

INDEPENDENT AUDITOR'S REPORT

To the Members of Sterlite Grid 3 Limited

Report on the Ind AS Financial Statements**Opinion**

We have audited the accompanying Ind AS financial statements of Sterlite Grid 3 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 accounts; including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Other Information

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

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

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



Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- ▶ Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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 purpose 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, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of written representations received from the directors as on March 31, 2019, and 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;



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- (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company as no managerial remuneration is paid to its directors for the year ended March 31, 2019;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - 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 No: 324982E/E300003


per **Paul Alvares**
Partner
Membership Number: 105754
Place of Signature: Mumbai
Date: April 30, 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 Grid 3 Limited (the “Company”)

- i. The Company did not have any property, plant and equipment during the year and accordingly, the requirements under clause 3(i)(a), (b) and (c) of the Order are not applicable to the Company
- ii. The Company’s business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted 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. To the best of our knowledge and as explained, the cost records prescribed by the Central Government under Section 148(1) of the Companies Act, 2013, are not applicable to the Company for the year ended March 31, 2019.
- Vii
 - a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, goods and service tax and other material statutory dues applicable to it. The Company did not have any statutory dues towards provident fund, employees’ state insurance, wealth-tax, duty of customs and cess.
 - b. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, goods and service tax and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
 - c. According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, value added tax and cess which have not been deposited on account of any dispute.
- viii. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- ix. The Company has not raised any monies by way of initial public offer / further public offer /debt instruments or term loans during the year. Therefore, the provisions of clause 3(ix) of the Order are not applicable to the Company and hence not commented upon.

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- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Companies Act, 2013 is not applicable to the Company and hence not commented upon.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Companies Act, 2013.
- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

per Paul Alvares
Partner
Membership Number: 105754
Place of Signature: Mumbai
Date: April 30, 2019



ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF STERLITE GRID 3 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 Grid 3 Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

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 Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 Ind AS financial statements.

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

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

Opinion

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

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

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



STERLITE GRID 3 LIMITED
BALANCE SHEET AS ON 31 MARCH 2019
(All amounts in Rs. million unless otherwise stated)

	Notes	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
ASSETS			
Non current assets			
Investment in subsidiaries	3	449.04	896.65
Other non current assets	4	37.56	-
		486.60	896.65
Current assets			
Financial assets			
i. Loans	5	1,811.41	856.85
ii. Cash and cash equivalents	6	0.07	0.12
iii. Trade Receivables	7	0.05	0.03
iv. Other financial assets	8	0.05	0.04
		1,811.58	857.04
Total assets		2,298.18	1,753.69
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9	0.50	0.50
Other equity	10		
Equity component of loan from holding company		0.80	0.80
Retained earnings		(367.34)	137.09
		(366.04)	138.39
Current liabilities			
Financial liabilities			
i. Borrowings	11	2,663.85	1,614.96
ii. Other financial liabilities	12	0.35	0.31
Other current liabilities	13	0.02	0.03
		2,664.22	1,615.30
Total liabilities		2,664.22	1,615.30
Total equity and liabilities		2,298.18	1,753.69

Summary of significant accounting policies 2.2

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

As per our report of even date

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

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



For and on behalf of the Board of Directors of
Sterlite Grid 3 Limited

Satya Gopal Mohanty
Director
DIN: 07566623
Place: New Delhi
Date: 30 April, 2019

Anitabh Prasad
Director
DIN: 08387062
Place: New Delhi
Date: 30 April, 2019



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STERLITE GRID 3 LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019
(All amounts in Rs. million unless otherwise stated)

	Notes	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
INCOME			
Other income	14	0.03	751.42
Income (I)		0.03	751.42
EXPENSES			
Other expenses	15	542.02	354.76
Total expenses (II)		542.02	354.76
Earning before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)		(541.99)	396.66
Depreciation and amortisation expense		-	-
Finance cost		-	-
Finance income		-	-
Profit/(loss) before tax		(541.99)	396.66
Tax expense			
Current tax		-	248.22
Income tax for earlier years		(37.56)	-
Total tax expenses		(37.56)	248.22
Profit/ (loss) for the year		(504.43)	148.44
Other Comprehensive Income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Total comprehensive income for the period, net of tax		(504.43)	148.44
Earnings per equity share			
Basic and diluted (Rupees per share)			
Computed on the basis of loss for the year	16	(10,088.67)	2,968.73
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. 824982E/E300003

per Paul Alvares
Partner
Membership Number: 105754
Place: Pune
Date: 30 April, 2019



For and on behalf of the Board of Directors of
Sterlite Grid 3 Limited

Satya Gopal Mohanty
Director
DIN: 07586623
Place: New Delhi
Date: 30 April, 2019

Amitabh Prasad
Director
DIN: 08387062
Place: New Delhi
Date: 30 April, 2019



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STERLITE GRID 3 LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019
 (All amounts in Rs. million unless otherwise stated)

A. Equity Share Capital

Equity Shares of Rs 10 each issued, subscribed and fully paid
As at 1 April 2017
 Changes in equity share capital during the year
As at 31 March 2018
 Changes in equity share capital during the year
As at 31 March 2019

	Nos. in million	Rs. in million
As at 1 April 2017	0.05	0.50
Changes in equity share capital during the year	-	-
As at 31 March 2018	0.05	0.50
Changes in equity share capital during the year	-	-
As at 31 March 2019	0.05	0.50

B. Other equity

	Equity component of loan from holding company (Rs. in million)	Retained Earnings (Rs. in million)	Total (Rs. in million)
As at 1 April 2017	0.80	(11.35)	(10.55)
Profit for the year	-	148.44	148.44
Other comprehensive income	-	-	-
Total comprehensive income	-	148.44	148.44
As at 31 March 2018	0.80	137.09	137.89
Profit for the year	-	(504.43)	(504.43)
Other comprehensive income	-	-	-
Total comprehensive income	-	(504.43)	(504.43)
As at 31 March 2019	0.80	(367.34)	(366.54)

As per our report of even date

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

per Paul Alvares
 Partner
 Membership Number: 105754
 Place: Pune
 Date: 30 April, 2019



For and on behalf of the Board of Directors of
 Sterlite Grid 3 Limited

Satish Gopal Mohanty
 Director
 DIN: 07566823
 Place: New Delhi
 Date: 30 April, 2019

Amitabh Prasad
 Director
 DIN: 08387062
 Place: New Delhi
 Date: 30 April, 2019



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STERLITE GRID 3 LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019
(All amounts in Rs. million unless otherwise stated)

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
A. Cash flow from operating activities		
Net profit/ (loss) as per statement of profit and loss	(504.43)	148.44
Adjustment for taxation	(37.56)	248.22
Profit/(Loss) before tax	(541.99)	396.66
Non-cash adjustment to reconcile (loss)/profit before tax to net cash flows		
Gain on sale of investment in subsidiaries	-	(751.39)
Impairment of investment in subsidiaries	541.74	354.22
Operating loss before changes in operating assets and liabilities	(0.25)	(0.51)
Movements in operating Assets and Liabilities:		
- Increase/(Decrease) in Other current financial liabilities	0.04	0.15
- Increase/ (Decrease) in Trade receivables	(0.03)	(0.03)
- Increase/(Decrease) in Other current liabilities	(0.01)	0.02
- Decrease/(Increase) in Other current financial assets	(0.01)	18.75
- Decrease/(Increase) in Other non current assets	-	0.04
Changes in operating assets and liabilities	(0.01)	18.93
Cash generated from/ (used in) operations	(0.26)	18.42
Direct taxes paid (net of refunds)	-	-
Net cash from/(used in) operating activities (A)	(0.26)	18.42
B. Cash flow from investing activities		
Loan repaid by Subsidiaries	-	547.87
Proceeds from sale of investment in subsidiary	-	961.89
Capital Gain Tax on Sale of investment in Subsidiary	-	(248.22)
Loan given to subsidiary	(1,048.69)	(895.01)
Net cash from/(used in) investing activities (B)	(1,048.69)	366.53
C. Cash flow from financing activities		
Proceeds of borrowings from holding company	1,048.89	1,444.27
Repayment of borrowings from holding company	-	(1,829.23)
Net cash flow from/(used in) financing activities (C)	1,048.89	(384.96)
Net decrease in cash and cash equivalents (A + B + C)	(0.06)	(0.01)
Cash and cash equivalents as at beginning of the year	0.12	0.13
Cash and cash equivalents as at end of the year	0.07	0.12
Components of cash and cash equivalents:		
Balance with banks:		
On current accounts	0.07	0.12
Total Cash and cash equivalents (note 6)	0.07	0.12

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

Particulars	Short term borrowings
1 April 2017	1,999.92
Cash flow	
- Proceeds/(repayments)	(384.96)
31 March 2018	1,614.96
Cash flow	
- Proceeds/(repayments)	1,048.89
31 March 2019	2,663.85

As per our report of even date

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

per Paul Alvares
Partner
Membership Number: 105754
Place: Pune
Date: 30 April, 2019



For and on behalf of the Board of Directors of
Sterlite Grid 3 Limited

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Director
DIN: 07566623
Place: New Delhi
Date: 30 April, 2019

Amitabh Prasad
Director
DIN: 08387062
Place: New Delhi
Date: 30 April, 2019



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STERLITE GRID 3 LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Note 3: Investment in subsidiaries

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Equity instruments (unquoted) - Carried at cost		
Investment in subsidiaries		
Odisha Generation Phase-II Transmission Limited [1.403 million equity shares (31 March 2018: 1.313 million) of Rs. 10 each fully paid up]	990.78	1,250.87
Less: Impairment of investment	541.74	354.22
Total non-current investments	449.04	896.65
Aggregate amount of unquoted investments	449.04	896.65

Note:

The Company entered into share purchase agreements and shareholders' agreements dated February 14, 2018 ("the Agreements") with Sterlite Grid 1 Limited ("the buying shareholder") for sale of equity stake in Maheshwaram Transmission Limited (referred as "the SPV"). Pursuant to the Agreements, the Company has transferred 49% of equity in the SPV and for transfer of the remaining 51% equity stake, the Company has received full consideration in advance which is non-refundable. The remaining stake will be transferred to the buying shareholder on expiry of the respective mandatory shareholding periods in the SPV. Under the Agreements, the Company has also given the following rights to the buying shareholder :

- Right to nominate all directors on the Board of directors of the SPV;
- Right to direct the Selling Shareholders to vote according to its instructions in the AGM/EGM or any other meeting of shareholders of the SPV;
- Irrevocable and unconditional call option to acquire the remaining 51% equity stake in the SPV at later dates;
- Pledge on the remaining 51% equity stake in the SPV;
- Non-disposal undertaking from the Selling Shareholders for the remaining 51% equity stake in the SPV.

Basis the above rights and the fact that full non-refundable consideration has been received in advance by the Company from the buying Shareholder, the SPV are considered as 100% subsidiary of buying shareholder and entire amount received from buying shareholder adjusted against total investment in Subsidiary (SPV).

Pursuant to share purchase agreement dated April 30, 2019 executed among Sterlite Power Grid Ventures Limited (Immediate Holding Company), Axis Trustee Services Limited (Trustee to India Grid Trust) and Sterlite Investment Managers Limited (Investment Manager of India Grid Trust), Sterlite Power Grid Ventures Limited shall sell 100% stake in Sterlite Grid 3 Limited ('SGL3')(The Company) [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. The Company has recognised an impairment loss of Rs. 541.74 million on investment in equity instruments carried at cost based on recoverable amount derived as per share purchase agreement.

Note 4: Other assets

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Non Current		
Advance income tax, including TDS (net of provisions)	37.56	-
Total	37.56	-

Note: Amount of Rs. 37.56 Million (previous year Nil) is on account of excess deposit of advance tax liability on capital gains which is subsequently claimed as refund in the income tax return filed for the relevant previous year.

Note 5: Loans (Unsecured, considered good)

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Current		
Loan to subsidiaries (refer note 21)	1,811.41	856.85
Total	1,811.41	856.85

Note: The unsecured loan to subsidiary carries nil rate of interest and is repayable on demand.

Note 6: Cash and cash equivalents

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Balance with banks on current accounts	0.07	0.12
Total	0.07	0.12

Note 7: Trade Receivables

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Management fees receivable (Refer note 21)	0.05	0.03
Total	0.05	0.03

Note 8: Other current financial assets

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Advances receivable in cash or kind	0.05	0.04
Total	0.05	0.04



Note 9: Equity share capital

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

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

	31 March 2019		31 March 2018	
	Number of shares (in million)	Equity share (Rs. in million)	Number of shares (in million)	Equity share (Rs. in million)
Opening balance	0.05	0.50	0.05	0.50
Issued during the period	-	-	-	-
Closing balance	0.05	0.50	0.05	0.50

b. Terms/rights attached to equity shares

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

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

	31 March 2019		31 March 2018	
	Nos. in million	% holding	No. in million	% holding
Sterlite Power Grid Ventures Limited, the immediate holding company	0.05	100%	0.05	100%

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

	31 March 2019		31 March 2018	
	Nos. in million	% holding	No. in million	% holding
Sterlite Power Grid Ventures Limited, the immediate holding company	0.05	100%	0.05	100%

Note 10: Other equity

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Equity component of loan from holding company	0.80	0.80
Retained earnings		
Balance as per last financial statements	137.09	(11.35)
Add: Profit/(loss) for the year	(504.43)	148.44
Closing balance	(367.34)	137.09

Note 11: Borrowings

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Current		
Unsecured loan from holding company* (refer note 21)	2,663.85	1,614.96
Total	2,663.85	1,614.96

*Unsecured loan from holding company carries nil rate of interest and is repayable on demand.

Note 12: Other current financial liabilities

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Other liabilities	0.35	0.31
Total	0.35	0.31

Note 13: Other current liabilities

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Withholding taxes (TDS) payable	0.02	0.03
Total	0.02	0.03



STERLITE GRID 3 LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Note 14: Other income

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Gain on sale of investment in subsidiaries	-	751.39
Management fees income (refer note 21)	0.03	0.03
Total	0.03	751.42

Note 15: Other expenses

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Rates & taxes	-	0.10
Professional fees	0.03	0.20
Impairment of investment in subsidiary (refer note 3)	541.74	354.22
Payment to auditors		
- Statutory audit fees (including taxes)	0.19	0.18
Miscellaneous expenses	0.06	0.06
Total	542.02	354.76

Note 16: Earnings per share (EPS)

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/(loss) and share data used in the basic and diluted EPS computation

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Profit/ (loss) after tax for calculating basic and diluted EPS (Rs. in million)	(504.43)	148.44
Weighted average number of equity shares in calculating basic and diluted EPS (No. million)	0.05	0.05
Earnings per share		
Basic and diluted (On nominal value of Rs.10 per share) Rupees/share	(10,088.67)	2,968.73

Note 17: Capital and other commitments

As at 31 March 2019, the Company has commitment of Rs. Nil million (31 March 2018: Rs. 1,518.92 million) towards investment in wholly owned subsidiaries.

Note 18: 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 in India. Based on the guiding principles given in Ind AS - 108 "Operating Segments", this activity falls within a single operating segment and accordingly the disclosures of Ind AS -108 have not separately been given.

Note 19: Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings 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 loans to subsidiaries and bank balances that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The management reviews and agrees policies for managing each of these risks, which are summarised below.

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

Management has overall responsibility for the establishment and oversight of the Company's risk management framework.

(A) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from loans given to its subsidiaries. The Company's maximum exposure to credit risk for the components of the Balance Sheet as at March 31, 2019 and March 31, 2018, is the carrying amounts of loans and other receivables as disclosed in Note 5 and 7. However, the credit risk is considered low since these are due from wholly owned subsidiaries.

(B) Liquidity risk

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



STERLITE GRID 3 LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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 to 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 to 5 years	More than 5 years	
31 March 2019						
Borrowings	2,663.85	-	-	-	-	2,663.85
Other financial liabilities	-	-	0.35	-	-	0.35
Total	2,663.85	-	0.35	-	-	2,664.20
31 March 2018						
Borrowings	1,614.96	-	-	-	-	1,614.96
Other financial liabilities	-	-	0.31	-	-	0.31
Total	1,614.96	-	0.31	-	-	1,615.27

(C) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk mainly include borrowings availed and loans given. As at March 31, 2019 and March 31, 2018, the Company's borrowings availed and loans given were at nil rate of interest and hence not subject to interest rate risk. There were no transactions/balances in foreign currency as at March 31, 2019 and March 31, 2018 and for the years then ended.

Note 20: 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, if any. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio optimum. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents, other bank balances and short term investments.

Particulars	31 March 2019	31 March 2018
	(Rs. in million)	(Rs. in million)
Borrowings*	2,663.85	1,614.96
Other financial liabilities	0.35	0.31
Other current liabilities	0.02	0.03
Less: Cash and cash equivalents, other bank balances and short term investments	0.07	0.12
Net debt	2,664.15	1,615.18
Equity share capital	0.50	0.50
Other equity	(367.34)	137.09
Total capital	(366.84)	137.59
Capital and net debt	2,297.31	1,752.77
Gearing ratio	116%	92%

* Loans of Rs. 2,663.85 million (31 March 2018 : Rs 1,614.96 million) from the holding company disclosed under Short term borrowings in Note 11.

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STERLITE GRID 3 LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Note 21: Related Party Disclosures

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

Related parties where control exists

a. Holding Company

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

b. Subsidiaries

Maheshwaram Transmission Limited (upto February 14, 2018) (refer note 3)
Odisha Generation Phase-II Transmission Limited

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

Subsidiary of associate of holding company
Sterlite Grid 1 Limited

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

Particulars	Immediate Holding Company		Subsidiary Company		Subsidiary of associate of holding company	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
	(Rs. in million)	(Rs. in million)	(Rs. in million)	(Rs. in million)	(Rs. in million)	(Rs. in million)
Transactions during the year						
Conversion of Loan given to subsidiary into Equity Share capital of subsidiary	-	-	94.13	-	-	-
Unsecured Loans availed	1,048.89	1,444.27	-	-	-	-
Unsecured Loans repaid	-	1,829.23	-	547.87	-	-
Sale of Equity Shares of Maheshwaram Transmission Limited	-	-	-	-	-	961.89
Unsecured loans given	-	-	1,048.69	895.01	-	-
Management fees income	-	-	0.03	0.03	-	-
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	(Rs. in million)	(Rs. in million)	(Rs. in million)	(Rs. in million)	(Rs. in million)	(Rs. in million)
Outstanding balances						
Unsecured loan payable	2,663.85	1,614.96	-	-	-	-
Unsecured loan receivable	-	-	1,811.41	856.85	-	-
Management fees receivable	-	-	0.05	0.03	-	-

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

Particulars		2018-19	2017-18
		(Rs. in million)	(Rs. in million)
1 Conversion of loan given to subsidiary into equity share capital of subsidiary (including premium)			
Odisha Generation Phase-II Transmission Limited	Subsidiary	94.13	-
2 Sale of Equity shares of Maheshwaram Transmission Limited (MTL)			
Sterlite Grid 1 Limited	Subsidiary of associate of holding company	-	961.89
3 Unsecured loans availed			
Sterlite Power Grid Ventures Limited	Holding Company	1,048.89	1,444.27
4 Unsecured loans repaid			
Sterlite Power Grid Ventures Limited	Holding Company	-	1,829.23
5 Unsecured loans given			
Maheshwaram Transmission Limited	Subsidiary	-	150.32
Odisha Generation Phase-II Transmission Limited	Subsidiary	1,048.69	744.69
6 Unsecured loans repaid			
Maheshwaram Transmission Limited	Subsidiary	-	546.15
Odisha Generation Phase-II Transmission Limited	Subsidiary	-	1.72
7 Management fees income			
Odisha Generation Phase-II Transmission Limited	Subsidiary	0.03	0.03

As per our report of even date

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

per Paul Alvares
Partner
Membership Number: 105754
Place: Pune
Date: 30 April, 2019



For and on behalf of the Board of Directors of
Sterlite Grid 3 Limited

Satya Gopal Mohanty
Director
DIN: 07566623
Place: New Delhi
Date: 30 April, 2019

Amitabh Prasad
Director
DIN: 08387062
Place: New Delhi
Date: 30 April, 2019



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