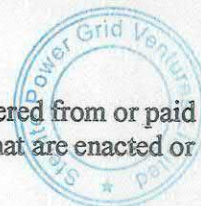
The Company recognises income from management fees over time as the services are provided.

e) 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.



Sterlite Power Grid Ventures Limited

Notes to financial statements for the year ended 31 March 2019

Deferred tax

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

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

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

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

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

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

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

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

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

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

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

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

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



f) Non-current assets held for sale

The Company classifies non-current assets and disposal groups as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale/ distribution will be made or that the decision to sell/ distribute will be withdrawn. Management must be committed to the sale/ distribution expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale/ distribution classification is regarded met only when the assets or disposal group is available for immediate sale/ distribution in its present condition, subject only to terms that are usual and customary for sales/ distribution of such assets (or disposal groups), its sale/ distribution is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale/ distribution of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active program to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

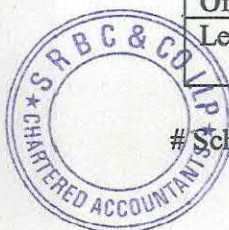
Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet. Refer note 10 for additional disclosures.

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:

Asset Category	(Life in number of years)	
	Useful Life considered	Useful life (Schedule II#)
Plant and Machinery	2-5	15
Data Processing Equipment (Computers)	4	3-6
Furniture and Fittings	7.5	10
Office Equipment	4	3
Leasehold improvements	Lease Period*	30



Sterlite Power Grid Ventures Limited

Notes to financial statements for the year ended 31 March 2019

*Leasehold improvements are depreciated over the useful life of the asset or the lease period, whichever is lower.

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

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

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

h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

The company does not have any intangible assets with indefinite useful life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Softwares are amortised on a straight line basis over a period of five to six years.

i) 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.

j) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the



Sterlite Power Grid Ventures Limited

Notes to financial statements for the year ended 31 March 2019

arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs (See note 2.2.i). Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term

Company as lessee

Leases in which the company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

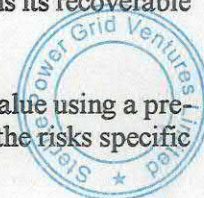
k) Inventories

Traded goods are valued at lower of cost and net realisable value. Cost is determined on weighted average basis and includes all cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

l) 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



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Notes to financial statements for the year ended 31 March 2019

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 calculations on detailed budget calculations.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit'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 and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

m) 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.

n) Retirement and other employee benefits

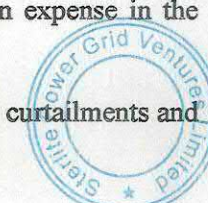
Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company has a defined benefit gratuity plan in India. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and



Sterlite Power Grid Ventures Limited

Notes to financial statements for the year ended 31 March 2019

▪ Net interest expense or income

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as a long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability. The cost of accumulated leave under the short-term employee benefit plan is determined using the projected unit credit method at group level and allocated by the Company to its Subsidiaries.

o) Employee Stock Appreciation Rights Scheme

Employees of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for Employee Stock Appreciation Rights (ESARs) (cash-settled transactions). The cost of ESARs is measured as the difference between the fair market value of equity shares of the Company on the reporting date and the SAR price on the Grant date as specified in the ESAR Scheme, and is recognized as employee compensation cost over the vesting period.

p) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

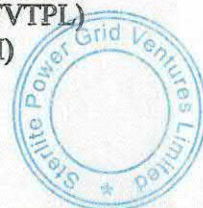
For purposes of subsequent measurement, financial assets are classified in four categories:

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

Debt instruments at amortised cost

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

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



This category is most relevant to the Company. 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. This category generally applies to trade and other receivables and loans given to subsidiaries (refer note 6 and 7)

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.

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.

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 balance sheet) when:

- The rights to receive cash flows from the asset have expired, or



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Notes to financial statements for the year ended 31 March 2019

- 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 which are not reflected at fair value pertain to Loans to subsidiaries and Trade and other receivables. Considering the nature of business, the Company does not foresee any credit risk on its Loans and trade and other receivables which may cause an impairment. Majority of the trade receivables pertain to receivable from Subsidiary Companies only. Also, the Company does not have any past history of impairment of Trade receivables.

For the financial assets which are reflected at fair value no further impairment allowance is necessary as they reflect the fair value of the relevant financial asset itself.

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, trade and other payables and derivative financial instrument.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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



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Notes to financial statements for the year ended 31 March 2019

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. For more information refer Note 15

Loans and borrowings

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 15.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

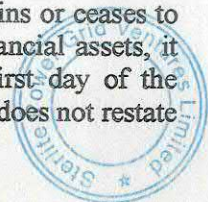
Embedded derivatives

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

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

Reclassification of financial assets

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



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 combined 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.

q) 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.

r) Derivative financial instruments and hedge accounting

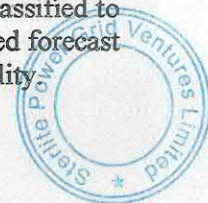
Initial recognition and subsequent measurement

The company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:



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Notes to financial statements for the year ended 31 March 2019

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the company formally designates and documents the hedge relationship to which the company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The company has not classified any hedge as Fair Value hedge or hedge of net investment in foreign operation.

Cash flow hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast purchase occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

s) Presentation of EBITDA

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

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

2.3 New/Amended standards adopted by the Company

The Company has applied the Ind AS 115 Revenue from contracts with customers for the first time in the financial year beginning with April 1, 2018. There is no material impact on recognition and measurement of revenue due to adoption of new standard. Refer disclosures in note 21.



Sterlite Power Grid Ventures Limited

Notes to financial statements for the year ended 31 March 2019

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



STERLITE POWER GRID VENTURES LIMITED
Notes to financial statements for the year ended 31 March 2019

NOTE: 3 PROPERTY, PLANT AND EQUIPMENT

Particulars	Rs. in million						Total
	Leasehold improvements	Plant and machinery	Furniture and fixtures	Vehicles	Office equipments	Data processing equipments **	
Cost							
As at 1 April 2017	60.64	57.97	21.37	4.42	8.22	28.62	181.24
Additions	-	0.07	1.47	5.59	4.02	20.54	31.69
Disposals	-	-	-	-	-	-	-
As at 31 March 2018	60.64	58.04	22.84	10.01	12.24	49.16	212.93
Additions	-	10.90	1.27	11.82	3.95	21.22	49.16
Disposals	-	-	0.15	1.53	0.33	-	2.01
As at 31 March 2019	60.64	68.94	23.96	20.30	15.86	70.38	260.08
Depreciation							
As at 1 April 2017	10.68	20.35	3.71	0.95	1.87	6.50	44.06
Charge for the year	8.95	11.35	4.29	0.88	2.88	7.95	36.30
On disposals	-	-	-	-	-	-	-
As at 31 March 2018	19.63	31.70	8.00	1.83	4.75	14.45	80.36
Charge for the year	21.19	11.36	6.07	3.31	3.93	12.43	58.29
On disposals	-	-	0.11	0.63	0.15	-	0.89
As at 31 March 2019	40.82	43.06	13.96	4.51	8.53	26.88	137.76
Net book value							
As at 31 March 2018	41.01	26.34	14.84	8.18	7.49	34.71	132.57
As at 31 March 2019	19.82	25.88	10.00	15.79	7.33	43.50	122.32

** Data processing equipments include laptops taken on finance lease: Gross block Rs. 6.76 million (31 March 2018: Rs. 6.76 million) Depreciation for the year Rs. 2.10 million (31 March 2018: Rs. 2.07 million); Accumulated depreciation Rs. 5.69 million (31 March 2018: Rs.3.59 million); Net block Rs. 1.07 million (31 March 2018: Rs. 3.17 million).

Capital work-in progress (Rs. in million)
As at 31 March 2019 33.78
As at 31 March 2018 -

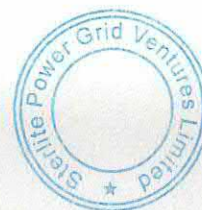
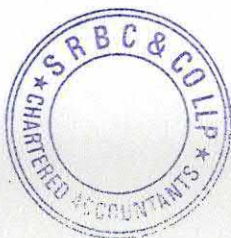
Capital work in progress mainly includes set up of remote control centre and digital bidding platform.



STERLITE POWER GRID VENTURES LIMITED
Notes to financial statements for the year ended 31 March 2019

NOTE 4: OTHER INTANGIBLE ASSETS

Description	Rs. in million Software/ licenses
Cost	
As at 1 April 2017	13.59
Additions	9.34
Disposals	-
As at 31 March 2018	22.93
Additions	21.75
Disposals	-
As at 31 March 2019	44.68
Amortisation	
As at 1 April 2017	0.65
Additions	2.57
Disposals	-
As at 31 March 2018	3.22
Additions	5.68
Disposals	-
As at 31 March 2019	8.90
Net book value	
As at 31 March 2018	19.71
As at 31 March 2019	35.78



STERLITE POWER GRID VENTURES LIMITED
Notes to financial statements for the year ended 31 March 2019

NOTE 5A: INVESTMENT IN ASSOCIATE

Non-current

Equity investments: (refer note 10)

India Grid Trust [100,000 units (31 March 2018: 58,802,827) fully paid up]

Total

31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
8.39	5,880.28
8.39	5,880.28

NOTE 5B: INVESTMENTS

Non-current

Investment in subsidiaries

- Equity Investments at fair value through OCI (fully paid) (unquoted)

Sterlite Grid 2 Limited (refer note 10)

87,300,000 (31 March 2018: 87,300,000) equity shares of Rs 10 each fully paid up

Sterlite Grid 3 Limited (refer note 10)

50,000 (31 March 2018: 50,000) equity shares of Rs 10 each fully paid up

Sterlite Grid 4 Limited

50,000 (31 March 2018: 50,000) equity shares of Rs 10 each fully paid up

Sterlite Grid 5 Limited

50,000 (31 March 2018: 50,000) equity shares of Rs 10 each fully paid up

Sterlite Grid 6 Limited

50,000 (31 March 2018: 50,000) equity shares of Rs 10 each fully paid up

Sterlite Grid 7 Limited

50,000 (31 March 2018: 50,000) equity shares of Rs 10 each fully paid up

Sterlite Grid 8 Limited

50,000 (31 March 2018: 50,000) equity shares of Rs 10 each fully paid up

Sterlite Grid 9 Limited

50,000 (31 March 2018: 50,000) equity shares of Rs 10 each fully paid up

Sterlite Grid 10 Limited

50,000 (31 March 2018: 50,000) equity shares of Rs 10 each fully paid up

Sterlite Grid 11 Limited

50,000 (31 March 2018: 50,000) equity shares of Rs 10 each fully paid up

Sterlite Grid 12 Limited

50,000 (31 March 2018: 50,000) equity shares of Rs 10 each fully paid up

Sterlite Grid 13 Limited

50,000 (31 March 2018: Nil) equity shares of Rs 10 each fully paid up

Sterlite Grid 14 Limited

50,000 (31 March 2018: Nil) equity shares of Rs 10 each fully paid up

Sterlite Grid 15 Limited

50,000 (31 March 2018: Nil) equity shares of Rs 10 each fully paid up

Sterlite Grid 16 Limited

50,000 (31 March 2018: Nil) equity shares of Rs 10 each fully paid up

Sterlite Grid 17 Limited

50,000 (31 March 2018: Nil) equity shares of Rs 10 each fully paid up

Sterlite Grid 18 Limited

50,000 (31 March 2018: Nil) equity shares of Rs 10 each fully paid up

Sterlite Grid 19 Limited

50,000 (31 March 2018: Nil) equity shares of Rs 10 each fully paid up

Sterlite Grid 20 Limited

50,000 (31 March 2018: Nil) equity shares of Rs 10 each fully paid up

Sterlite Grid 21 Limited

100,000 (31 March 2018: Nil) equity shares of Rs 10 each fully paid up

Sterlite Grid 22 Limited

100,000 (31 March 2018: Nil) equity shares of Rs 10 each fully paid up

Sterlite Grid 23 Limited

100,000 (31 March 2018: Nil) equity shares of Rs 10 each fully paid up

Sterlite Grid 24 Limited

100,000 (31 March 2018: Nil) equity shares of Rs 10 each fully paid up

Sterlite Grid 25 Limited

100,000 (31 March 2018: Nil) equity shares of Rs 10 each fully paid up

31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
-	14,296.62
-	138.34
8,945.30	7,917.04
1,091.89	1,111.97
0.50	0.50
0.50	0.50
0.50	0.50
0.50	0.50
0.50	0.50
0.50	0.50
0.50	-
0.50	-
0.50	-
0.50	-
0.50	-
0.50	-
0.50	-
0.50	-
0.50	-
0.50	-
1.00	-
1.00	-
1.00	-
1.00	-
1.00	-



STERLITE POWER GRID VENTURES LIMITED
Notes to financial statements for the year ended 31 March 2019

Sterlite Grid 26 Limited		
100,000 (31 March 2018: Nil) equity shares of Rs 10 each fully paid up	1.00	-
Sterlite Grid 27 Limited		
100,000 (31 March 2018: Nil) equity shares of Rs 10 each fully paid up	1.00	-
Sterlite Grid 29 Limited		
100,000 (31 March 2018: Nil) equity shares of Rs 10 each fully paid up	1.00	-
East North Interconnection Company Limited #		
24,500 (31 March 2018: 24,500) equity shares of Rs 10 each fully paid up	894.40	1,379.35
50,000 (31 March 2018: 50,000) Compulsorily Convertible Debentures of Rs. 10 each	200.00	200.00
9,50,000 (31 March 2018: 9,50,000) Compulsorily Convertible Preference Shares of Rs. 10 each	862.93	862.93
- Equity Investments at fair value through OCI (unquoted)		
Se Vineyards Power Transmission S.A.		
Nil (31 March 2018: 999) equity shares of RS 1 each partly paid up	-	0.00*
Arcoverde Transmissao De Ebergia S.A.		
Nil (31 March 2018: 999) equity shares of RS 1 each partly paid up	-	0.00*
Sterlite Brazil Participacoes S.A.		
277,896,166 (31 March 2018: 999) equity shares of RS 1 each fully paid up **	12,258.42	-
Non-convertible debentures (unquoted)		
Sterlite Grid 2 Limited (refer note 10)		
1,15,41,000 (31 March 2018: 1,15,41,000) non-convertible debentures of Rs. 10 each	-	101.59
East-North Interconnection Company Limited		
3,18,95,443 (31 March 2018: 3,18,95,443) non-convertible debentures of Rs. 10 each	310.92	280.75
	310.92	382.34
Total non-current investments	24,579.36	26,292.09

Includes equity component of non-convertible debentures and unsecured loan given.

* Amount below Rs. 0.01 million

** The Company had taken certain foreign exchange contracts to hedge foreign currency exposure in respect of purchase orders for conductors received from Brazilian subsidiary. Further, Sterlite Power Transmission Limited (parent company) had hedged aluminium on LME in respect of such purchase orders. The same were incorrectly recorded as hedging done on behalf of the subsidiary and adjusted to carrying value of investment in subsidiary as at March 31, 2018 which has now been corrected. Accordingly, the figures for March 31, 2018 have been restated and as a result, the carrying amount of Investment in subsidiary has decreased by Rs. 493.06 million; OCI/Cash flow hedge reserve has decreased by Rs. 99.91 million, contribution from parent (shown under Equity) has decreased by Rs. 339.36 million and deferred tax liability has decreased by Rs. 53.79 million as at March 31, 2018.

NOTE 5C: CURRENT INVESTMENTS

Investment in mutual funds (valued at fair value through profit or loss)

Quoted		
Nil units (31 March 2018: 27,940.72) of SBI premier liquid fund daily dividend	-	28.03
288,957.58 (31 March 2018: Nil) units of Aditya Birla Sun Life Liquid Fund - Daily dividend reinvestment	29.00	-
Total current investments	29.00	28.03

NOTE 6: LOANS

(Unsecured, considered good)

	Non-Current		Current	
	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Indian rupee loan to holding company (refer note 40)	9,375.00	8,214.29	9,090.64	-
Indian rupee loan to subsidiaries (refer note 40)	-	-	10,441.69	11,944.17
Foreign currency loan to subsidiaries (refer note 40)	-	-	-	739.06
Total	9,375.00	8,214.29	19,532.33	12,683.23

Notes:

1. Indian rupee loan to holding company amounting to Rs. 10,500 million had been given to Sterlite Power Transmission Limited and carries Nil rate of interest. The loan is repayable by the holding company on 10 April 2020. Since the interest rate of loan is below market rate, an amount of Rs.786.99 millions (net of deferred tax of Rs. 393.08 million) had been classified as repayment of capital to holding company and same has been reduced from retained earnings (refer note 14). Indian rupee loan to holding company amounting to Rs. 9,090.64 million had been given to Sterlite Power Transmission Limited and carries Nil rate of interest. The loan is repayable by the holding company on 31 July 2019.

2. Indian rupee loan to subsidiaries is repayable on demand and carry Nil rate of interest.



NOTE 7: TRADE RECEIVABLES

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Current		
Receivables from related parties (refer note 40)	2,827.84	6,255.36
Others	182.48	64.64
	3,010.32	6,320.00
Break-up for security details:		
- Unsecured, considered good	3,010.32	6,320.00
- Unsecured, credit impaired receivables*	-	-
	3,010.32	6,320.00
Total	3,010.32	6,320.00

*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 generally non-interest bearing and are generally on terms of 30 to 90 days.

See Note 43 on credit risk of trade receivables, which explains how the Company manages and measures credit quality of trade receivables that are neither past due nor impaired.

NOTE 8: OTHER FINANCIAL ASSETS

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Non-current		
Security deposits (unsecured, considered good)	36.36	24.29
Other bank balance (refer note 12A)	0.66	0.63
Total	37.02	24.92
Current		
Foreign exchange forward contracts	308.17	-
Security deposits (unsecured, considered good)	37.89	31.32
Advances recoverable in cash (unsecured, considered good)	181.73	30.55
Expense reimbursement receivable from related parties (refer note 40)	3.43	5.64
Interest accrued on investments	0.29	-
Total	531.51	67.51

NOTE 9: OTHER ASSETS

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Non-current		
Deposits paid under dispute (refer note 34)	54.11	4.80
Prepaid expenses	29.19	9.47
Total other non-current assets	83.30	14.27
Current		
Advances to vendors/contractors	2,352.70	2,787.59
Advance income tax, including TDS (net of provisions)	-	7.85
Balances with government authorities	165.28	304.96
Contract assets relating to EPC contracts [refer note 21 (c)]	1,029.75	444.29
Prepaid expenses	46.79	23.85
Total	3,594.52	3,568.54



NOTE 10: NON CURRENT ASSETS HELD FOR SALE

Ind AS -105 "Non Current Assets Held for Sale and Discontinued Operations" requires non-current assets to be identified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets must be available for immediate sale in its present condition and the sale must be highly probable. Based on the assessment performed by the management, it has been determined that the assets referred to in note 10 (a) and 10 (b) should be presented as held for sale under Ind AS-105. Consequently, the assets held for sale has been presented separately from the other assets in the balance sheet.

Based on above, the following assets and liabilities are classified as held for sale as at March 31, 2019:

	(Rs. in million)		
	31 March 2019		
	Sterlite Grid 2 Limited & Sterlite Grid 3 Limited	India Grid Trust	Total
	[(refer note-10 (a))]	[(refer note-10 (b))]	
Non current assets held for sale:			
- Investment in equity shares	11,207.50	-	11,207.50
- Investment in non convertible debentures	112.50	-	112.50
- Investment in units of India Grid Trust	-	5,035.98	5,035.98
- Loans / receivables	3,817.61	-	3,817.61
Total	15,137.61	5,035.98	20,173.59
Liabilities associated with non current assets held for sale			
- Loans / payables	6,115.12	-	6,115.12
	6,115.12	-	6,115.12

(a) Proposed sale of Sterlite Grid 2 Limited and Sterlite Grid 3 Limited

Pursuant to share purchase agreements dated April 30, 2019 executed among the Company, Axis Trustee Services Limited (Trustee to India Grid Trust) and Sterlite Investment Managers Limited (Investment Manager of India Grid Trust), the Company 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] and Sterlite Grid 3 Limited ('SGL3') [and consequently in Odisha Generation Phase II Transmission Limited (OGPTL) which is a wholly owned subsidiary of SGL3] to India Grid Trust subject to approval from the unitholders of India Grid Trust. Accordingly, the Company has classified investments in equity instruments of SGL2 and SGL3 as held for sale. Further, the Company has recognised a loss of Rs. 410.85 million on loan given to SGL3 and a loss of Rs. 138.34 million on equity instruments carried at fair value through Other Comprehensive Income based on amount recoverable as per share purchase agreement. Further, the loans given by SGL2 to the Company has been presented as liabilities associated with non current assets classified as held for sale.

(b) Proposed sale of units in India Grid Trust

The Company being the sponsor of India Grid Trust ("IndiGrid") has entered into "Inter-se sponsor agreement" dated April 30, 2019 ("the Agreement") with Esoteric II Pte. Ltd. ("Investor") to designate the Investor as a "Sponsor" of IndiGrid subject to approval from SEBI in terms of SEBI InvIT Regulations and approval from the unitholders of IndiGrid. Pursuant to the Agreement, SPGVL has agreed to sell 60.03 million units of IndiGrid to the Investor. Accordingly, the Company has classified such investment in the units of IndiGrid as held for sale which is recognised at cost or fair value less costs to sell whichever is lower, resulting in an impairment loss of Rs. 954.97 million.

NOTE 11: INVENTORIES

(Valued at lower of cost and net realisable value)

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Construction material (refer note 23)	60.93	705.65
Total	60.93	705.65

NOTE 12: CASH AND CASH EQUIVALENTS

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Balance with banks:		
On current accounts	610.47	13.03
Deposit with original maturity of less than 3 months	47.08	-
Total	657.55	13.03

NOTE 12A: OTHER BANK BALANCES

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Deposits with original maturity for more than 12 months*	0.66	0.63
	0.66	0.63
Less: Amount disclosed under non current assets (refer note 8)	(0.66)	(0.63)
Total	-	-

* Held as lien by bank against bank guarantees



NOTE 13: EQUITY SHARE CAPITAL

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Authorised share capital 1,260,000,000 (31 March 2018: 1,260,000,000) equity shares of Rs.10 each	12,600.00	12,600.00
Issued, subscribed and fully paid-up equity shares 1,243,529,411 (31 March 2018: 1,243,531,411) equity shares of Rs.10 each	12,435.29	12,435.31
Total issued, subscribed and fully paid-up equity share capital	12,435.29	12,435.31

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

	31 March 2019		31 March 2018	
	No. in million	Rs. in million	No. in million	Rs. in million
At the beginning of the period	1,243.53	12,435.31	0.05	0.52
Add: Conversion of compulsorily convertible preference shares into equity shares ^	-	-	1,243.48	12,434.79
Less:- Buy back of shares	0.00*	0.02	-	-
Outstanding at the end of the year	1,243.53	12,435.29	1,243.53	12,435.31

* Amount is below Rs. 0.01 million

^ During the previous year, 1,243,479,411 compulsorily convertible preference shares held by Sterlite Power Transmission Limited (SPTL) were converted into fully paid equity shares of the Company in the ratio of 1:1.

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. Equity shares held by holding company and their subsidiaries/associates:

	31 March 2019		31 March 2018	
	No. in million	% holding	No. in million	% holding
<u>Immediate holding company</u>				
Sterlite Power Transmission Limited	1,243.53*	100.00%	1,243.53	99.99%

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

	31 March 2019		31 March 2018	
	No. in million	% holding	No. in million	% holding
Sterlite Power Transmission Limited	1,243.53*	100.00%	1,243.53	99.99%

* Out of total 1,243,529,411 equity shares, 6 equity shares are held by nominee shareholders, as at March 31, 2019.



STERLITE POWER GRID VENTURES LIMITED

Notes to financial statements for the year ended 31 March 2019

NOTE 14 : OTHER EQUITY

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Compulsorily convertible preference shares ('CCPS') classified as equity		
Balance as per last financial statements	-	12,434.79
Less: Converted into equity shares during the year	-	(12,434.79)
Closing balance	-	-
Contribution from parent company **		
Balance as per last financial statements	-	-
Add: Additions during the year	-	-
Closing balance	-	-
Securities premium account		
Balance as per last financial statements	45.53	45.53
Less: Utilised for Buy back of shares *	(0.04)	-
Closing balance	45.49	45.53
Debenture redemption reserve		
Balance as per last financial statements	416.81	416.81
Less: Transferred to retained earnings	(416.81)	-
Closing balance	-	416.81
Capital redemption reserve		
Balance as per last financial statements	-	-
Add: Additions during the year *	0.02	-
Closing balance	0.02	-
FVTOCI reserve		
Balance as per last financial statements	17,605.86	8,184.95
Add: Changes in fair values of investments through OCI	3,178.49	5,618.03
Add: Additional consideration for sale of Sterlite Grid 1 Limited#	120.21	-
Less: Realised (gain) / loss on sale of investments in Sterlite Grid 1 Limited transferred to retained earnings	(120.21)	3,802.88
Closing balance	20,784.35	17,605.86
Cash flow hedge reserves		
Balance as per last financial statements	(60.86)	(0.98)
Add: Cash flow hedge reserve created on foreign currency forward contracts	222.06	(59.88)
Closing balance	161.20	(60.86)
Retained earnings		
Balance as per last financial statements	(5,645.95)	(1,908.38)
Add: Net profit for the year	2,976.06	797.53
Add/(less): Remeasurement of post employment benefit obligation, net of tax	(1.27)	1.95
Less: Equity component of loan given to holding company (refer note 6)	(786.99)	(734.17)
Add: Realised gain/(loss) on sale of investments in Sterlite Grid 1 Limited transferred from FVTOCI reserve #	120.21	(3,802.88)
Add: Transferred from debenture redemption reserve	416.81	-
Net deficit in the statement of profit and loss	(2,921.13)	(5,645.95)
Total	18,069.93	12,361.39

* During the year, the Company has bought back 2,000 equity shares of Rs. 10 each by utilising balance available in securities premium. Accordingly, the Company created capital redemption reserve of Rs. 0.02 million.

** Refer note 5B Investment in subsidiaries

During the year, the Company has received additional consideration of Rs.120.21 million (net of deferred tax of Rs.36.51 million) in connection with sale of Sterlite Grid 1 Limited to India Grid Trust pursuant to Project Implementation and Management Agreement dated November 10, 2016 as amended ("PIMA") executed between the Company, Sterlite Investment Managers Limited, Sterlite Grid 1 Limited, Bhopal Dhule Transmission Company Limited, Jabalpur Transmission Company Limited and Axis Trustee Services Limited.



NOTE 15: LONG-TERM BORROWINGS

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Non-current		
Debentures		
Nil (31 March 2018 : 3,000) 10.60% Non convertible debentures of Rs. 10 lakhs each (secured)	-	2,808.77
1,950 (31 March 2018 : Nil) 11.50% Non convertible debentures of Rs. 10 lakhs each (secured)	1,934.34	-
Indian rupee loan from bank (secured)	4,762.86	-
Indian rupee loan from financial institution (secured)	2,991.40	-
Obligations under finance lease contracts (secured) (refer note 3)	-	3.29
Total non-current borrowings	9,688.60	2,812.06
The above amount includes		
Secured borrowings	9,688.60	2,812.06
Unsecured borrowings	-	-
	9,688.60	2,812.06
Current maturities		
Debentures		
Interest accrued but not due on debentures	64.87	312.00
Indian rupee loan from bank (secured)	1,200.00	-
Finance lease obligation	1.03	-
	1,265.90	312.00
The above amount includes		
Secured borrowings	1,265.90	312.00
Unsecured borrowings	-	-
	1,265.90	312.00
Amount disclosed under the head "other current financial liabilities" (note 19)	(1,265.90)	(312.00)
Total	9,688.60	2,812.06

a) 11.50% Non-convertible debentures of Rs 10 lakhs each

The Company has issued 1,950 Non-Convertible Debentures ("NCDs") of Rs 10,00,000/- each on private placement basis redeemable by the end of 3 years from the deemed date of allotment (i.e. 27 March 2022) These NCDs carries interest rate of 11.50% p.a. 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 -

- First pari-passu charge on loans and advances given by the the Company to project SPV's.
- Pledge of 51% shares of Sterlite Grid 4 Limited ("SGL 4") & Sterlite Grid 5 Limited ("SGL 5") on fully diluted basis at all times
- Non-disposal undertaking along with Power of Attorney for balance 49% shares of SGL 4 & SGL 5.
- Pledge of 49% shares of SPV's.

The Company is in the process of creation of security as at 31 March, 2019.

b) Term loan from banks (Secured)

During the year, the Company has availed term loan from bank amounting to Rs. 6,000 million for the purpose of loan to it's project SPV's to utilise for their respective power transmission projects and for long term working capital requirement of the Company. The said loan is repayable in four structured annual installments starting from the 12 month from date of Initial disbursement. The loan carries an interest rate of 9% p.a. payable monthly, calculated as 1 year GSEC as on date of initial drawdown plus spread.

All amount together with interest, additional interest, liquidated damages, premium on prepayment, cost and charges, expenses and all other monies and obligations payable to secured parties shall be secured by :-

- A First exclusive charge on all the right, title, interest, benefits, claim and demands whatsoever of the borrower in, to and under all the loan and advances provided by the borrower to project SPV's (including, but not limited to all loans and advances provided, utilizing the proceeds of the facility) Odisha Generation Phase II Transmission Ltd (OGPTL), Khargone Transmission Ltd (KTL), Gurgaon Palwal Transmission Ltd. (GPTL).
- First charge on loans & advances provided by the Borrower to the project SPV's NER II Transmission Ltd (including, but not limited to all loans and advances provided, utilizing the proceeds of the facility)
- Second Charge on all current assets of the Borrower, present and future.

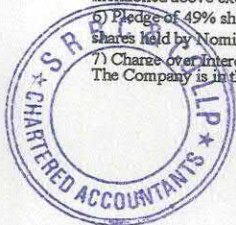
c) Term loan from financial institution (Secured)

During the year, the Company has availed term loan from Financial institution amounting to Rs. 3,000 million for the purpose of repayment of existing lenders, capital expenditure for the Brazil/India business and general corporate purposes. The said loan is repayable in in 3rd year from date of Initial disbursement. The loan carries an interest rate of 10.90% p.a. payable monthly, and shall be linked to 1 year MCLR of ICICI Bank with annual MCLR reset.

All amount together with interest, additional interest, liquidated damages, premium on prepayment, cost and charges, expenses and all other monies and obligations payable to secured parties shall be secured by :-

- Pledge of 49% shares of the Borrower on fully diluted basis (excluding 6 physical shares held by Nominees) at all times
- Pledge of 51% shares of Sterlite Grid 3 Limited (SGL3), Sterlite grid 4 limited (SGL4) & Sterlite grid 5 limited (SGL5) on fully diluted basis at all times
- Non-Disposal Undertaking along with Power of Attorney for balance 49% shares of SGL 3, SGL 4 & SGL 5;
- First pari-passu charge on all the loans/advances from the Borrower to SGL 4 (pertaining to NER II Transmission limited only & subject to priority to IndusInd loan repayment) & SGL 5, including but not limited to dividends, loans and advances, other receivables from these loans/advances, present & future. The receivables mentioned above exclude all receivables charged to working capital lenders.
- Second Charge on all the loans/advances from the Borrower to SGL 3 & SGL 4 (Except relating to NER II Transmission limited), for which the facility has a first pari-passu charge), including but not limited to dividends, loans and advances, other receivables from these loans/advances, present & future. The receivables mentioned above exclude all receivables charged to working capital lenders
- Pledge of 49% shares of East North Interconnection Company Limited, NER II Transmission Limited & Goa Tamnar Transmission Limited (excluding 6 physical shares held by Nominees) on fully diluted basis at all times.
- Charge over interest service reserve account

The Company is in the process of creation of security as at 31 March, 2019.



NOTE 16: DEFERRED TAX LIABILITIES (NET)

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Deferred tax liability		
Revaluations of FVTOCI investments to fair value	6,021.91	5,020.05
Impact of unwinding of interest on loans given valued at amortised cost	469.76	110.96
Others	130.49	-
Gross deferred tax liability	6,622.16	5,131.01
Deferred tax assets		
Deferred tax asset on equity component of loan given to holding company	737.48	344.41
Deferred tax assets on provision for impairment of investment in associate	222.47	-
Deferred tax assets on provision for impairment of loan given to subsidiary	95.71	-
Others	76.38	39.28
Gross deferred tax assets	1,132.04	383.69
Net deferred tax liability	5,490.12	4,747.32
Reconciliation of deferred tax liability		
	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Opening deferred tax liability, net	4,747.35	3,835.88
Deferred tax charge recorded in statement of profit and loss	32.87	53.82
Deferred tax charge recorded in OCI	1,132.35	1,251.97
Deferred tax credit on equity component of loan given to holding company (refer note 6)	(422.65)	(394.28)
Others	0.20	(0.04)
Closing deferred tax liability, net	5,490.12	4,747.35

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

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Profit or loss section		
Current income tax		
Current income tax charge	565.93	335.96
Income tax for earlier years	1.94	-
Deferred tax		
Relating to origination and reversal of temporary differences	32.87	53.82
Income tax expenses reported in the statement of profit or loss	600.74	389.78
OCI Section		
Deferred tax related to items recognised in OCI during in the year:		
Re-measurement gain/(loss) defined benefit plans	(0.68)	1.04
Net gain/loss on revaluation of cash flow hedges	131.17	(32.23)
Fair valuation of equity investment valued at FVTOCI	1,001.86	1,283.16
Income tax charged through OCI	1,132.35	1,251.97

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

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Accounting profit before tax from continuing operations	3,576.80	1,187.31
At India's statutory income tax rate of 34.94% (31 March 2018: 34.61%)	1,249.73	414.85
Deferred tax asset not recognised on fair valuation loss of OCRPS	-	52.41
Permanent difference on account of exempt income	(798.64)	-
Difference in income tax rate considered for recognition of deferred tax asset on impairment of capital assets	159.09	-
Deferred tax liability not recognised on unwinding of interest income on loans classified as held for sale	-	(60.85)
Others	(9.44)	(16.63)
At the effective income tax rate of 16.80% [31 March 2018: 32.83%]	600.74	389.78
Income tax expense reported in the statement of profit and loss	600.74	389.78



NOTE 17: SHORT-TERM BORROWINGS

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Cash credit from banks (secured)	198.10	1,812.66
Working capital demand loans from banks (secured)	750.00	1,238.09
454,552,553 (31 March 2018: 454,552,553) Redeemable Preference Shares of Rs. 10 each (refer note c)	10,098.55	10,098.55
Total	11,046.65	13,149.30

Notes :

(a) Cash credit is secured by hypothecation of entire current assets and receivables both present and future. The cash credit is repayable on demand and carries interest @ 9.20% - 12.70% p.a.

(b) Working capital demand loans from banks are secured by hypothecation of entire current assets and receivables both present and future. Working Capital Demand Loan is generally taken for a period of 30-180 days and were taken at different interest rates ranging between 9.55% - 10.95%.

(c) Non-Convertible Redeemable Preference Shares:

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
i. Authorised Redeemable Preference Shares ('RPS')		
470,000,000 (31 March 2018: 470,000,000 Redeemable Preference Shares ('RPS') of Rs 10 each	4,700.00	4,700.00
ii. Issued, subscribed and fully paid up RPS		
454,552,553 (31 March 2018: 454,552,553) Redeemable Preference Shares of Rs 10 each		
- Nominal value	4,545.53	4,545.53
- Securities premium	454.54	454.54

iii. Reconciliation of RPS outstanding at the beginning and at the end of the reporting period

	31 March 2019		31 March 2018	
	No. in million	Rs. in million	No. in million	Rs. in million
At the beginning of the period	454.55	4,545.53	-	-
Add: Conversion from OCRPS to RPS	-	-	454.55	4,545.53
Outstanding at the end of the year	454.55	4,545.53	454.55	4,545.53

iv. Terms/rights attached to RPS

The Company had issued 454,552,553 Optionally Convertible Redeemable Preference Shares ('OCRPS') with face value Rs. 10 per OCRPS, issued at Rs. 11 per OCRPS for a total consideration of Rs. 5,000.08 million (including premium of Rs.454.55 million) out of which 409,098,008 (No.s) OCRPS were issued to Standard Chartered Financial Holdings, Mauritius ('Investor') in the financial year ended March 31, 2015 and 45,454,545 (No.s) OCRPS issued to Standard Chartered Private Equity Korea III Holdings Ltd. in the financial year ended March 31, 2016 pursuant to Subscription agreement and Shareholders' Agreement dated 7 July 2014 ('Agreements') executed among the Company, Sterlite Power Transmission Limited (SPTL) and the Investor.

SPTL purchased the entire OCRPS in two tranches – the first tranche of OCRPS was purchased for an amount of Rs. 2,000 million in November 2017 and the balance OCRPS was purchased for a consideration of Rs.8,100 million in January 2018 based on the fair value of the OCRPS. Further, post acquisition by SPTL, the OCRPS have been converted into non-convertible redeemable preference shares.

The holder of RPS had right to redeem the RPS on or before 31 March 2019 which extended by the Board of Director to 31 March 2020 at a redemption premium of Rs.12.22 per share out of the proceeds of the fresh issue and securities premium account or such other method as may be permitted under the Companies Act 2013 and rules made thereunder. The holders carry voting rights as per the provisions of section 47(2) of the Companies Act 2013.

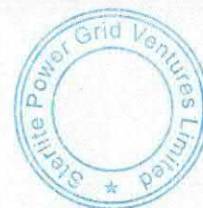
The holder of RPS is entitled to dividend on a cumulative basis at the rate of 0.01% per annum.

v. RPS held by holding company and their subsidiaries/associates:

	31 March 2019		31 March 2018	
	No. in million	% holding	No. in million	% holding
Sterlite Power Transmission Limited (SPTL)	454.55	100%	454.55	100%

v. Details of shareholders holding more than 5% of RPS in the company

	31 March 2019		31 March 2018	
	No. in million	% holding	No. in million	% holding
Sterlite Power Transmission Limited (SPTL)	454.55	100%	454.55	100%



NOTE 18: TRADE PAYABLES

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Trade payables (including acceptances) #	10,859.56	5,710.64
Other details		
(i) Trade payable to related parties (refer note 40)	855.11	1,813.53
(ii) Others	10,004.45	3,897.11
Total	10,859.56	5,710.64

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	1.42	-
Interest due on above	0.06	-
(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.	0.06	-
(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 non-interest bearing and are normally settled on 60-90 days terms

NOTE 19: OTHER FINANCIAL LIABILITIES

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Non-current		
Payables for Employee Stock Appreciation Rights (refer note 39)	-	9.39
Total Non-current	-	9.39
Current		
Derivative instruments		
Foreign exchange forward contracts	-	153.70
	-	153.70
Other financial liabilities at amortised cost		
Interest accrued but not due on short term borrowings	40.47	6.34
Current maturities of long-term borrowings (refer note 15)	1,265.90	312.00
Management fees payable to related parties (refer note 40)	0.00	1.05
Payables for Employee Stock Appreciation Rights (refer note 39)	39.56	101.48
Employee benefits payable	80.54	53.98
Reimbursement of expense payable to related parties (refer note 40)	47.58	178.88
Others	49.93	17.10
	1,523.98	670.83
Total	1,523.98	824.53

Derivative instruments reflect the change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecasts/firm commitments for purchases in US Dollars (USD).

Other payables are non-interest bearing and have an average term of six months.

Interest payable is normally settled monthly throughout the financial year.

For explanations on the Company's credit risk management processes, refer to note 43.

NOTE 20: OTHER CURRENT LIABILITIES

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Contract liabilities for EPC contracts including advances from customers [refer note 21 (c)]	6,189.97	11,670.94
Withholding taxes (TDS) payable	69.94	48.97
GST payable	-	70.60
Other liabilities	161.99	76.45
Total	6,421.90	11,866.96



NOTE 21: REVENUE FROM OPERATIONS

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Revenue from contracts with customers (refer note below)	23,082.89	15,787.52
Other operating revenue		
- Management fees (Refer note-40)	53.85	37.80
Total	23,136.74	15,825.32

Revenue from contracts with customers

The Company mainly undertakes Engineering, Procurement and Construction (EPC) contracts for its customers within India. The disclosures related to revenue from contracts with customers are as follow:

21 (a) Disaggregated revenue information

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Revenue from EPC contracts recognised over a period of time	23,082.89	15,787.52

21 (b) Performance obligations

Information about the company's performance obligations are summarised below:

Revenue from EPC contracts

The performance obligation is satisfied progressively over the construction period. The Company's progress towards completion is measured based on the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Payment is due as per the achievement of contractual milestones.

21 (c) Assets and liabilities related to contracts with customers

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Balances at the beginning of the year		
Trade receivables	6,320.00	8,810.07
Contract assets	444.29	320.45
Contract liabilities (including advances from customers)	11,670.94	8,736.88
Balances at the end of the year		
Trade receivables	3,010.32	6,320.00
Contract assets	1,029.75	444.29
Contract liabilities (including advances from customers)	6,189.97	11,670.94

The Company receives payments from customers based on a billing schedule, as established in the contracts. Contract asset relates to the conditional right to consideration for completed performance under the contract. Accounts receivable are recognised when the right to consideration becomes unconditional. Contract liability relates to payments received in advance of performance under the contract. Contract liabilities are recognised as revenue as (or when) performed under the contract. Also there are no significant changes in the contract assets and contract liabilities balances during the reporting period.

21 (d) Revenue recognised in relation to contract liabilities

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Revenue recognised that was included in the contract liability balance at the beginning of the year	1,023.16	436.08

21 (e) Transaction price allocated to the remaining performance obligations

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Expected to be recognised as revenue over the next one year	24,569	23,136.74
Expected to be recognised as revenue beyond next one year	3,797	28,366.25
Total	28,366.26	51,502.99

The Company has only one operating segment hence reconciliation between the disaggregated revenue disclosed and the revenue for reportable segments is not disclosed.

NOTE 22: OTHER INCOME

	31 March 2019 (Rs. in millions)	31 March 2018 (Rs. in millions)
Dividend income on investment in associate (refer note 40)	709.20	373.46
Dividend income on equity investments designated as fair value through other comprehensive income (refer note 40)	2,270.20	-
Miscellaneous income	1.44	-
Total	2,980.84	373.46



STERLITE POWER GRID VENTURES LIMITED
Notes to financial statements for the year ended 31 March 2019
NOTE 23: CONTRACT EXPENSES

	31 March 2019 (Rs. in millions)	31 March 2018 (Rs. in millions)
Construction material consumed:		
Inventory at the beginning of the year	705.65	-
Add: Purchases during the year	12,192.74	9,190.47
Less: Inventory at the end of the year	(60.93)	(705.65)
	<u>12,837.46</u>	<u>8,484.82</u>
Subcontracting charges	5,685.62	3,477.90
Total	<u>18,523.08</u>	<u>11,962.72</u>

NOTE 24: EMPLOYEE BENEFITS EXPENSE

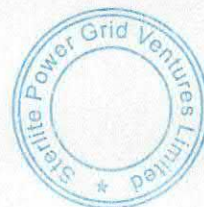
	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Salaries, wages and bonus	985.77	709.23
Contribution to provident fund	30.25	21.56
Employees stock appreciation rights expense (refer note 39)	30.17	110.60
Gratuity expenses (refer note 29)	10.56	8.29
Staff welfare expenses	54.82	44.28
Total	<u>1,111.57</u>	<u>893.96</u>

NOTE 25: OTHER EXPENSES*

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Advertisement and business promotion	37.75	96.94
Safety expenses	48.30	41.27
Survey Cost	12.85	20.82
Rent (refer note-32)	92.25	86.46
Insurance	27.03	20.62
Rates and taxes	62.99	40.61
Travelling and conveyance	302.01	258.16
Legal and professional fees	440.76	1,036.09
Recruitment expense	29.74	39.98
Directors sitting fees	2.35	0.51
Payment to auditor (refer details below)	6.48	9.69
Foreign exchange differences	54.01	4.47
Office maintenance expense	2.86	3.19
Miscellaneous expenses	206.19	139.86
Tender costs	5.59	-
Impairment of investment in an associate [refer note 10(b)]	954.97	-
Impairment of loan given to Sterlite Grid 3 Limited [refer note 10(a)]	410.85	-
Total	<u>2,696.98</u>	<u>1,798.67</u>

*The Company was required to spend Rs.12.20 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 is not spend till March 31, 2019.

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Payment to auditor		
As auditor:		
Audit fee (including audit of consolidated financial statements)	2.70	2.24
Tax audit fee	0.63	0.30
Other services (including certification fees and reimbursement of expenses)	3.15	7.15
Total	<u>6.48</u>	<u>9.69</u>



NOTE 26: DEPRECIATION AND AMORTISATION EXPENSE

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Depreciation of tangible assets	58.29	36.30
Amortisation of intangible assets	5.68	2.57
Total	63.97	38.87

NOTE 27: FINANCE COSTS

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Interest on financial liabilities measured at amortised cost	1,165.02	465.91
Bank charges	72.44	110.59
Interest others	102.00	-
Loss on fair valuation of OCRPS measured at fair value through profit and loss	-	150.00
Finance charges payable under finance leases	0.21	0.42
Total	1,339.67	726.92

NOTE 28: FINANCE INCOME

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Interest income on deposits	10.08	13.34
Fair value gain on financial instruments measured at fair value through profit or loss	15.28	31.86
Interest income on loan given to holding company/subsidiaries measured at amortised cost (refer note 40)	1,169.13	364.47
Total	1,194.49	409.67

NOTE 29: EMPLOYEE BENEFIT OBLIGATIONS

	Long term		Short term	
	31 March 2019 (Rs. in millions)	31 March 2018 (Rs. in millions)	31 March 2019 (Rs. in millions)	31 March 2018 (Rs. in millions)
Provision for employee benefits				
Provision for gratuity	31.67	23.44	4.26	1.95
Provision for leave encashment	22.59	-	7.60	21.77
Total	54.26	23.44	11.86	23.72

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

Changes in the present value of the defined benefit obligation are as follows:

Particulars	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Defined benefit obligation at the beginning of the year	25.39	20.59
Current service cost	8.61	6.83
Interest cost	1.95	1.46
Actuarial (gain)/loss due to change in demographic assumption	(3.24)	-
Actuarial (gain)/loss due to change in financial assumption	5.83	(1.26)
Actuarial (gain)/loss on obligation due to experience adjustments	(0.64)	(1.73)
Benefits paid	(1.98)	(0.50)
Present value of defined benefit obligation at the end of the year	35.93	25.39

Changes in the fair value of plan assets are as follows:

Particulars	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Fair Value of Plan assets at the beginning of the year	-	-
Fair Value of Plan assets at the end of the year	-	-

Details of defined benefit obligation

Particulars	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Present value of defined benefit obligation	35.93	25.39
Fair value of plan assets	-	-
Defined benefit liability	35.93	25.39



Net employee benefit expense recognised in the statement of profit and loss:

Particulars	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Current service cost	8.61	6.83
Net interest cost	1.95	1.46
Net benefit expense	10.56	8.29

Net employee benefit expense recognised in the other comprehensive income (OCI):

Particulars	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Actuarial (gains)/losses on obligation for the period		
- Changes in demographic assumption	(3.24)	-
- Changes in financial assumption	5.83	(1.26)
- Experience variance	(0.64)	(1.73)
Net (Income)/expense for the period recognized in OCI	1.95	(2.99)

Amounts for the current and previous periods are as follows:

Particulars	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Defined benefit obligation	35.93	25.39
Plan assets	-	-
Surplus / (deficit)	(35.93)	(25.39)
Experience adjustments on plan liabilities	(0.64)	(1.73)
Experience adjustments on plan assets	-	-

Other Details

Particulars	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Maturity analysis of projected benefit obligation: from the Employer (Undiscounted basis)		
Projected benefits payable in future years from the date of reporting		
Within next 12 months	4.26	1.95
between 2-5 years	18.79	11.08
between 6-10 years	17.85	13.16
More than 10 years	19.53	28.11

Sensitivity analysis

Projected benefit obligation on current assumptions	35.93	25.39
Delta effect of +1% change in rate of discounting	(2.09)	(2.15)
Delta effect of -1% change in rate of discounting	2.33	1.89
Delta effect of +1% change in rate of salary increase	2.04	1.77
Delta effect of -1% change in rate of salary increase	(1.90)	(1.94)
Delta effect of +0.5% change in rate of employee turnover	(2.91)	(0.84)
Delta effect of -0.5% change in rate of employee turnover	4.69	0.82

Assumptions

Rate of discounting	7.10%	7.70%
Rate of salary increase	9.50%	8.00%
Rate of employee turnover	16.00%	10.00%

The estimated future salary increase, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

NOTE 30: EARNINGS PER SHARE

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

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

The following reflects the profit and share data used in computation of the basic and diluted EPS

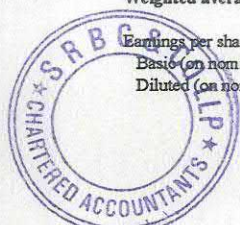
	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Profit for the year attributable to equity holders for computation of basic EPS	2,976.06	797.53
Add: Loss on optionally convertible redeemable preference shares measured at FVTOCI	-	150.00
Profit for the year attributable to equity holders for computation of diluted EPS	2,976.06	947.53
Weighted average number of equity shares in calculating basic EPS (Nos million)	1,243.53	1,244.00

Effect of dilution:

Add: Potential shares arising from conversion of optionally convertible redeemable preference shares (Nos million)	-	401.55
Weighted average number of equity shares in calculating diluted EPS	1,243.53	1,645.55

Earnings per share

Basic (on nominal value of Rs. 10 per share) Rupees/share	2.39	0.64
Diluted (on nominal value of Rs. 10 Per Share) Rupees/share	2.39	0.58



NOTE 31: SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, 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 standalone financial statements:

Assets held for sale

As at 31 March 2019, the investments in equity share capital and non-convertible debentures and unsecured loan taken from Sterlite Grid 2 Limited and Sterlite Grid 3 Limited is proposed to be transferred to India Grid Trust [a trust set up as an infrastructure investment trust under the SEBI (Infrastructure Investment Trusts) Regulations, 2014] in exchange of which the Company is supposed to receive cash consideration. The management has classified these assets/liabilities as held for sale since the carrying amounts of such assets/liabilities will be recovered/paid principally through sale transaction rather than through continuing use. As on March 31, 2019, the management concluded that these assets/ liabilities are available for immediate sale and the sale is highly probable.

Further, as at 31 March 2019, the investments in units of India Grid Trust is proposed to be transferred to Esoteric II Pte. Ltd. ("Investor") to designate the Investor as a "Sponsor" of IndiGrid subject to approval from SEBI in terms of SEBI InvIT Regulations and approval from the unitholders of IndiGrid in exchange of which the Company is supposed to receive cash consideration. The management has classified these assets/liabilities as held for sale since the carrying amounts of such assets/liabilities will be recovered/paid principally through sale transaction rather than through continuing use. As on March 31, 2019, the management concluded that these assets/ liabilities are available for immediate sale and the sale is highly probable.

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.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as cost of equity, cost of debt, project cost, debt refinancing after project completion, liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 42 and 43 for further disclosures.

Revenue recognition for construction contracts

As described in note 2.2, revenue and costs in respect of construction contracts are recognised by reference to stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Company estimates the total cost of the project at each period end. These estimates are based on the rates agreed with vendors/sub contractors and management's best estimates of the costs that would be incurred for the completion of project based on past experience and/or industry data. These estimates are re-assessed at each period end. Variations in contract works, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. When it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Defined benefit plan (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 29.



NOTE 32: LEASES

Operating lease

Company as lessee:

The Company has taken office buildings on operating lease. The lease term is for periods of three to nine years and renewable at the option of the Company. Future minimum lease payments over non cancellable period of operating leases are as follows:

- (a) Lease payments recognised in the statement of profit and loss for the year is Rs. 92.25 million (31 March 2018: Rs.86.46 million).
- (b) The future minimum lease payments payable under non-cancellable operating lease over the next one year is Rs. 60.58 million (31 March 2018: Rs. 57.06 million).
- (c) The future minimum lease payments payable under non-cancellable operating lease later than one year but not later than five years is Rs. 64.21 million (31 March 2018: Rs.65.76 million).

Finance lease

Company as lessee:

The Company has taken laptops on finance lease. The lease term is for periods of three years.

Future minimum lease payments under finance lease with the present value of the net minimum lease payments are as follows:

Particulars	31 March 2019		31 March 2018	
	Minimum payment	Present value of MLP	Minimum payment	Present value of MLP
Within one year	1.07	1.03	2.44	1.99
After one year but not more than five years	-	-	1.07	1.27
Total minimum lease payments	1.07	1.03	3.50	3.26
Less: amounts representing finance charges	0.04	-	0.25	-
Present value of minimum lease payments	1.03	1.03	3.26	3.26

NOTE 33: CAPITAL AND OTHER COMMITMENTS

- (a) As on March 31, 2019, the Company has commitments of Rs. 32,115.85 million (31 March 2018: Rs. 27,812.68 million) relating to further investment in subsidiaries.
- (b) For commitments in respect of Redeemable Preference Shares, refer note 17.
- (c) For commitments relating to lease arrangements please refer note 32.
- (d) Commitment related to capital expenditure is Rs. 7.19 million (net of capital advances) (previous year Nil).
- (e) Commitment to make payment to lender for outstanding principal amount on behalf of immediate holding company is Rs. 900 million.

NOTE 34: CONTINGENT LIABILITIES

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
(a) Bank guarantees given to Long Term Transmission Customers on behalf of its subsidiaries	2,721.40	2,939.95
(b) Bank guarantees given on behalf of India Grid Trust	25.00	25.00
(c) Bank guarantees given for bidding of projects on behalf of its subsidiaries	250.40	-
(d) Bank guarantee given to lenders of the subsidiary for maintenance of minimum debt service ratio	570.00	570.00
(e) Performance guarantee to insurer on behalf of subsidiaries	6,834.88	-
(f) Corporate guarantees given on behalf of its subsidiaries for loans taken from bank (to the extent of loans and hedging facilities outstanding as at balance sheet date)	-	17,604.71
[The total amount of corporate guarantees is Rs. Nil (31 March 2018: Rs. 22,500.00 million)]		
(g) Corporate guarantees given to Sterlite Grid 1 Limited against indemnification as per share purchase agreement	280.00	-
(h) Sales tax demand	40.94	25.60

The above Value Added Tax, Central Sales Tax and Entry Tax demand (along with the applicable interest, wherever levied) pertains to the following matters.

- (a) Central Sales Tax demand of Rs. 16.8 million raised under the Delhi VAT Act, 2004 on account of non-submission of the declaration forms C pending to be received from the customers for the Assessment Year 2014-15.
- (b) Value Added Tax, Central Sales Tax and Entry Tax demand of Rs. 19.1 million raised under the Madhya Pradesh VAT Act, 2002 on account of non-submission of the declaration forms EI/EII and Form 3 pending to be received / submitted for the Assessment Year 2015-16. The Company has deposited an amount of Rs. 4.7 million while preferring the appeal in this matter.
- (c) Central Sales Tax demand of Rs. 4.85 million raised under the West Bengal VAT Act, 2003 on account of non-submission of the declaration forms C pending to be received / submitted for the Assessment Year 2014-15. The Company has deposited an amount of Rs. 0.47 million while preferring the appeal in this matter.
- (d) Central Sales Tax demand of Rs. 0.19 million pertains to the demand raised under the Rajasthan VAT Act, 2003 on account of non-submission of the declaration forms EII pending to be received from the suppliers for the Assessment Year 2015-16*
- The Company is contesting the demand by way of preferring appeals to the higher tax authorities and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demands raised. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the company's financial position and results of the operations.

NOTE 35: DERIVATIVE INSTRUMENTS

- (a) The following are the outstanding forward exchange contracts entered into by the company, for hedge purpose :

Purpose	Foreign currency (In million)	Amount (In million)	Buy/sell	No. of contracts (Quantity)
Hedge of payables and foreign currency firm commitments				
March 31, 2019				
Hedge of payables and highly probable foreign currency payables and investment	US \$ 187.76*	13,011.25	Buy/ Sell	59
March 31, 2018				
Hedge of payables and highly probable foreign currency purchases	US \$ 109.27	7,107.61	Buy	14

* Includes amount of US \$ 185.71 million (31 March 2018: 107.14 million) being foreign currency forward contracts entered for supply of material to subsidiary and investment in subsidiary.



(b) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Category		31 March 2019		31 March 2018	
		Foreign currency (In million)	Amount (In Rs' million)	Foreign currency (In million)	Amount (In Rs' million)
Foreign currency loan given to subsidiaries	Brazilian Real	-	-	37.50	739.06
Trade Payable	USD	0.45	31.62	-	-

NOTE 36: HEDGING ACTIVITIES AND DERIVATIVES

Cash flow hedges

The cash flow hedges during the year ended 31 March 2019 were assessed to be highly effective and a net unrealised gain of Rs. 353.23 million (previous year loss of Rs. 59.88 million), net of deferred tax liability of Rs.131.17 million (previous year net of deferred tax asset of Rs. 32.23 million) relating to the hedging instruments, is included in OCI. The amounts retained in OCI at 31 March 2019 are expected to mature and affect the statement of profit and loss during the year ended 31 March 2020.

NOTE 37: OTHER NOTES

- (a) The Company has entered into a Framework agreement with India Grid Trust for selling its entire stake in Khargone Transmission Limited, Gurgaon Palwal Transmission Limited and NER-II Transmission Limited after these projects are commissioned, at values as agreed in the Framework agreement subject to certain adjustments and the requisite approvals.
- (b) The Board of directors in its meeting held on May 30, 2018 approved a Scheme of amalgamation of the Company with its parent company - Sterlite Power Transmission Limited under the Companies Act, 2013 with the appointed date of April 1, 2017. After requisite approvals, the Company has filed the Scheme with National Company Law Tribunal ('NCLT') and the same is pending for NCLT approval.

NOTE 38: SEGMENT REPORTING

The Company, directly or indirectly through its subsidiaries, acts as a developer on Build Own Operate and Maintain ("BOOM") basis, for designing, financing, construction and maintenance of power transmission systems and undertakes Engineering, Procurement and Construction contracts for its subsidiaries. Hence there is no separate reportable segment as per the requirements of Indian Accounting Standard 108 - Operating Segments.

NOTE 39: EMPLOYEE STOCK APPRECIATION RIGHTS (ESAR)

ESAR scheme 2015

During the year ended March 31, 2016, the Company granted 12.78 million Employee Stock Appreciation Rights (ESARs) to eligible employees under the Employee Stock Appreciation Rights 2015 ("ESAR 2015") Scheme ("Scheme") as approved by the Committee formed under the Scheme vide Board Resolution dated 16 May 2015. Following is the reconciliation of provision for ESAR outstanding -

Particulars	31 March 2019		31 March 2018	
	Number (in million)	Amount (in million)	Number (in million)	Amount (in million)
Opening balance as at the beginning of the year	4.94	101.48	3.25	35.70
ESAR granted during the period	-	-	4.94	54.32
ESAR written back during the period	-	-	-	-
ESAR Cancelled	-	-	(0.02)	(0.27)
Payment towards ESARs vested	(4.94)	(101.48)	(3.22)	(35.43)
Balance	-	-	4.94	54.32
Provision for increase in FMV of equity share	-	-	-	47.16
Closing balance as at the end of the year	-	-	4.94	101.48

ESAR scheme 2017

The Company has granted 0.31 million Employee Stock Appreciation Rights (ESARs) to eligible employees under the Employee Stock Appreciation Rights plan 2017 ("ESAR 2017") Scheme ("Scheme") as approved by the Committee formed under the Scheme vide Board Resolution dated 8 October 2017. Management has made provision of Rs 39.56 million (previous year Rs. 9.39 million) for ESARs granted and outstanding under this scheme.

Particulars	31 March 2019		31 March 2018	
	Number (in million)	Amount (in million)	Number (in million)	Amount (in million)
Opening balance as at the beginning of the year	0.28	9.39	-	-
ESAR granted during the period	0.12	17.86	0.28	9.39
ESAR Cancelled	(0.09)	(3.00)	-	-
Payment towards ESARs vested	-	-	-	-
Balance	0.31	24.25	0.28	9.39
Provision for increase in FMV of equity share	-	15.31	-	-
Closing balance as at the end of the year	0.31	39.56	0.28	9.39

Vesting of ESARs is subject to continued employment with the Company. The ESARs shall be cash settled based on the excess of fair market value (FMV) of equity share of the Company as on the date of vesting over the SAR price (i.e the base price defined on the grant date of SAR) specified in the Scheme. During the year, under ESAR scheme 2015, Rs. 101.48 million (previous year: Rs. 35.43 million) SARs have been vested and paid. The FMV is determined by the Committee based on the discounted cash flow valuation and other relevant factors. As at March 31, 2019, in ESAR scheme 2017, it is Rs. 125.75 (31 March 2018: Rs. 33.09) and accordingly an expense of Rs. 30.17 million (31 March 2018: Rs. 9.39 million) has been recorded in the statement of profit and loss.



NOTE 40: RELATED PARTY DISCLOSURES

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

(a) Related parties where control exists

(i) Holding Company

Sterlite Power Transmission Limited (Immediate holding company)
Twin Star Overseas Limited, Mauritius (Intermediate holding company)
Volcan Investments Limited, Bahamas (Ultimate holding company)

(ii) Subsidiaries

Sterlite Grid 1 Limited (Till 29 May 2017)

Sterlite Grid 2 Limited

Sterlite Grid 3 Limited

Sterlite Grid 4 Limited

Sterlite Grid 5 Limited

Sterlite Grid 6 Limited

Sterlite Grid 7 Limited

Sterlite Grid 8 Limited

Sterlite Grid 9 Limited

Sterlite Grid 10 Limited

Sterlite Grid 11 Limited

Sterlite Grid 12 Limited

Sterlite Grid 13 Limited

Sterlite Grid 14 Limited

Sterlite Grid 15 Limited

Sterlite Grid 16 Limited

Sterlite Grid 17 Limited

Sterlite Grid 18 Limited

Sterlite Grid 19 Limited

Sterlite Grid 20 Limited

Sterlite Grid 21 Limited

Sterlite Grid 22 Limited

Sterlite Grid 23 Limited

Sterlite Grid 24 Limited

Sterlite Grid 25 Limited

Sterlite Grid 26 Limited

Sterlite Grid 27 Limited

Sterlite Grid 29 Limited

East-North Interconnection Company Limited

Bhopal Dhule Transmission Company Limited (Till 29 May 2017)

Jabalpur Transmission Company Limited (Till 29 May 2017)

RAPP Transmission Company Limited (Till 14 February 2018)

Purulia & Kharagpur Transmission Company Limited (Till 14 February 2018)

NRSS XXIX (JS) Transmission Limited

NRSS XXIX Transmission Limited

Maheshwaram Transmission Limited (Till 14 February 2018)

Odisha Generation Phase-II Transmission Limited

Gurgaon-Palwal Transmission Limited

Khargone Transmission Limited

NER-II Transmission Limited

Goa-Tannar Transmission Project Limited

Se Vineyards Power Transmission S.A., Brazil

Arcoverde Transmissao De Ebergia S.A., Brazil

Sterlite Brazil Participicos, S.A., Brazil

Sterlite Novo Estado Energia S.A., Brazil

Dunas Transmissao de Energia S.A.

Borborema Transmissao de Energia S.A.

Sao Francisco Transmissao de Energia S.A.

Goyas Transmissao de Energia S.A.

Marituba Transmissao de Energia S.A.

Solaris Transmissao de Energia S.A.

Pampa Transmissao de Energia S.A. (Formerly known as Sterlite Brasil Projetos de Transmissao de Energia S.A.)

Castelo Transmissao de Energia S.A.



STERLITE POWER GRID VENTURES LIMITED

Notes to financial statements for the year ended 31 March 2019

(b) Other related parties with whom transactions have taken place during the year

i) Entity exercising significant influence

Standard Chartered Financial Holdings, Mauritius (upto 22 January 2018)

Standard Chartered Private Equity Korea II Holdings Ltd (upto 22 January 2018)

ii) Associate

From 30 May 2017

India Grid Trust

iii) Subsidiaries of associate

Sterlite grid 1 limited (From 30 May, 2017)

Bhopal Dhule Transmission Company Limited (From 30 May, 2017)

Jabalpur Transmission Company Limited (From 30 May, 2017)

Maheshwaram Transmission Limited (From 15 February, 2018)

RAPP Transmission Company Limited (From 15 February, 2018)

Purulia & Kharagpur Transmission Company Limited (From 15 February, 2018)

Patran Transmission Company Limited (From 30 August 2018)

iv) Key management personnel (KMP)

Mr. Ved Mani Tiwari (CEO and Whole Time Director)

Ms. Pooja Aggarwal (Chief Financial Officer) (From 14 February, 2018)

Ms. Kriti Narula (Company Secretary till 8 February 2019)

Mr Saurabh Mathur (Company Secretary From 9 February 2019)

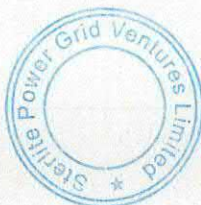
(c) Additional related parties as per the Companies Act, 2013 with whom transactions have taken place during the year

i) Directors

Mr. Pratik Agarwal (Director & Vice Chairman)

Mr. A.R Narayanswamy (Director)

Ms. Avaantika Kalkar (Director)



STERILITE POWER GRID VENTURES LIMITED
Notes to financial statements for the year ended 31 March 2019

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

S. No.	Particulars	Holding Company		Subsidiaries		Associate and its subsidiaries		Rs. in million	
		2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
1	Remuneration	-	-	20.00	-	-	-	89.51	37.23
2	Management fees income (excluding GST)	-	-	-	15.13	-	-	-	-
3	Project Management fees (excluding GST)	-	-	-	-	33.50	22.67	-	-
4	Dividend income	-	-	2,270.20	-	709.20	373.46	-	-
5	Loans and advances given	10,390.64	9,200.00	6,748.92	11,167.37	-	-	-	-
6	Loans and advances repaid	-	-	6,326.67	7,156.87	-	-	-	-
7	Subscription to units of associate ^	-	-	-	-	-	5,880.36	-	-
8	Subscription of equity shares of subsidiaries	-	-	5,422.58	3.50	-	-	-	-
9	Repayment of Non-Convertible debentures by Subsidiary	-	-	-	6,223.21	-	-	-	-
10	Sale of Non-Convertible debentures of Sterlite Grid 1 Limited ^	-	-	-	-	-	6,658.24	-	-
11	Sale of investment in equity shares of Sterlite Grid 1 Limited ^	-	-	-	-	-	573.86	-	-
12	Purchase of goods (net of taxes)	-	-	25,145.61	13,408.78	-	-	-	-
13	Purchase of goods (net of taxes) #	1,173.48	3,403.49	-	-	-	-	-	-
14	Advance received against contracts (Including tax)	-	-	1,733.97	4,340.65	-	-	-	-
15	Advance given against contracts	-	304.18	-	-	-	-	-	-
16	Bank guarantee given on behalf of subsidiary	-	-	1,683.90	-	-	-	-	-
17	Performance Bank guarantee given on behalf of subsidiary	-	-	6,834.88	-	-	-	-	-
18	Corporate guarantee given	-	-	-	-	280.00	-	-	-
19	Reimbursement of expenses (Received or Receivable)	-	-	78.33	15.61	-	-	-	-
20	Reimbursement of expenses (Paid or Payable)	2.23	-	2.03	-	28.76	-	2.35	0.51
21	Director sitting fees	-	-	-	-	-	-	-	-
22	Conversion of CCPS into equity shares of the Company	-	12,434.79	-	-	-	-	-	-
23	Conversion of CCPS into RPS of the Company	-	10,098.56	-	-	-	-	-	-
24	Loan received	-	-	4,365.03	-	-	-	-	-
25	Purchase consideration received	-	-	-	-	156.72	-	-	-
26	Indemnification as per Share Purchase Agreement	-	-	-	-	53.47	-	-	-
27	Sale of investments	-	-	0.05	-	-	-	-	-
28	Interest received	-	-	55.08	-	-	-	-	-
S. No.	Outstanding Balances	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
1	Management fees Payable (net of TDS)*	-	-	1.05	1.05	-	-	-	-
2	Management fees Receivable (net of TDS)*	-	-	10.90	84.54	-	-	-	-
3	Loans and advances receivable*	19,590.64	9,200.00	12,694.69	12,683.23	15.21	-	-	-
4	Redeemable preference shares (RPS)	10,098.55	10,098.55	-	-	-	-	-	-
5	Investment in equity shares *	-	-	6,793.89	1,371.31	-	-	-	-
6	Investment in Non Convertible Debentures (NCD)*	-	-	434.36	434.36	-	-	-	-
7	Investment in Compulsorily Convertible Debentures (CCD)	-	-	200.00	200.00	-	-	-	-
8	Investment in Compulsorily Convertible Preference Shares (CCPS)	-	-	862.93	862.93	-	-	-	-
9	Investment in associate*	-	-	-	-	5,044.37	5,880.28	-	-
10	Trade receivables*	-	25.07	4,383.08	6,145.75	-	-	-	-
11	Amount payable against supplies and reimbursement of expenses (net of advance)	685.08	1,798.77	-	-	-	-	-	-
12	Advance from customers*	-	494.10	5,178.57	10,647.78	-	-	-	-
13	Others payables	-	-	47.58	-	28.76	-	-	-
14	Others receivables	-	-	3.43	5.64	156.72	-	-	-
15	Corporate guarantee given outstanding at year end	-	-	-	-	280.00	-	-	-
16	Bank guarantee given outstanding at year end	-	-	-	-	25.00	-	-	-
	Bank guarantee given outstanding at year end	-	-	10,921.47	3,534.95	-	-	-	-

* Also, include amount disclosed as 'non current assets held for sale'



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

Particulars	Relationship	31 March 2019	31 March 2018
1 Remuneration (refer note 2 below)			
Mr. Pratik Agarwal	KMP	46.24	8.25
Mr. Ved Mani Tiwari	KMP	27.17	26.08
Ms. Pooja Aggarwal	KMP	13.16	0.27
Ms. Kriti Narula	KMP	2.39	2.63
Mr. Saurabh Mathur	KMP	0.56	-
2 Management fees income (excluding GST)			
East-North Interconnection Company Limited	Subsidiary	8.87	7.62
NRSS XXIX Transmission Limited	Subsidiary	9.29	3.09
RAPP Transmission Company Limited	Subsidiary	-	1.62
Purulia & Kharagpur Transmission Company Limited	Subsidiary	-	2.24
Odisha Generation Phase-II Transmission Limited	Subsidiary	1.84	-
3 Project Management fees (excluding GST)			
Bhopal Dhule Transmission Company Limited	Subsidiary of associate	16.74	14.40
Jabalpur Transmission Company Limited	Subsidiary of associate	8.01	6.76
Patran Transmission Company Limited	Subsidiary of associate	1.14	-
Maheshwaram Transmission Limited	Subsidiary of associate	3.02	0.38
RAPP Transmission Company Limited	Subsidiary of associate	1.85	0.29
Purulia & Kharagpur Transmission Company Limited	Subsidiary of associate	2.74	0.84
4 Dividend income			
India Grid Trust	Associate	709.20	373.46
Sterlite Grid 2 Limited	Subsidiary	2,270.20	-
5 Loans and advances given			
Sterlite Power Transmission Limited	Holding Company	10,390.64	9,200.00
Sterlite Grid 1 Limited	Subsidiary	-	500.26
Sterlite Grid 2 Limited	Subsidiary	650.04	4,640.44
Sterlite Grid 3 Limited	Subsidiary	1,048.90	1,444.27
Sterlite Grid 4 Limited	Subsidiary	4,260.62	3,027.66
Sterlite Grid 5 Limited	Subsidiary	315.06	547.59
Se Vineyards Power Transmission S.A., Brazil	Subsidiary	182.14	340.94
Arcoverde Transmissao De Ebergia S.A., Brazil	Subsidiary	116.70	398.12
East-North Interconnection Company Limited	Subsidiary	170.50	268.08
6 Loans and advances repaid			
Sterlite Grid 1 Limited	Subsidiary	-	1,398.08
Sterlite Grid 2 Limited	Subsidiary	4,680.01	3,629.56
Sterlite Grid 3 Limited	Subsidiary	-	1,829.23
East-North Interconnection Company Limited	Subsidiary	608.70	300.00
7 Subscription to units of associate			
India Grid Trust	Associate	-	5,880.36
8 Subscription of equity shares of subsidiaries			
Sterlite Brazil Participacoes S.A., Brazil	Subsidiary	5,410.58	-
Sterlite Grid 6 Limited	Subsidiary	-	0.50
Sterlite Grid 7 Limited	Subsidiary	-	0.50
Sterlite Grid 8 Limited	Subsidiary	-	0.50
Sterlite Grid 9 Limited	Subsidiary	-	0.50
Sterlite Grid 10 Limited	Subsidiary	-	0.50
Sterlite Grid 11 Limited	Subsidiary	-	0.50
Sterlite Grid 12 Limited	Subsidiary	-	0.50
9 Repayment of Non-Convertible debentures by Subsidiary			
Sterlite Grid 1 Limited	Subsidiary	-	6,223.21
10 Sale of Non-Convertible debentures of Sterlite Grid 1 Limited ^			
India Grid Trust	Associate	-	6,658.24
11 Sale of investment in equity shares of Sterlite Grid 1 Limited ^			
India Grid Trust	Associate	-	573.86



STERLITE POWER GRID VENTURES LIMITED
Notes to financial statements for the year ended 31 March 2019

12 Sales of goods and services (Net of taxes) #			
NRSS XXIX Transmission Limited	Subsidiary	5,703.92	3,805.50
Maheshwaram Transmission Limited	Subsidiary	-	486.84
Odisha Generation Phase-II Transmission Limited	Subsidiary	192.34	3,612.32
Khargone Transmission Limited	Subsidiary	5,357.43	4,148.14
NER-II Transmission Limited	Subsidiary	7,527.43	78.91
Sterlite Grid 2 Limited	Subsidiary	1,313.96	-
Goa-Tammar Transmission Project Limited	Subsidiary	69.58	-
Gurgaon-Palwal Transmission Limited	Subsidiary	4,980.95	1,277.08
13 Purchase of goods (net of taxes)			
Sterlite Power Transmission Limited	Immediate Holding Company	1,173.48	3,403.49
14 Advance received against contracts (Including tax)			
Goa-Tammar Transmission Project Limited	Subsidiary	1,733.97	280.00
NER-II Transmission Limited	Subsidiary	-	4,060.65
15 Advance given against contracts			
Sterlite Power Transmission Limited	Immediate Holding Company	-	304.18
16 Bank guarantee given			
Sterlite Grid 6 Limited	Subsidiary	164.40	-
Sterlite Grid 8 Limited	Subsidiary	335.00	-
Sterlite Grid 9 Limited	Subsidiary	284.70	-
Sterlite Grid 10 Limited	Subsidiary	357.90	-
Sterlite Grid 11 Limited	Subsidiary	265.90	-
17 Performance Bank guarantee given			
Sterlite Novo Estado Energia S.A. Brazil	Subsidiary	2,449.44	-
Dunas Transmissão de Energia S.A	Subsidiary	1,072.29	-
São Francisco Transmissão de Energia S.A.	Subsidiary	680.69	-
Pampa Transmissão de Energia S.A.	Subsidiary	684.38	-
18 Corporate guarantee given			
Sterlite Grid 1 Limited	Subsidiary of associate	280.00	-
19 Reimbursement of expenses (Received or Receivable)			
East North Interconnection Company Limited	Subsidiary	72.52	-
Bhopal Dhule Transmission Company Limited	Subsidiary	-	0.48
Jabalpur Transmission Company Limited	Subsidiary	-	0.09
East North Interconnection Company Limited	Subsidiary	-	1.49
RAPP Transmission Company Limited	Subsidiary	-	0.63
Purulia and Kharagpur Transmission Company Limited	Subsidiary	-	1.41
NRSS XXIX Transmission Limited	Subsidiary	-	4.59
Gurgaon Palwal Transmission Limited	Subsidiary	-	0.36
Sterlite Grid 2 Limited	Subsidiary	-	0.01
Sterlite Grid 3 Limited	Subsidiary	-	0.00
Sterlite Grid 4 Limited	Subsidiary	-	0.00
Sterlite Grid 5 Limited	Subsidiary	-	0.00
Khargone Transmission Limited	Subsidiary	-	2.45
Odisha Generation Phase II Transmission Limited	Subsidiary	-	2.06
Maheshwaram Transmission Limited	Subsidiary	-	2.03
20 Reimbursement of expenses (Paid or payable)			
Khargone Transmission Limited	Subsidiary	1.89	-
Sterlite Power Transmission Limited	Immediate Holding Company	2.23	-
21 Sitting fees			
Mr. A.R Narayanswamy	KMP	1.75	0.35
Ms. Avasantika Kakkar	KMP	0.60	0.17
22 Conversion of CCPS into Equity Shares			
Sterlite Power Transmission Limited	Immediate Holding Company	-	12,434.79
23 Conversion of OCRPS into RPS			
Sterlite Power Transmission Limited	Immediate Holding Company	-	10,098.56
24 Loan received			
Sterlite Grid 2 Limited	Subsidiary	4,365.03	-
25 Purchase consideration received			
India Grid Trust	Associate	156.72	-
26 Indemnification as per Share Purchase Agreement			
India Grid Trust	Associate	53.47	-
27 Sale of investment			
Sterlite Brazil Participacoes S.A., Brazil	Subsidiary	0.05	-
28 Interest income			
Se Vineyards Power Transmission S.A., Brazil	Subsidiary	32.69	-
Arcoverde Transmissao De Ebergia S.A., Brazil	Subsidiary	22.39	-

* Amounts below 0.01 million

Sales disclosed above are based on actual billings made to subsidiaries in respect of EPC contracts. However, the Company recognises revenue based on percentage of completion method.

^ During the previous year, company has sold investment in equity share capital of Sterlite Grid 1 Limited and part of the Non-Convertible Debentures of Sterlite Grid 1 Limited to India Grid Trust in exchange of units of India Grid Trust of Rs. 5,880 million

Note:

1 All the related party transactions disclosed above have been shown at their nominal values without giving effect to the impact of reclassification into equity and liability and adjustment arising on account of effective interest rate method under Ind AS.

2 Remuneration to key management personnel:

Particulars	2018-19	2017-18
Short-term employee benefits	89.51	28.98
Post-employment benefits *	-	-
Termination benefits	-	-
Share-based payment	-	8.25
Total	89.51	37.23

* As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the Key Management Personnel are not included above.



NOTE 41: FAIR VALUES

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:

Particulars	Carrying Value		Fair Value	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Financial assets				
Investments in subsidiaries	24,268.44	25,909.75	24,268.44	25,909.75
Investments in quoted mutual funds	29.00	28.03	29.00	28.03
Derivative instruments	308.17	-	308.17	-
Non current assets classified as held for sale (Equity investment in subsidiary)	11,320.00	-	11,320.00	-
Total	35,925.61	25,937.80	35,925.61	25,937.80
Financial liabilities				
Redeemable preference shares	10,098.55	-	10,098.55	-
Derivative instruments	-	153.70	-	153.70
Total	10,098.55	153.70	10,098.55	153.70

The management assessed that cash and cash equivalents, trade receivables, trade payables, other current assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management has further assessed that borrowings availed and loans given approximate their carrying amounts largely due to the interest rates being variable or in case of fixed rate borrowings/loans, movements in interest rates from the recognition of such financial instrument till period end not being material. Further management has assessed that the book value of the redeemable preference shares is reasonable approximation of its fair value as at March 31, 2019.

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 values of the quoted mutual funds are based on price quotations at the reporting date.
- The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- The Company enters into derivative financial instruments with financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spread between the respective currencies, interest rate curves etc. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2019 and 31 March 2018 are as shown below:

Description of significant unobservable inputs to valuation:

A - FVTOCI assets in unquoted equity shares

- Valuation technique : DCF Method

Investment in Indian Entities					
S.N.	Significant unobservable inputs	Range	Sensitivity of the input to fair value	Increase/(decrease) in Fair Value	
				31 March 2019	31 March 2018
(i)	Cost of Equity	(i) Operational Projects/projects nearing completion			
		31 March 2019 - 13% - 14%	0.5% increase	(930.00)	(1,058.52)
		31 March 2018 - 12%			
		(ii) New/under construction project -			
		31 March 2019 - 14% - 16%	0.5% decrease	1,020.00	1,166.18
		31 March 2018 - 14% - 16%			
(ii)	Cost of Debt	31 March 2019 - 8.5% to 8.95%	0.5% increase	(1,340.00)	(1,830.85)
		31 March 2018 - 8.5% to 8.95%	0.5% decrease	1,320.00	1,827.79
(iii)	Incremental tariff expected to be approved by CERC in respect of cost overruns due to force majeure/change in law (as % of non-escalable tariff)	Gurgaon Palwal Transmission Limited	Increase by 5% (of non-escalable tariff)	60.00	-
		Khargone Transmission Limited			
		NER-II Transmission Limited			
		31 March 2019 -			
		31 March 2018 - NA	Decrease by 5% (of non-escalable tariff)	(60.00)	-
(iv)	Debt refinancing after completion of the project (for under construction assets)	Refer note below	10% increase	1,420.00	637.22
			10% decrease	(1,370.00)	(638.70)
(v)	Project cost (for under construction assets)	Refer note below	5% increase	(2,580.00)	(3,479.20)
			5% decrease	2,590.00	3,470.80

Note:

Project	Debt Refinancing after completion of project		Project cost	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
NRSS XXIX Transmission Limited*	-	9,000.00	-	22,740.00
Khargone Transmission Limited	-	930.00	11,850.00	11,850.00
Odisha Generation Phase-II Power Transmission Limited*	-	610.00	-	10,430.00
Gurgaon-Palwal Transmission Limited	-	900.00	8,260.00	8,260.00
NER-II Transmission Limited	8,200.00	7,650.00	22,120.00	22,120.00
Goa-Tannar Transmission Project Company Limited	1,850.00	1,470.00	9,587.00	10,000.00

* These projects are to be transferred to India Grid Limited as mentioned in note 10 (a).



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Investment in Brazil Entity					
S.N.	Significant unobservable inputs	Range	Sensitivity of the input to fair value	Increase/(decrease) in Fair Value	
				31 March 2019	31 March 2018
(i)	Cost of Equity	(i) Operational Projects/projects nearing completion			
		31 March 2019 - 13%	0.5% increase	(842.37)	NA
		31 March 2018 - NA			
		(ii) New/under construction project -			
		31 March 2019 - 14%	0.5% decrease	912.86	NA
		31 March 2018 - NA			
(ii)	Cost of Debt	31 March 2019 - 8.5% to 8.95%	0.5% increase	(1,030.33)	NA
		31 March 2018 - NA	0.5% decrease	1,001.79	NA
(iii)	Inflation	31 March 2019 - 4%	0.5% increase	997.63	NA
		31 March 2018 - NA	0.5% decrease	(920.97)	NA
(iv)	Project cost (for under construction assets)		5% increase	(2,036.67)	NA
			5% decrease	897.53	NA



NOTE 42: FAIR VALUES 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 and liabilities as at March 31, 2019 and March 31, 2018

	Fair value measurement using			
	Amount	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				
Mutual fund investments				
As at 31 March 2019	29.00	29.00	-	-
As at 31 March 2018	28.03	28.03	-	-
Assets/(liabilities) measured at fair value through other comprehensive income				
Investment in equity instruments				
As at 31 March 2019	24,268.44	-	-	24,268.44
As at 31 March 2018	25,909.75	-	-	25,909.75
Assets classified held for sale (equity shares held in subsidiary)				
As at 31 March 2019	11,320.00	-	-	11,320.00
As at 31 March 2018	-	-	-	-
Derivative instruments				
As at 31 March 2019	308.17	-	308.17	-
As at 31 March 2018	(153.70)	-	(153.70)	-

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

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NOTE 43: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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 Company 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.

(a) 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 three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments and derivative financial instruments.

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 and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at 31 March 2019.

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

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

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

Interest rate risk

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

Further for sensitivity analysis with respect to long term financial liabilities measured at fair values, refer note 41.

Interest rate sensitivity

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

Particulars	(Amount in Rs. million)	
	Increase/Decrease in Basis Points	Effect on profit before tax / pre-tax equity
March 31, 2019		
Base Rate	0.50%	(28.19)
Base Rate	-0.50%	28.19
March 31, 2018		
Base Rate	0.50%	NA
Base Rate	-0.50%	NA

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries.

The Company has a policy to keep minimum forex exposure on the books that are likely to occur within a maximum 12-month period for hedges of forecasted purchases.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

As at March 31, 2019 and March 31, 2018, the Company has hedged 100% of the foreign currency exposure. Hence sensitivity with respect to foreign currency exposure has not been given.

Equity price risk

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

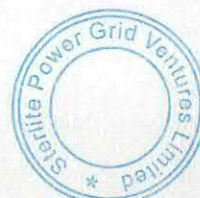
At the reporting date, the exposure to unlisted equity securities at fair value was Rs. 24,268.44 million (31 March 2018: Rs.25,909.74 million). Sensitivity analysis of these investments have been provided in note 41.

As referred in note 10 (b), the Company has entered into an agreement to sell 60.03 million units of India Grid Trust at an agreed amount hence these units are not considered for sensitivity analysis. Further, the Company continues to hold 0.10 million units in India Grid Trust which are carried at fair market value by the management.

Significant unobservable inputs	Range	Sensitivity of the input to fair value	Rs/Million	
			Increase/(decrease) in Fair Value	
			31-Mar-19	
Fair market value	83.89 per unit	0.50%		0.04
		-0.50%		(0.04)

In previous year, the Company considered Net Asset Fair Value of India Grid Trust due to lower trading volumes.

Significant unobservable inputs	Range	Sensitivity of the input to fair value	Rs/Million	
			Increase/(decrease) in Fair Value	
			31-Mar-18	
Net Assets at fair value of India Grid Trust	101.87 per unit	0.50%		29.95
		-0.50%		(29.95)



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(b) 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, foreign exchange transactions and other financial instruments.

Trade receivables

Majority of the customers are wholly owned subsidiaries of the Company. Hence, the Company has determined the concentration of risk with respect to trade receivables as low.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given by the Company on behalf of subsidiaries. The Company's maximum exposure in this regard is the maximum amount Company could have to pay if the guarantee is called on as at 31 March 2019 i.e. Rs. 850 million (31 March 2018: Rs.23,547.55 million). These financial guarantees have been issued to bank and long term transmission customers on behalf of its subsidiaries. Based on the expectations at the end of reporting period, the Company considers likelihood of any claim under the guarantees as remote.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions 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 credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2019 and 31 March 2018 is the carrying amounts of each class of financial assets except for financial guarantees and derivative financial instruments. The Company's maximum exposure relating to financial guarantees and financial derivative instruments is noted in note 41 and the liquidity table below.

(c) 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 growth 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 60 - 90 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:

Particulars	Rs. in million					Total
	Payable on demand	Less than 3 months	3 months to 12 months	1 year to 5 years	> 5 years	
As at 31 March 2019						
Borrowings	10,296.65	-	1,951.03	9,688.60	-	21,936.28
Other financial liabilities	47.58	185.88	89.49	-	-	322.95
Trade payables	-	10,859.56	-	-	-	10,859.56
Financial guarantee contracts	850.00	-	-	-	-	850.00
	11,194.23	11,045.44	2,040.52	9,688.60	-	33,968.79
As at 31 March 2018						
Borrowings	11,911.21	-	1,550.09	2,812.06	-	16,273.36
Other financial liabilities	179.93	60.32	118.57	9.39	-	368.21
Trade payables	-	5,710.64	-	-	-	5,710.64
Derivatives	-	-	153.70	-	-	153.70
Financial guarantee contracts*	17,604.71	-	-	-	-	17,604.71
	29,695.85	5,770.97	1,822.36	2,821.45	-	40,110.62

* Based on the maximum amount that can be called for under the financial guarantee contract. Financial guarantee contract pertains to guarantees given to term loan lender, long term transmission customers on behalf of subsidiaries. These will be invoked in case of default by subsidiaries.



STERLITE POWER GRID VENTURES LIMITED
Notes to financial statements for the year ended 31 March 2019

Note 44: 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.

Particulars	31 March 2019 Rs. in million	31 March 2018 Rs. in million
Borrowings *		
Trade payables	21,936.28	16,273.36
Other financial liabilities	10,859.56	5,710.64
Advance received from customers	322.95	521.91
Less: cash and short-term deposits/liquid investments	5,178.57	10,647.78
Net debt	(686.55)	(41.07)
	37,610.81	33,112.62
Equity share capital		
Other equity	12,435.29	12,435.31
Total capital	18,069.93	12,361.39
	30,505.22	24,796.70
Capital and net debt	68,116.03	57,909.32
Gearing ratio	55.22%	57.18%

* Includes redeemable preference shares amounting to Rs. 10,098.55 million which are held by immediate 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. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

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

As per our report of even date

For SRBC & CO LLP
Firm Registration No. 324982E/E/00003
Chartered Accountants

per Paul Alvarez
Partner
Membership number: 105754
Place: Pune
Date: 14 May 2019



For and on behalf of the Board of Directors of
Sterlite Power Grid Ventures Limited

Pratik Agarwal
Director & Vice-Chairman
DIN: 03040062
Place: Mumbai

Ved Mani Tiwari
CEO & Whole Time Director
DIN: 06652919
Place: New Delhi

Pooja Agarwal
Chief Financial Officer
Place: New Delhi

Saurabh Mathur
Company Secretary
Place: Mumbai

Date: 14 May 2019

