

POWERGRID NM TRASMISSION LIMITED

Wholly Owned Subsidiary of Power Grid Corporation of India Limited

(CIN: U40106DL2011GOI219542)

ANNUAL REPORT (2018-19)

POWERGRID NM TRANSMISSION LIMITED

CIN: U40106DL2011GOI219542

Regd. Office : B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi- 110 016.

Phone No.: 011-26560112, Fax: 011-26601081

DIRECTORS' REPORT

To,
Dear Shareholders,

I am delighted to present on behalf of the Board of Directors, the Eighth Annual Report of Powergrid NM Transmission Limited {formerly known as Nagapattinam-Madhugiri Transmission Company Limited} on the working of the Company together with Audited Financial Statement and Auditors Report for the financial year ended 31st March, 2019.

State of the Company's Affairs

POWERGRID NM Transmission Company Limited (PNMTL), formerly known as Nagapattinam-Madhugiri Transmission Company Limited was acquired by POWERGRID on 29th March, 2012 under Tariff Based Competitive Bidding for establishing Transmission System associated with IPPs of Nagapattinam / Cuddalore Area (Package A). Consequent to such acquisition, PNMTL become the wholly owned subsidiary of POWERGRID w.e.f. 29th March, 2012.

Your Company has been engaged in the implementation of Nagapattinam-Salem 765 kV D/C Line (about 203 kms.) and Salem- Madhugiri 765 kV S/C Line (about 220 kms.).

Nagapattinam-Salem 765 kV D/C Line is under commercial operation w.e.f 23.10.2016 and Salem- Madhugiri 765 kV S/C Line is under commercial operation w.e.f 26.01.2019.

Financial Performance

Rs. In Lakh

| Particulars | 2018-19 | 2017-18 |
|---------------------------------|----------------|--------------|
| Revenue from Operations | 1584.70 | 0.00 |
| Other Income | 28.92 | 37.59 |
| Total Income | 1613.62 | 37.59 |
| Expenses | 10580.75 | 11542.97 |
| Profit before Tax | (8967.13) | (11505.38) |
| Profit after Tax | (6355.92) | (8314.08) |
| Earnings Per Equity Share (Rs.) | | |
| Basic (in Rs.) | (2.70) | (4.02) |
| Diluted (in Rs.) | (2.70) | (4.02) |

Share Capital

The Authorized & Paid up Share Capital as on 31st March, 2019 of the Company were Rs. 264 crore. Subsequently the Authorised Share Capital was increased from 264 crore to Rs. 307.43 Crore on 17th June, 2019.

Dividend and Transfer to Reserves

Your Directors have not recommended any dividend on the equity shares for the period under review.

Particulars of Loans, Guarantees or Investments made under section 186 of the Companies Act, 2013

Your Company has not given any loans, provided any guarantee or security to any other entity.

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related parties referred to Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, are given as ***Annexure- I*** to the Directors' Report.

Details of Significant & Material Orders passed by the regulators, courts, tribunals impacting the going concern status and company's operation in future

No significant / material orders passed by any authority during the Financial Year impacting the going concern status and Company's operation in future.

Deposits

Your Company has not accepted any deposit for the period under review.

Subsidiaries, Joint Ventures and Associate Companies

Your Company does not have any subsidiaries, joint ventures and associate companies.

Directors' Responsibility Statement

As required under section 134(3)(c) & 134(5) of the Companies Act, your Directors confirm that:

- a. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit/loss of the company for that period;
- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors had prepared the Annual Accounts on a going concern basis; and
- e. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go

Since no commercial activity was carried out by the Company, furnishing of information in respect of Conservation of Energy, Technology absorption and Foreign Exchange Earnings and out go under section 134(3) of the Companies Act, 2013 are not applicable.

Extract of Annual Return

The extract of Annual Return in Form MGT– 9 is enclosed at **Annexure - II** to this Report.

Board of Directors and Key Managerial Personnel

As on 31st March, 2019, the Board comprised four Directors viz. Ms. Seema Gupta, Shri Anil Jain, Shri Ravi Shanmugam and Shri Pramod Kumar.

There were some changes in the Board of Director of the Company during the financial year 2018-19. Shri R. K. Singh ceased to be Directors of the Company w.e.f. 04.06.2018 and Shri Ravi P. Singh ceased to be Directors of the Company w.e.f. 22/01/2019.

Shri Ravi Shanmugam was appointed as director of the Company w.e.f. 12/11/2018.

The Company has received a notice under section 160 of the Companies Act, 2013 from a member of the Company for appointment of Shri Ravi Shanmugam as Directors, liable to retire by rotation, in the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 2013, Smt. Seema Gupta shall retire by rotation at the Annual General Meeting of your Company and being eligible, offers himself for re-appointment.

None of the Directors is disqualified from being appointed/re-appointed as Director.

Pursuant to provisions of Section 203 of the Companies Act, 2013, Shri P. C. Garg is the CEO, Shri Ashwini Kumar Das is the CFO and Shri Mrinal Shrivastava is the Company Secretary of the Company.

Number of Board meetings during the year

During the financial year ended 31st March, 2019, Seventeen (17) meetings of Board of Directors were held on 04.04.2018, 01.05.2018, 21.05.2018, 08.06.2018, 29.06.2018, 25.07.2018, 20.08.2018, 25.08.2018, 06.09.2018, 30.10.2018, 26.11.2018, 26.12.2018, 21.01.2019, 29.01.2019, 20.02.2019, 13.03.2019 and 22.03.2019. The details of number of meetings attended by each Director during the financial year 2018-19 are as under:

| Name of Director | Designation | No. of Board Meetings which were entitled to attend during 2018-19 | No. of Board Meetings attendance during 2018-19 |
|--------------------------------------------|--------------------|---------------------------------------------------------------------------|--------------------------------------------------------|
| Smt. Seema Gupta (w.e.f. 22/01/2019) | Chairperson | 17 | 17 |
| Shri Ravi P Singh (up to 22/01/2019) | Chairman | 13 | 13 |
| Shri D.K. Valecha (up to 30/04/2018) | Director | 1 | 1 |
| Shri S. Vaithilingam (up to 30/04/2018) | Director | 1 | 1 |
| Shri R.K. Singh (up to 04.06.2018) | Director | 3 | 0 |
| Shri Anil Jain (w.e.f. 07/05/2018) | Director | 15 | 14 |
| Shri Pramod Kumar (w.e.f. 11/05/2018) | Director | 15 | 15 |
| Shri Ravi Shanmugam (w.e.f. 12/11/2018) | Director | 1 | 1 |

Committees of the Board

Audit Committee

The Audit Committee of the Company has been constituted in line with the provisions of Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014. As on 31/03/2019, the Audit Committee comprised three members viz. Ms. Seema Gupta, Shri Anil Jain and Shri Pramod Kumar as its members with Ms. Seema Gupta as Chairman.

During the financial year 2018-19, six (6) meetings of Audit committee were held on 04.04.2018, 21.05.2018, 20.08.2018, 30.10.2018, 29.01.2019 and 22.03.2019.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee has been constituted in line with the requirement of the provisions of Section 178 of the Companies Act, 2013. As on 31/03/2019, the NRC comprised three members viz. Shri Anil Jain, Shri Pramod Kumar and Shri Ravi Shanmugam as its members with Shri Anil Jain as Chairman.

During the financial year 2018-19, two (2) meeting of the committee was held on 06.09.2018 and 26.11.2018.

Declaration by Independent Directors

Ministry of Corporate Affairs (MCA) vide notification dated 05th July 2017 had amended the Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 {said Rule 4} as per which the unlisted public companies in the nature of wholly owned subsidiaries are exempted from the requirement of appointing Independent Directors on their Board.

Accordingly, PNMTL, being a Wholly Owned Subsidiary of Power Grid Corporation of India Limited is exempted from the requirement of appointing Independent Directors on their Board.

Performance Evaluation

Your Company, being wholly-owned Subsidiary of POWERGRID, is a Government Company. The Whole time Directors & senior officials of POWERGRID (the holding company) are nominated as Directors of your Company. POWERGRID, being a Government Company, the Directors so nominated by it in your Company, are being evaluated under a well laid down procedure for evaluation of CMD / Functional Directors by Administrative Ministry and for evaluation of senior officials by POWERGRID (the holding company).

Statutory Auditors

M/s. Mallya & Mallya, Chartered Accountants, Bangalore, was appointed by Comptroller and Auditor General of India as Statutory Auditors of the Company for the financial year 2018-19.

Statutory Auditors' Report

M/s. Mallya & Mallya, Chartered Accountants, Statutory Auditors for financial year 2018-19 have given an unqualified report. The report is self-explanatory and does not require any further comments by the Board.

Details in respect of frauds reported by auditors other than those which are reportable to the Central Government

The Statutory Auditors of the Company have not reported any frauds to the Board of Directors under section 143(12) of the Companies Act, 2013, including rules made thereunder.

Comptroller and Auditor General's (C&AG) Comments

Comptroller and Auditor General of India have conducted a supplementary audit under section 143(6)(a) of the Companies Act, 2013 of the financial statements of the Company for the year ended 31st March, 2019. C&AG vide letter dated 16th July, 2019 has stated that on the basis of said supplementary audit nothing significant has come to their knowledge which would give rise to any comment upon or supplement to statutory auditors' report. Copy of letter dated 16th July, 2019 of NIL comments received from C&AG is placed at **Annexure-III** to this report.

Secretarial Audit Report

CS Sunita Mathur, Practicing Company Secretaries has conducted Secretarial Audit of the Company for the financial year ended 31st March, 2019. The Secretarial Auditor is placed at **Annexure – IV** to this report. The Secretarial Auditors have given an unqualified report.

Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013, every Company having net worth of Rs. 500 Crore or more, or Turnover of Rs. 1000 Crore or more or a Net Profit of Rs. 5 Crore or more during immediately preceding Financial Year, is required to spend, atleast 2% of the Average Net Profits of the Company made during the three immediately preceding Financial Years, in pursuance of its Corporate Social Responsibility Policy. Since, the Company has not satisfied any of the above criteria during the FY 2018-19, the provisions of Section 135 requiring to incur expenditure on CSR were not applicable on the Company for the Financial Year 2018-19.

Development & Implementation of Risk Management Policy

Your Company being a wholly owned subsidiary of POWERGRID is covered under the Risk Management Framework as being done in the holding company.

Particulars of Employees

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 of the Companies Act, 2013 & corresponding rules of Chapter XIII are exempted for Government Companies. As your Company is a Government Company, the information has not been included as a part of Directors' report.

Prevention of Sexual Harassment at Workplace

There was no incidence of Sexual Harassment during the Financial Year 2018-19.

Internal Financial Control Systems and their adequacy

Your Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March, 2019.

Right to Information

In compliance to 'Right to Information Act, 2005', an appropriate mechanism is in place in the Company for promoting transparency and accountability, wherein the Company has nominated Central Public Information Officer / Appellate Authorities to provide required information under the provisions of Act.

Acknowledgement

The Board extends its sincere thanks to the Ministry of Power, the Central Electricity Regulatory Commission, POWERGRID, the Comptroller & Auditor General of India, and the Auditors of the Company.

For and on behalf of
POWERGRID NM Transmission Limited

Sd/-
(Seema Gupta)
Chairperson
DIN: 06636330

Date: 26th July, 2019
Place: Gurgaon

POWERGRID NM TRANSMISSION LIMITED

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

| SL. No. | Particulars | Details |
|----------------|-------------------------------------------------------------------------------------------------------------------|----------------|
| a | Name (s) of the related party & nature of relationship | - |
| b | Nature of contracts / arrangements/ transaction | - |
| c | Duration of the contracts / arrangements / transaction | - |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e | Justification for entering into such contracts or arrangements or transactions' | - |
| f | Date of approval by the Board | - |
| g | Amount paid as advances, if any | - |
| h | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| SL. No. | Particulars | Details |
|----------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a | Name (s) of the related party & nature of relationship | Power Grid Corporation of India Limited (POWERGRID)) [holding company w.e.f. 29.03.2012]. |
| b | Nature of contracts/arrangements/transaction | <p>Part (A) to take any security(ies) / Guarantee(s) in connection with loans(s) and/or avail Inter-corporate Loan(s) on cost to cost basis and back to back servicing, or a combination thereof, upto an amount of Rs.950 Crore from POWERGRID.</p> <p>The agreement entered into, are presently with POWERGRID towards inter-corporate loans of Rs. 921.49 Crore and Equity of Rs. 212.00 Crore (out of total sanctioned amount of Rs.215 Crs)</p> <p>Part (B) to avail all input & services as may be required by the Company from POWERGRID @ 5% of the actual</p> |

| | | |
|---|-------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| | | project cost (excluding IDC and Consultancy Fee) plus Service Tax as applicable. |
| c | Duration of the contracts / arrange-ments / transaction | Part (A) As mutually agreed. Part (B) Commissioning of The TBCB Project including associated reconciliation activities. |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | Refer (b). |
| e | Date of approval by the Board | 29.08.2012 |
| f | Amount paid as advances, if any | - |

For and on behalf of
POWERGRID NM Transmission Limited

Sd/-
(Seema Gupta)
Chairperson
DIN: 06636330

Date: 26th July, 2019
Place: Gurgaon

POWERGRID NM TRANSMISSION LIMITED
Form No. MGT-9

EXTRACT OF ANNUAL RETURN
As on the Financial Year ended on March 31, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| i. | CIN | U40106DL2011GOI219542 |
| ii. | Registration Date | 20.05.2011 |
| iii. | Name of the Company | POWERGRID NM Transmission Limited |
| iv. | Category/ Sub-Category of the Company | Company Limited by Shares /Union Government Company |
| v. | Address of the Registered office and contact details | B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi- 110016. Tel:0124-2571968 Fax:011-266010881 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, If any | Not Applicable |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr.No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|--------|-------------------------------------------------|----------------------------------|------------------------------------|
| 1 | Transmission | 35107 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| | Name And Address Of The Company | CIN/GLN | Holding/ Subsidiary /Associate | % of shares held | Applicable Section |
|----|------------------------------------------------------|-----------------------|--------------------------------|------------------|--------------------|
| 1. | Power Grid Corporation of India Limited (POWERGRID)* | L40101DL1989GOI038121 | HOLDING COMPANY | 100% | 2(46) |

* Holding Company w.e.f. 29.12.2012

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---------------------------------------------------------------|-------------------------------------------------|-----------|-----------|-------------------|-------------------------------------------|----------|-----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | - | 600* | 600 | 0 | 600* | - | 600 | 0 | |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt.(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | 0 | 211999400 | 211999400 | 100 | 263999400 | | 263999400 | 100 | |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(1):- | 0 | 212000000 | 212000000 | 100 | 264000000 | - | 264000000 | 100 | |
| 2) Foreign | | | | | | | | | |
| g) NRIs-Individuals | - | - | - | - | - | - | - | - | - |
| h) Other-Individuals | - | - | - | - | - | - | - | - | - |
| i) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| j) Banks / FI | - | - | - | - | - | - | - | - | - |
| k) Any Other.... | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(2):- | - | - | - | - | - | - | - | - | - |
| B. Public Shareholding | - | - | - | - | - | - | - | - | - |
| 1. Institutions | - | - | - | - | - | - | - | - | - |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt. | - | - | - | - | - | - | - | - | - |
| d) State Govt.(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non Institutions | - | - | - | - | - | - | - | - | - |
| a) Bodies Corp. (i) Indian (ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals (i) Individual shareholders holding nominal | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|-----------------------------------------------------------------------------------|---|-----------|-----------|-----|-----------|---|-----------|-----|---|
| share capital upto Rs.1 lakh | | | | | | | | | |
| (ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh | | | | | | | | | |
| c) Others(Specify) | - | - | - | - | - | - | - | - | - |
| Sub-total(B)(2) | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 0 | 212000000 | 212000000 | 100 | 264000000 | - | 264000000 | 100 | |
| | | | | | | | | | |

* 600 equity shares held by POWERGRID's nominees (Individuals) jointly with POWERGRID.

ii.Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|--------|-----------------------------------------------------|-------------------------------------------|----------------------------------|-------------------------------------------------|-------------------------------------|----------------------------------|-------------------------------------------------|---|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1. | Power Grid Corporation of India Limited (POWERGRID) | 211999400 | 100 | - | 263999400 | 100 | - | 0 |
| 2. | Seema Gupta jointly with POWERGRID | 100 | 0 | - | 100 | 0 | - | 0 |
| 3. | Ravi P. Singh jointly with POWERGRID | 100 | 0 | - | 100 | 0 | - | 0 |
| 4. | Upendra Pande jointly with POWERGRID | 100 | 0 | - | 100 | 0 | - | 0 |

| | | | | | | | | |
|--------------|----------------------------------------|------------------|------------|---|------------------|------------|----------|-------------|
| 5. | K.S.R. Murty jointly with POWERGRID | 100 | 0 | - | 100 | 0 | - | 0 |
| 6. | Anil Jain* jointly with POWERGRID | 0 | 0 | - | 100 | 0 | - | 0 |
| 7. | Pramod Kumar* jointly with POWERGRID | 0 | 0 | - | 100 | 0 | - | 0 |
| 8. | D.K Valecha jointly with POWERGRID | 100 | 0.000075 | - | 0 | 0 | - | 0 |
| 9. | S. Vaithilingam jointly with POWERGRID | 100 | 0.000075 | - | 0 | 0 | - | 0 |
| Total | | 212000000 | 100 | | 264000000 | 100 | - | 0.00 |

**100 Equity shares held by Shri D.K. Valecha (jointly with POWERGRID) and 100 Equity shares held by Shri S. Vaithilingam (jointly with POWERGRID) transferred to Shri Anil Jain and Shri Pramod Kumar (jointly with POWERGRID) respectively on 21.05.2018.*

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 212000000 | 100 | 212000000 | 100 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | <ol style="list-style-type: none"> 30,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 01.05.2018 in terms of Section 62(1) of the Companies Act, 2013. 90,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 29.06.2018 in terms of Section 62(1) of the Companies Act, 2013. 2,00,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 24.08.2018 in terms of Section 62(1) of the Companies Act, 2013. 1,00,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 13.03.2019 in terms of Section 62(1) of the Companies Act, 2013. 1,00,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 22.03.2019 in terms of Section 62(1) of the Companies Act, 2013. | | | |
| | At the End of the year | 264000000 | 100 | 264000000 | 100 |

iv) Share holding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Top ten shareholders | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Directors and KMP | | | | |
| | For each of Directors | | | | |
| 1 | Smt. Seema Gupta, Director & Chairperson | | | | |
| | At the beginning of the year | 100 | - | 100 | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 100 | - | 100 | - |
| 2 | Shri Anil Jain, Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the | | | | |

| | | | | | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|---|-----|---|
| | year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 100 Equity share held by Shri D. K. Valecha (jointly with POWERGRID) transferred to Shri Anil Jain (jointly with POWERGRID) on 21.05.2018. | | | |
| | At the End of the year | 100 | - | 100 | - |
| 3 | Shri Pramod Kumar, Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 100 Equity share held by Shri S. Vaithilingam (jointly with POWERGRID) transferred to Shri Pramod Kumar (jointly with POWERGRID) on 21.05.2018. | | | |
| | At the End of the year | 100 | - | 100 | - |
| 4 | Shri Ravi Shanmugam, Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | - | - | - | - |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding /accrued but not due for payment
(Rs. In Lacs)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|-----------------------------------------------------|----------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | 92,429.81 | - | 92,429.81 |
| ii) Interest due but not paid | - | 3,588.15 | - | 3,588.15 |
| iii) Interest accrued but not due | - | 4,197.30 | - | 4,197.30 |
| Total(i+ii+iii) | - | 100,215.26 | - | 100,215.26 |

| | | | | |
|--------------------------------------------------------|---|------------|---|------------|
| Change in Indebtedness during the financial year | | | | |
| - Addition | | 18,630.47 | - | 18,630.47 |
| - Reduction | | - | - | - |
| Net Change | - | 18,630.47 | - | 18,630.47 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | | 108,590.56 | - | 108,590.56 |
| ii) Interest due but not paid | | 5,962.76 | - | 5,962.76 |
| iii) Interest accrued but not due | | 4,292.41 | - | 4,292.41 |
| Total (i+ii+iii) | - | 118,845.73 | - | 118,845.73 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: [Not Applicable]

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | | Total Amount |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---|---|---|-----------------|
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary Under section 17(3) Income- tax Act, 1961 | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission - as% of profit - Others, specify... | - | - | - | - | - |
| 5. | Others, please specify | - | - | - | - | - |
| 6. | Total(A) | - | - | - | - | - |
| | Ceiling as per the Act | - | - | - | - | - |

B. Remuneration to other directors: [Not Applicable]

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|------------------------------|----------------------------|---|---|---|-----------------|
| | <u>Independent Directors</u> | - | - | - | - | - |

| | | | | | | |
|--|----------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| | - Fee for attending board committee meetings - Commission - Others ,please specify | | | | | |
| | Total(1) | - | - | - | - | - |
| | <u>Other Non-Executive Directors</u> - Fee for attending board committee meetings - Commission - Others ,please specify | - | - | - | - | - |
| | Total(2) | - | - | - | - | - |
| | Total(B)=(1+2) | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - |
| | Over all Ceiling as per the Act | - | - | - | - | - |

C. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD:
[Not Applicable]

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------|-----|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a) Salary as per provisions contained in section17(1)of the Income-tax Act,1961 (b)Value of perquisites u/s 17(2) Income-tax Act,1961 (c)Profits in lieu of salary under section 17(3) Income-tax Act,1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as% of profit -others, specify... | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total | - | - | - | - |

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/ Punishment/Compounding fees imposed | Authority [RD /NCLT/Court] | Appeal made. If any (give details) |
|-------------------------------------|------------------------------|-------------------|---------------------------------------------------------|----------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| B. Directors | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| C. Other Officers In Default | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |

For and on behalf of
POWERGRID NM Transmission Limited

Sd/-
(Seema Gupta)
Chairperson
DIN: 06636330

Date: 26th July, 2019
Place: Gurgaon



भारतीय लेखापरीक्षा और लेखा विभाग
महा निदेशक वार्षिक लेखापरीक्षा एवं
पदेन सवस्य लेखापरीक्षा बोर्ड का कार्यालय, हैदराबाद

ANNEXURE-III

INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE DIRECTOR GENERAL OF
COMMERCIAL AUDIT AND EX-OFFICIO MEMBER,
AUDIT BOARD, HYDERABAD

No.: DGCA/A/c/Desk/2018-19/PGCILNMT/1.10 190

16 July 2019

To
The Chairperson,
Powergrid NM Transmission Limited,
Bangalore.

Sub: - Comments of the C&AG of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of Powergrid NM Transmission Limited for the year ended on 31 March 2019

Sir,

I forward herewith the 'Nil Comments' Certificate of Comptroller and Auditor-General of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of Powergrid NM Transmission Limited for the year ended on 31 March 2019.

2. The date of placing the comments along with Annual Accounts and Auditor's Report before the shareholders of the Company may please be intimated and a copy of the proceedings of the meeting may be furnished.

3. The date of forwarding the Annual Report and Annual Accounts of the Company together with Auditor's Report and comments of the Comptroller and Auditor General of India to the Central Government for being placed before the Parliament may please be intimated.

4. Ten copies of the Annual Report for the year 2018-19 may please be furnished in due course.

The receipt of this letter along with the enclosures may please be acknowledged.

Encl - As above

Yours faithfully,

M. S. Subrahmanyam
16/07/2019
(M. S. Subrahmanyam)
Director General

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF POWERGRID NM TRANSMISSION LIMITED FOR THE YEAR ENDED 31 MARCH 2019

The preparation of financial statements of Powergrid NM Transmission Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of Powergrid NM Transmission Limited for the year ended 31 March 2019. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report.

For and on behalf of the
Comptroller and Auditor General of India



(M. S. Subrahmanyam)
Director General of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad

Place: Hyderabad
Date: 16 July 2019



Form No. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,

The Members,

Powergrid NM Transmission Limited

B-9, Qutab Institutional Area,

Katwaria Sarai, New Delhi - 110016

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Power Grid NM Transmission Limited** [CIN: U40106DL2011GOI219542] (hereinafter called the company). Wholly owned subsidiary company of POWER GRID CORPORATION OF INDIA LIMITED (a Government of India Enterprise) .Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;





As confirmed and certified by the management, following law is specifically applicable to the Company based on the Sectors /Businesses:

- (a) The Electricity Act, 2003 and Rules and Regulations made there under.

We have also examined compliance with the applicable clauses/Regulations of the following:

- I) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above


We further report that,

The Board of Directors is duly constituted with proper balance of Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through while the dissenting members views are captured and recorded as part of the minutes. I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines

Place: New Delhi
Date: May 7th, 2019


Sunita Mathur
Company Secretary in Practice
FCS No. 1743
C P No.: 741



Note: This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.



Annexure-A

To,

The Members,

Power NM Transmission Limited


B-9, Qutab Institutional Area,

Katwaria Sarai , New Delhi - 110016

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company.
Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company

Place: New Delhi
Date: May 7th, 2019


Sunita Mathur
Company Secretary in Practice
FCS No. 1743
C P No.: 741





INDEPENDENT AUDITORS' REPORT

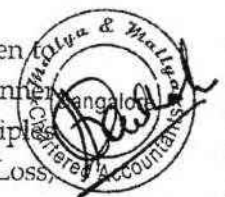
TO,
THE MEMBERS OF
POWERGRID NM TRANSMISSION LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of POWERGRID NM TRANSMISSION LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March 2019, the Statement of the Statement of Profit and Loss, Statement of Changes in Equity, the Cash Flow Statement 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 financial statements give the information required by 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 state of affairs of the Company as at 31st March 2019, Loss, Changes in Equity and its cashflows for the year ended on that date.



Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 opinion.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.



Responsibility of Managements and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure - A' a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

 2 | Page



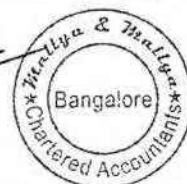
2. As required by section 143(3) of the Act, we report that:

- 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 appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

IND AS,

- e) As the Government Companies have been exempted from applicability of the provision of section 164(2) of the Companies Act, 2013, reporting on disqualification of Directors not required.
- f) With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure - B'
- g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to our best of our information and according to the explanations given to us:
 - i. The company disclosed the impact of pending litigations on the Financial position in its financial statements of the Company-Refer Note 31 to the financial statements
 - ii. The company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
 - iii. There has been no Delay in Transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

[Signature]



3. In terms of Section 143 (5) of the Companies Act 2013, we give in the "Annexure C" statement on the directions issued by the Comptroller and Auditor General of India.

For **Mallya & Mallya,**

Chartered Accountants

Firm Reg. No.001955S

CA C S Prashanth

Partner

Membership No: 218355

Place: Gurgaon

Date: 20th May 2019



ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Power grid NM Transmission Limited of even date)

| S. No. | Particulars | Auditors Remark |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) | (a) whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; | The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. |
| | b) whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account; | The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification. |
| | (c) Whether the title deeds of immovable properties are held in the name of the company. If not, provide the details thereof; | According to the information and explanation given to us, the company does not have any immovable properties. Accordingly, this clause of the order is not applicable to the company. |
| (ii) | Whether physical verification of inventory has been conducted at reasonable intervals by the management and whether any material discrepancies were noticed and if so, whether they have been properly dealt with in the books of account; | According to the information and explanation given to us, the company has conducted physical verification of inventory including construction stores at reasonable intervals and no material discrepancies have been noticed. |
| (iii) | Whether the company has 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. If so, | According to the information and explanations given to us, the Company has not granted unsecured loans to Companies, Firms, Limited Liability Partnerships and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly clauses 3(iii) are not not applicable to the company. |
| | (a) Whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest; | Not Applicable |
| | (b) Whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular; | Not Applicable |
| | (c) If the amount is overdue, state the total | Not Applicable |

| | | |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest; | |
| (iv) | In respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof. | In our opinion and according to the information and explanations given to us, the Company does not have loans, Investments, guarantees and security covered under Sections 185 and 186 of the Companies Act, 2013 and accordingly clause 3(iv) of the order is not applicable to the company. |
| (v) | In case, the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, where applicable, have been complied with? If not, the nature of such contraventions be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not? | The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and accordingly clause 3(v) of the order is not applicable to the company. |
| (vi) | Whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and whether such accounts and records have been so made and maintained. | The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 in respect of Transmission and Telecom Operations. However, the company has not crossed the threshold limits of requirements of maintaining the Cost Records and hence the same has not been maintained. |
| (vii) | (a) whether the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated; | The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. |
| | (b) where dues of income tax or sales tax or | There were no undisputed amounts payable in |

| | | |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere representation to the concerned Department shall not be treated as a dispute). | respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable. |
| (viii) | Whether the company has defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders? If yes, the period and the amount of default to be reported (in case of defaults to banks, financial institutions, and Government, lender wise details to be provided). | The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company. |
| (ix) | Whether moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported; | According to the information and explanations given to us, the company has raised moneys by way of further issue of share capital to the holding company and raised term loan as inter corporate borrowings from the holding company and both share capital and loan so received from the holding company have been applied for the purposes for which it is received. |
| (x) | whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated; | To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year. |
| (xi) | Whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act? If not, state the amount involved and steps taken by the company for securing refund of the same; | As Explained to us, the company has not paid or provided for managerial remuneration for the year under review. The key managerial personnel (KMP) includes CEO, CFO, being employees of the holding company have been deputed on full time basis and other KMPs along with other employees have been deputed on part time basis. No managerial remuneration has been paid to such representatives by the company except for consultancy services charged by the holding company based on time and manpower spent. Accordingly, provisions of section 197 of the Companies Act, 2013 are not applicable and also clause 3(xi) of the Order is not Applicable to the company. |

| | | |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (xii) | whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability and whether the Nidhi Company is maintaining ten per cent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability; | The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company. |
| (xiii) | Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards; | In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards. |
| (xiv) | Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliance; | During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company. |
| (xv) | Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with | In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company. |



| | | |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| (xvi) | Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained. | The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|

For **Mallya & Mallya,**
Chartered Accountants
Firm Reg. No.001955S


CA CS Prashanth
Partner
Membership No: 218355



Place: Gurgaon
Date: 20th May, 2019

**'Annexure B' to the Independent Auditor's report of Even Date in the Financial
Statements of**

POWERGRID NM TRANSMISSION 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 **POWERGRID NM TRANSMISSION LIMITED ("the Company")** as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company 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, 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 internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 Company's internal financial controls system over financial reporting.

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

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.



A handwritten signature in black ink is written over a circular blue stamp. The stamp contains the text "Chartered Accountant" around the top and "Bangalore" in the center.

Opinion

In our opinion, the Company, which is company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting 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 (ICAI).

For **Mallya & Mallya,**
Chartered Accountants
Firm Reg. No.001955S


CA C S Prashanth
Partner



Membership No: 218355

Place: Gurgaon
Date: 20th May, 2019



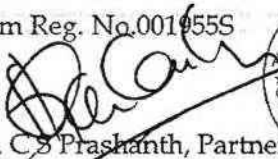
**"Annexure C" to the Independent Auditor's report of Even Date in the Financial
Statements of POWERGRID NM TRANSMISSION LIMITED**

Statement on the directions issued by the Comptroller and Auditor General of India

We have verified various documents and other relevant records and also on the basis of information and explanations provided to us, by the management of **Powergrid NM Transmission Limited** to ascertain whether the company has complied with the section 143(5) of the Companies Act, 2013 and give our report against each specific direction as under.

| Sl. | Direction | Auditors Remarks |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Whether the company has system in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | <p>The company has system in place to process all the accounting transactions through IT System.</p> <p>During the process of audit, we have not come across any financial transactions processed outside of the IT System.</p> <p>Hence, there is no financial implication of processing transactions outside IT System and also, the integrity of the accounts is not affected.</p> |
| 2 | Whether there is any restructuring of an existing loan or cases of waiver/write off of debts / loans/interest etc., made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. | <p>There is no restructuring of existing loan or cases of waiver/write off of debts / loans/interest etc.,</p> |
| 3 | Whether funds received / receivable for specific schemes from Central/State agencies were properly accounted for / utilized as per its term and conditions? List the cases of deviation. | <p>There are no funds received / receivable for specific schemes from Central / State agencies.</p> |

For **Mallya & Mallya**,
Chartered Accountants
Firm Reg. No.001955S


CA C S Prashanth, Partner
Membership No: 218355
Place: Bangalore
Date: 20th June, 2019





एक कदम स्वच्छता की ओर

पावरग्रिड एनएम ट्रांसमिशन लिमिटेड

(पावर ग्रिड कारपोरेशन ऑफ इंडिया लिमिटेड, भारत सरकार का उद्यम के पूर्ण स्वामित्व वाली सहायक कंपनी)

POWERGRID NM TRANSMISSION LTD

(A Fully Owned Subsidiary of Powergrid Corporation of India Ltd., A Government of India Enterprise)



पावरग्रिड
एन एम् टी एल

दक्षिणी क्षेत्र पारेषण प्रणाली - II क्षेत्रीय मुख्यालय, आर.टी.ओ. कार्यालय के पास, सिंगनायकनहल्ली
येलहंका होब्ली, बेंगलूरु - 560 064.

Southern Region Transmission System - II RHQ., Near RTO Office, Singanayakanahalli
Yelahanka Hobli, Bangalore - 560 064. Ph: 080 - 2309 3768

Ref. : PNMTL/F&A/2018-19/

Dt. 20th May 2019

CERTIFICATE

This is to certify that, financial results of M/s Powergrid NM Transmission Limited for the financial year ended 31st March 2019 does not contain any false or misleading statement or figure and do not omit any material fact which may make the statement or figures contained therein misleading.

(Seema Gupta)
Chairperson

(A.K. Das)
CFO



To,
The Deputy Director
Indian Audit & Accounts Department
Office of The Principal Director Of Commerce Audit &
Ex- Official Member, Audit Board,
A.G'S Office Complex, Saifabad,
Hyderabad-500 004.

Dear Sir,

We have completed the statutory audit of **M/s. POWERGRID NM TRANSMISSION LIMITED (CIN U40106DL2011GOI219542)** for the financial year ended on 31st March 2019.

We are pleased to submit herewith the following:

1. Audited Financial Statements and Notes on accounts,
2. Statutory Audit Report with Annexures,
3. Directions/ Sub- Directions issued by the C&AG of India under sec.143(5) of the Companies Act,2013

Thanking You,
Yours faithfully
For **Mallya & Mallya**
Chartered Accountants
Firm No: 001955S




CA C.S. Prashanth
Partner
M.No. 218355
Date: 20th May, 2019
Place: Gurgaon



COMPLIANCE CERTIFICATE

We have conducted the audit of accounts of **M/s. Power Grid NM Transmission Limited** (CIN U40106DL2011GOI219542) for the year ended 31st March 2019 in accordance with the directions/ sub- directions issued by the C& AG of India under sec.143(5) of the Companies Act,2013 and certify that we have complied with all the direction/ sub-directions issued to us.

For **Mallya & Mallya**

Chartered Accountants

Firm No: 001955S



CA C.S. Prashanth

Partner

M.No. 218355

Date: 20th May, 2019

Place: Gurgaon

POWERGRID NM TRANSMISSION LIMITED
CIN U40106DL2011GOI219542
BALANCE SHEET AS AT 31ST MARCH,2019

(₹ in Lakhs)

| Particulars | Note No | As at 31st March 2019 | As at 31st March 2018 |
|---------------------------------------------------------------------------------------------|---------|-----------------------|-----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property Plant and Equipment | 4 | 1,23,412.96 | 74,554.92 |
| Capital work-in-progress | 5 | 457.42 | 39,744.32 |
| Other Intangible assets | 6 | - | 0.03 |
| Deffered Tax Asset (Net) | 7 | 6,805.74 | 4,194.53 |
| Other non-current assets | 8 | 19.61 | 45.80 |
| | | 1,30,695.73 | 1,18,539.60 |
| Current assets | | | |
| Financial Assets | | | |
| Trade receivables | 9 | 860.36 | - |
| Cash and cash equivalents | 10 | 73.51 | 3.22 |
| Other current financial assets | 11 | 121.72 | 1.90 |
| | | 1,055.59 | 5.12 |
| Total Assets | | 1,31,751.32 | 1,18,544.72 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share capital | 12 | 26,400.00 | 21,200.00 |
| Other Equity | 13 | (16,565.23) | (10,209.31) |
| | | 9,834.77 | 10,990.69 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial Liabilities | | | |
| Borrowings | 14 | 1,03,202.44 | 92,149.73 |
| | | 1,03,202.44 | 92,149.73 |
| Current liabilities | | | |
| Financial Liabilities | | | |
| Trade Payable | 15 | - | - |
| (i) Total Outstanding dues of Micro Enterprise and Small Enterprise | | - | - |
| (ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises | | 0.93 | 1.40 |
| Other current financial liabilities | 16 | 18,213.49 | 14,909.09 |
| Other current liabilities | 17 | 499.69 | 493.81 |
| | | 18,714.11 | 15,404.30 |
| Total Equity and Liabilities | | 1,31,751.32 | 1,18,544.72 |

The accompanying notes (1 to 41) form an integral part of financial statements

As per our report of even date
For **Mallya & Mallya**
Chartered Accountants
Firm Regn. No. 0019855

(CA. S Prashanth)
Partner
Membership No. 218355

For and on behalf of Board of Directors

(Seema Gupta)
Chairperson
DIN : 06636330

(Pramod Kumar)
Director
DIN : 08132119

(Mrinal Shrivastava)
Company Secy.

Place : Gurgaon
Date : 20-May-2019



POWERGRID NM TRANSMISSION LIMITED
CIN U40106DL2011GOI219542
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

| | | | | (₹ in Lakhs) |
|------|------------------------------------------------------|----------|-------------------------------------|-------------------------------------|
| | Particulars | Note No. | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
| I | Revenue From Operations | 18 | 1584.70 | 0.00 |
| II | Other Income | 19 | 28.92 | 37.59 |
| III | Total Income (I+II) | | 1613.62 | 37.59 |
| IV | EXPENSES | | | |
| | Finance costs | 20 | 5566.43 | 5197.89 |
| | Depreciation and amortization expense | 21 | 4771.38 | 4265.98 |
| | Transmission, admin and Other expenses | 22 | 242.94 | 2079.10 |
| | Total expenses (IV) | | 10580.75 | 11542.97 |
| V | Profit/(loss) before tax (III-IV) | | (8967.13) | (11505.38) |
| VI | Tax expense: | | | |
| | Current tax | | (2611.21) | (3191.30) |
| | Deferred tax | | (6355.92) | (8314.08) |
| VII | Profit (Loss) for the period(V-VI) | | | |
| VIII | Other Comprehensive Income | | (6355.92) | (8314.08) |
| IX | Total Comprehensive Income for the period (VII+VIII) | | | |
| | Earnings per equity share (Par value of ₹ 10 each): | | | |
| | Basic (₹) | | (2.70) | (4.02) |
| | Diluted (₹) | | (2.70) | (4.02) |

The accompanying notes (1 to 41) form an integral part of financial statements

As per our report of even date
For **Mallya & Mallya**
Chartered Accountants
Firm Regn. No. 001955S

(CA. C.S. Prashanth)
Partner
Membership No.218355

For and on behalf of Board of Directors

(Seema Gupta)
Chairperson
DIN : 06636330

(Pramod Kumar)
Director
DIN : 08132119

(A.K. Das)
CFO

(Mrinal Shrivastava)
Company Secy.

Place: Gurgaon
Date : 20-May-2019



POWERGRID NM TRANSMISSION LIMITED
CIN U40106DL2011GOI219542
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2019

(₹ in Lakhs)

| Description | For the year ended 31.03.2019 | For the year ended 31.03.2018 |
|-----------------------------------------------------------|----------------------------------|----------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before tax | (8,967.13) | (11,505.38) |
| Adjustments for | | |
| Provision for Others | | 1,891.99 |
| Depreciation for the year | 4,771.38 | 4,265.98 |
| Interest and Finance Charges | 5,566.43 | 5,197.89 |
| Operating profit before Working Capital Changes | 1,370.68 | (149.52) |
| Adjustments For | | |
| Other Current Assets | (980.17) | 5.84 |
| Short Term Loans & Advances | | |
| Current Liabilities & Provisions | (4,258.43) | (1,120.74) |
| Cash generated from operations | (3,867.92) | (1,264.42) |
| Direct Taxes Paid | (0.04) | (4.54) |
| Net Cash generated from operations | (3,867.96) | (1,268.96) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Property Plant and Equipment and Capital work in progress | (11,851.06) | (9,067.88) |
| Net cash used in investing activities | (11,851.06) | (9,067.88) |
| C. CASH FLOW FROM FINANCIAL ACTIVITIES | | |
| Issue of Share Capital | 5,200.00 | 5,000.00 |
| Share Application Money pending Allotment | | 0.00 |
| Loan from Holding Company | 16,160.75 | 8,505.00 |
| Interest paid on Loan from Holding Company | (5,571.44) | (3,171.27) |
| Net cash from financing activities | 15,789.31 | 10,333.73 |
| D. Net Change In Cash and Cash equivalent (A+B+C) | 70.29 | (3.11) |
| E. Cash and Cash equivalent (Opening Balance) | 3.22 | 6.33 |
| F. Cash and Cash equivalent (Closing Balance) | 73.51 | 3.22 |

The accompanying notes (1 to 41) form an integral part of financial statements

Further Notes :

- Cash & Cash equivalents consist of balances with bank in current account.
- Previous year figures have been re-grouped / re-arranged wherever required.

As per our report of even date
For **Mallya & Mallya**
Chartered Accountants
Firm Regn. No. 019555

(Dr. C. S. Prashanth)
Partner
Membership No. 218355

(Seema Gupta)
Chairperson
DIN : 06636330

(Pramod Kumar)
Director
DIN : 08132119

(A.K. Das)
CFO

(Mrinal Shrivastava)
Company Secy.

Place: Gurgaon
Date : 20-May-2019



(Mrinal Shrivastava)
Company Secy.

POWERGRID NM TRANSMISSION LIMITED
CIN U40106DL2011GOI219542
STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2019

A. Equity Share Capital

(₹ in Lakhs)

| | |
|---------------------------------|-----------|
| As at 1st April, 2018 | 21,200.00 |
| Changes in equity share capital | 5,200.00 |
| As at 31st March, 2019 | 26,400.00 |
| As at 1st April, 2017 | 13,400.00 |
| Changes in equity share capital | 7,800.00 |

B. Other Equity

(₹ in Lakhs)

| Particulars | Share application money pending allotment | Reserves and Surplus | Total |
|-----------------------------------------|-------------------------------------------|----------------------|-------------|
| | | Retained Earnings | |
| Balance at 1st April, 2018 | | (10,209.31) | (10,209.31) |
| Total Comprehensive Income for the year | | (6,355.92) | (6,355.92) |
| Other Changes | | | - |
| Balance at 31st March, 2019 | - | (16,565.23) | (16,565.23) |
| Balance at 1st April, 2017 | 2,800.00 | (1,895.23) | 904.77 |
| Total Comprehensive Income for the year | | (8,314.08) | (8,314.08) |
| Other Changes | (2,800.00) | | (2,800.00) |
| Balance at 31st March, 2018 | - | (10,209.31) | (10,209.31) |

The accompanying notes (1 to 41) form an integral part of financial statements
Refer Note 12 for movement and nature of Reserve and Surplus

As per our report of even date

For **Mallya & Mallya**

Chartered Accountants

Firm Regn. No. 019855

(CA. CS Prashanth)
Partner
Membership No. 218355

For and on behalf of Board of Directors

(Seema Gupta)
Chairperson
DIN : 06636330

(A.K. Das)
CFO

(Pramod Kumar)
Director
DIN : 08132119

(Mrinal Shrivastava)
Company Secy.



Place: Gurgaon
Date : 20-May-2019

POWERGRID NM TRANSMISSION LIMITED
Note 4/Property, Plant and Equipment

| Particulars | Cost | | | | | Accumulated depreciation | | | | | Net Book Value | |
|-------------------------------------------------------|----------------------|---------------------------|----------|----------------------------|-----------------------|--------------------------|---------------------------|----------|----------------------------|-----------------------|-----------------------|-----------------------|
| | As at 1st April,2018 | Additions during the year | Disposal | Adjustment during the year | As at 31st March,2019 | As at 1st April,2018 | Additions during the year | Disposal | Adjustment during the year | As at 31st March,2019 | As at 31st March,2019 | As at 31st March,2018 |
| | | | | | | | | | | | | |
| Plant & Equipment | | | | | | | | | | | | |
| a) Transmission | 80,285.96 | 53,603.96 | | -25.47 | 1,33,915.39 | 6,094.23 | 4,744.47 | | | 10,838.70 | 1,23,076.69 | 74,191.73 |
| b) Communication System | 400.57 | | | | 400.57 | 38.41 | 26.70 | | | 65.11 | 335.46 | 362.16 |
| Furniture Fixtures | 1.00 | - | | | 1.00 | 0.12 | 0.06 | | - | 0.18 | 0.82 | 0.88 |
| Electronic Data Processing & Word Processing Machines | 1.02 | - | | | 1.02 | 0.87 | 0.16 | | - | 1.03 | -0.01 | 0.15 |
| Total | 80,688.55 | 53,603.96 | - | (25.47) | 1,34,317.98 | 6,133.63 | 4,771.39 | - | - | 10,905.02 | 1,23,412.96 | 74,554.92 |
| Previous Year Total | 80,554.11 | 0.42 | - | -134.02 | 80,688.55 | 1,867.61 | 4,266.02 | - | - | 6,133.63 | 74,554.92 | 78,686.50 |

POWERGRID NM TRANSMISSION LIMITED
Note 4/Property, Plant and Equipment

| Particulars | Cost | | | | | Accumulated depreciation | | | | | Net Book Value | |
|-------------------------------------------------------|----------------------|---------------------------|----------|----------------------------|-----------------------|--------------------------|---------------------------|----------|----------------------------|-----------------------|-----------------------|-----------------------|
| | As at 1st April,2017 | Additions during the year | Disposal | Adjustment during the year | As at 31st March,2018 | As at 1st April,2017 | Additions during the year | Disposal | Adjustment during the year | As at 31st March,2018 | As at 31st March,2018 | As at 31st March,2017 |
| | | | | | | | | | | | | |
| Plant & Equipment | | | | | | | | | | | | |
| a) Transmission | 80,151.94 | | | -134.02 | 80,285.96 | 1,855.13 | 4,239.10 | | | 6,094.23 | 74,191.73 | 78,296.81 |
| b) Communication System | 400.57 | | | | 400.57 | 11.71 | 26.70 | | | 38.41 | 362.16 | 388.86 |
| Furniture Fixtures | 0.58 | 0.42 | | | 1.00 | 0.06 | 0.06 | | - | 0.12 | 0.88 | 0.52 |
| Electronic Data Processing & Word Processing Machines | 1.02 | - | | | 1.02 | 0.71 | 0.16 | | - | 0.87 | 0.15 | 0.31 |
| Total | 80,554.11 | 0.42 | - | -134.02 | 80,688.55 | 1,867.61 | 4,266.02 | - | - | 6,133.63 | 74,554.92 | 78,686.50 |



POWERGRID NM TRANSMISSION LIMITED

Note 5/Capital work in progress

| (₹ in Lakhs) | | | | | |
|------------------------------------------------------------|----------------------|---------------------------|-----------------|---------------------------------------------------|-----------------------|
| Particulars | As at 1st April 2018 | Additions during the year | Adjustments | Capitalised during the year As at 31st March 2019 | As at 31st March 2018 |
| Plant & Equipments (including associated civil works) | | | | | |
| a) Transmission | 30,238.39 | 14,841.87 | | 45,080.26 | 30,238.39 |
| Expenditure pending allocation | | | | | |
| i) Survey investigation consultancy & supervision Charges | 34.44 | | | 34.44 | 34.44 |
| ii) Expenditure during construction period(net) (Note 23) | 5,183.35 | 3,305.91 | | 8,489.26 | 5,183.35 |
| Construction Stores | 4,288.14 | | 3,830.72 | | 4,288.14 |
| | 39,744.32 | 18,147.78 | 3,830.72 | 53,603.96 | 39,744.32 |
| Previous Year Total | 28,678.38 | 14,952.28 | 3,886.34 | - | 28,678.38 |

POWERGRID NM TRANSMISSION LIMITED

Note 5/Capital work In progress

| (₹ in Lakhs) | | | | | |
|-------------------------------------------------------------|-----------------------|---------------------------|-----------------|-----------------------------|------------------------|
| Particulars | As at 1st April, 2017 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March, 2018 |
| Plant & Equipments (including associated civil works) | | | | | |
| a) Transmission | 18,059.93 | 12,178.46 | | | 30,238.39 |
| Expenditure pending allocation | | | | | |
| i) Survey, investigation, consultancy & supervision Charges | 34.44 | | | | 34.44 |
| ii) Expenditure during construction period(net) | 2,409.53 | 2,773.82 | | | 5,183.35 |
| Construction Stores | 8,174.48 | | 3,886.34 | | 4,288.14 |
| | 28,678.38 | 14,952.28 | 3,886.34 | - | 39,744.32 |

POWERGRID NM TRANSMISSION LIMITED

Note 5/Capital work in progress (Details of Construction stores)

(At cost)

| (₹ in Lakhs) | | |
|------------------------------|-----------------------|-----------------------|
| Particulars | As at 31st March 2019 | As at 31st March 2018 |
| Construction Stores | | |
| Towers | 288.38 | 640.59 |
| Conductors | 83.88 | 2,911.74 |
| Other Line Materials | 85.16 | 735.81 |
| TOTAL | 457.42 | 4,288.14 |
| Construction Stores Include: | | |
| Material with Contractors | | |
| Towers | - | 428.50 |
| Conductors | - | 2,901.98 |
| Other Line Materials | - | 703.09 |
| Total | - | 4,033.57 |



POWERGRID NM TRANSMISSION LIMITED

Note 6/Other Intangible assets

(₹ in Lakhs)

| Particulars | Cost | | | | | Accumulated Amortisation | | | | | Net Book Value | |
|-------------------------------------|-----------------------|---------------------------|----------|----------------------------|------------------------|--------------------------|---------------------------|----------|----------------------------|------------------------|------------------------|------------------------|
| | As at 1st April, 2018 | Additions during the year | Disposal | Adjustment during the year | As at 31st March, 2019 | As at 1st April, 2018 | Additions during the year | Disposal | Adjustment during the year | As at 31st March, 2019 | As at 31st March, 2019 | As at 31st March, 2018 |
| Electronic Data Processing Software | 0.15 | - | - | - | 0.15 | 0.12 | 0.03 | - | - | 0.15 | - | 0.03 |
| Total | 0.15 | - | - | - | 0.15 | 0.12 | 0.03 | - | - | 0.15 | - | 0.03 |
| Previous Year Total | 0.15 | - | - | - | 0.15 | 0.10 | 0.02 | - | - | 0.12 | 0.03 | 0.04 |

POWERGRID NM TRANSMISSION LIMITED

Note 6/Other Intangible assets

(₹ in Lakhs)

| Particulars | Cost | | | | | Accumulated Amortisation | | | | | Net Book Value | |
|-------------------------------------|-----------------------|---------------------------|----------|----------------------------|------------------------|--------------------------|---------------------------|----------|----------------------------|------------------------|------------------------|------------------------|
| | As at 1st April, 2017 | Additions during the year | Disposal | Adjustment during the year | As at 31st March, 2018 | As at 1st April, 2017 | Additions during the year | Disposal | Adjustment during the year | As at 31st March, 2018 | As at 31st March, 2018 | As at 31st March, 2017 |
| Electronic Data Processing Software | 0.15 | - | - | - | 0.15 | 0.10 | 0.02 | - | - | 0.12 | 0.03 | 0.05 |
| Total | 0.15 | - | - | - | 0.15 | 0.10 | 0.02 | - | - | 0.12 | 0.03 | 0.05 |



POWERGRID NM TRANSMISSION LIMITED**Note 7/ Deferred tax Assets (Net)**

| Particulars | (₹ in Lakhs) | |
|------------------------------------------------------|-----------------------|-----------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Deferred Tax Liability | | |
| Difference in book Depreciation and Tax Depreciation | 11,037.33 | 7,573.44 |
| Deferred Tax Liability (A) | 11,037.33 | 7,573.44 |
| Deferred Tax Assets | | |
| Unused Tax Losses (Income Tax Loss) | 17,837.56 | 11,762.46 |
| Preliminary Expenses | 5.51 | 5.51 |
| Deferred Tax Assets (B) | 17,843.07 | 11,767.97 |
| Assets (B-A) | | |
| Deferred Tax Liability (Net) (A-B) | 6,805.74 | 4,194.53 |

| Movements in Deferred Tax Liabilities | | | | (₹ in Lakhs) |
|---------------------------------------|-------------------------------|--------|--|--------------|
| | Property, Plant and Equipment | Others | | Total |
| As at 01 st April 2017 | 4,232.46 | - | | 4,232.46 |
| Charged/(Credited) | | | | |
| - to Profit or Loss | 3,340.98 | - | | 3,340.98 |
| - to Other Comprehensive Income | - | - | | - |
| As at 31 st March 2018 | 7,573.44 | - | | 7,573.44 |
| Charged/(Credited) | | | | |
| - to Profit or Loss | 3,463.89 | - | | 3,463.89 |
| - to Other Comprehensive Income | - | - | | - |
| As at 31 st March 2019 | 11,037.33 | - | | 11,037.33 |

| Movements in Deferred Tax Assets | | | | | (₹ in Lakhs) |
|-----------------------------------|-------------------------------|-------------------|----------------------|--|--------------|
| | Property, Plant and Equipment | Unused Tax Losses | Preliminary Expenses | | Total |
| As at 01 st April 2017 | - | 5,224.67 | 11.02 | | 5,235.69 |
| (Charged)/Credited | | | | | |
| - to Profit or Loss | - | 6,529.52 | (2.75) | | 6,526.77 |
| - to Other Comprehensive Income | - | - | - | | - |
| As at 31 st March 2018 | - | 11,754.19 | 8.27 | | 11,762.46 |
| (Charged)/Credited | | | | | |
| - to Profit or Loss | - | 6,077.85 | (2.75) | | 6,075.10 |
| - to Other Comprehensive Income | - | - | - | | - |
| As at 31 st March 2019 | - | 17,832.04 | 5.52 | | 17,837.56 |

Amount taken to Statement of Profit and Loss

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---------------------------------------------------------|-----------------------|-----------------------|
| Increase/(Decrease) in Deferred Tax Liabilities | 3,463.89 | 3,340.98 |
| (Increase)/Decrease in Deferred Tax Assets | (6,075.10) | (6,526.77) |
| Net Amount taken to Statement of Profit and Loss | -2,611.21 | -3,185.79 |

POWERGRID NM TRANSMISSION LIMITED

Note 8/Other non-current Assets

(Unsecured considered good unless otherwise stated)

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|-------------------------------------------------------------------------------|---------------------------|---------------------------|
| A) Advances for Capital Expenditure | | |
| Unsecured | | |
| Against bank guarantees | - | 31.08 |
| B) Advances recoverable in cash or in kind or for value to be received | | |
| Balance with Customs Port Trust and other authorities | 5.00 | 0.15 |
| Advance tax and Tax deducted at source | 14.61 | 14.57 |
| TOTAL | 19.61 | 45.80 |



POWERGRID NM TRANSMISSION LIMITED

Note 09/Trade receivables

| Particulars | (₹ in Lakhs) | |
|---------------------------|---------------------------|---------------------------|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| Trade receivables | | |
| Unsecured Considered good | 860.36 | - |
| | 860.36 | - |
| TOTAL | 860.36 | - |



POWERGRID NM TRANSMISSION LIMITED

Note 10/Cash and Cash Equivalents

(₹ in Lakhs)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|----------------------|-----------------------|-----------------------|
| Balance with banks- | | |
| -In Current accounts | 73.51 | 3.22 |
| Total | 73.51 | 3.22 |



POWERGRID NM TRANSMISSION LIMITED

Note 11/Other Current Financial Assets

(Unsecured considered good unless otherwise stated)

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|------------------------------------------|---------------------------|---------------------------|
| 1) Unbilled Revenue | 2,013.71 | 1,891.99 |
| Less : Provision for bad & doubtful debt | 1,891.99 | 1,891.99 |
| | 121.72 | - |
| 2) Interest accrued but not due | | |
| Interest accrued on Others | - | 0.04 |
| 3) Others | - | 1.86 |
| Total | 121.72 | 1.90 |



POWERGRID NM TRANSMISSION LIMITED

Note 12/Equity Share capital

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|------------------------------------------------------------------------------------------|------------------------|------------------------|
| Equity Share Capital | | |
| Authorised | | |
| 264000000 (31st March 2018 : 215000000) equity shares of ₹ 10/- each at par | 26,400.00 | 21,500.00 |
| Issued, subscribed and paid up | | |
| 264000000 (31st March 2018 : 212000000) equity shares of ₹ 10/-each at par fully paid up | 26,400.00 | 21,200.00 |
| Total | 26,400.00 | 21,200.00 |

Further Notes:

1) Reconciliation of Number and amount of share capital outstanding at the beginning and at the end of the reporting period

| Particulars | For the year ended 31st March, 2019 | | For the year ended 31st March, 2018 | |
|-------------------------------------------------|-------------------------------------|--------------|-------------------------------------|--------------|
| | No. of Shares | (₹ in Lakhs) | No. of Shares | (₹ in Lakhs) |
| Shares outstanding at the beginning of the year | 21,20,00,000 | 21,200.00 | 13,40,00,000 | 13,400.00 |
| Shares Issued during the year | 5,20,00,000 | 5,200.00 | 7,80,00,000 | 7,800.00 |
| Shares outstanding at the end of the year | 26,40,00,000 | 26,400.00 | 21,20,00,000 | 21,200.00 |

2) The Company has only one class of equity shares having a per value of ₹ 10/- per share.

3) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at meetings of the Shareholders.

4) Shareholders holding more than 5% equity shares of the Company

| Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|----------------------------------------|------------------------|--------------|------------------------|--------------|
| | No. of Shares # | % of holding | No. of Shares # | % of holding |
| i) Power Grid Corporation of India Ltd | 26,40,00,000 | 100.00 | 21,20,00,000 | 100.00 |

Out of 264000000 Equity Shares (Previous Year 212000000 Equity Shares), 600 Equity Shares are held by Nominees of M/s Power Grid Corporation of India Limited on its behalf.



POWERGRID NM TRANSMISSION LIMITED

Note 13/Other Equity

(₹ in Lakhs)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|----------------------------------------------------------|--------------------------|--------------------------|
| Share Application Money pending Allotment | | |
| Reserves & Surplus | | |
| Retained Earnings | | |
| Balance at the beginning of the year | (10,209.31) | (1,895.23) |
| Add : Profit after tax as per Statement of Profit & Loss | (6,355.92) | (8,314.08) |
| Balance at the end of the year | (16,565.23) | (10,209.31) |
| TOTAL | (16,565.23) | (10,209.31) |



POWERGRID NM TRANSMISSION LIMITED

Note 14/ Borrowings

| | | (₹ in Lakhs) | |
|------------------------------------------------------------------|-----------------------|-----------------------|--|
| b. Description | As at 31st March 2019 | As at 31st March 2018 | |
| Loan (Unsecured) | | | |
| Loan from Power Grid Corporation of India Ltd. (Holding Company) | 1,03,202.44 | 92,149.73 | |
| TOTAL | 1,03,202.44 | 92,149.73 | |

Further notes:

The Inter Corporate Loan is provided by the Holding Company on cost to cost basis carrying interest rate ranging from 7.20% to 8.93% and the loan is repayable generally over a period of 14 to 15 years starting from 27-May-2019.



POWERGRID NM TRANSMISSION LIMITED

Note 15/Trade Payable

| Particulars | (₹ in Lakhs) | |
|---------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| | As at 31st March,2019 | As at 31st March,2018 |
| (i) Total Outstanding dues of Micro Enterprise and Small Enterprise | - | - |
| (ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises | 0.93 | 1.40 |
| Total | 0.93 | 1.40 |

Note: Disclosure of Micro and Small Enterprises as required under "micro small and medium enterprises Development Act,2006" is given in note 31 (C).



POWERGRID NM TRANSMISSION LIMITED

Note 16/Other Current Financial Liabilities

| Particulars | (₹ in Lakhs) | |
|------------------------------------------------------------------|---------------------------|---------------------------|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| A) Current maturities of long term borrowings | | |
| Un Secured | | |
| Loan from Power Grid Corporation of India Ltd. (Holding Company) | 5,388.12 | 280.08 |
| | <u>5,388.12</u> | <u>280.08</u> |
| B) Interest accrued but not due on borrowings from | | |
| Loan from Power Grid Corporation of India Ltd. | 3,863.17 | 3,777.57 |
| | <u>3,863.17</u> | <u>3,777.57</u> |
| C) Others | | |
| Dues for capital expenditure | 306.80 | 639.44 |
| Deposits/Retention money from contractors and others | 1,021.02 | 1,745.81 |
| Related parties (M/s Power Grid Corporation of India Ltd) | | |
| -Interest Accrued and due | 5,962.75 | 3,588.15 |
| -others | 774.93 | 4,533.00 |
| Others * | 896.70 | 345.04 |
| | <u>8,962.20</u> | <u>10,851.44</u> |
| Total | <u>18,213.49</u> | <u>14,909.09</u> |

* Other Liabilities pertaining to Contractor/Suppliers and Tree/Crop/Corridor Compensation liability.

Disclosure with regard to Micro and Small enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note No 31 (c)



POWERGRID NM TRANSMISSION LIMITED

Note 17/Other current liabilities

| Particulars | (₹ in Lakhs) | |
|----------------|---------------------------|---------------------------|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| Statutory dues | 499.69 | 493.81 |
| Total | 499.69 | 493.81 |



POWERGRID NM TRANSMISSION LIMITED

Note 18/Revenue from operations

| Particulars | (₹ in Lakhs) | |
|--------------------------|---------------------------------------|------------------------------------------|
| | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
| Sales of Services | | |
| Transmission Charges | 1,584.70 | - |
| Total | 1,584.70 | - |

Upon commissioning of the 765 kV Salem-Madhugiri Transmission Line w.e.f. 26-Jan-2019, the transmission tariff has been included in the PoC. The revenue has been recognised as per the tariff specified in the Transmission Service Agreement (TSA). Project cost has increased due to ROW & force-majeur and petition is under process to be filed with CERC.



POWERGRID NM TRANSMISSION LIMITED

Note 19/Other income

| | (₹ in Lakhs) | |
|-------------------------------------------------------------------------|------------------------------------|------------------------------------|
| | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
| Particulars | | |
| Interest from advances to contractors | - | 4.89 |
| FERV gain | - | 0.43 |
| Miscellaneous income* | 28.92 | 42.20 |
| | 28.92 | 47.52 |
| | - | 9.93 |
| Less:Income transferred to expenditure during construction(Net)-Note 23 | 28.92 | 37.59 |
| TOTAL | | |

* Sale of Scrap and Rebate on RLDC charges



POWERGRID NM TRANSMISSION LIMITED

Note 20/Finance costs

(₹ in Lakhs)

Particulars

For the year ended 31st March,2019 For the year ended 31st March,2018

Interest and finance charges on financial liabilities at amortised cost

Loan from Power Grid Corporation of India Limited (Holding Company)

8,031.64 7,148.09

8,031.64 7,148.09

Less: Transferred to Expenditure during Construction(Net)-Note 23

2,465.21 1,950.20

TOTAL

5,566.43 5,197.89



POWERGRID NM TRANSMISSION LIMITED

Note 21/Depreciation and amortization expense

(₹ in Lakhs)

| Particulars | For the year ended | For the year ended |
|-------------------------------------------------------------------|--------------------|--------------------|
| | 31st March,2019 | 31st March,2018 |
| Depreciation of Property,Plant and Equipment | 4,771.39 | 4,266.02 |
| Amortisation of Intangible assets | 0.03 | 0.02 |
| | 4,771.42 | 4,266.04 |
| Less: Transferred to Expenditure During Construction(Net)-Note 23 | 0.04 | 0.06 |
| | 4,771.38 | 4,265.98 |
| TOTAL | 4,771.38 | 4,265.98 |



POWERGRID NM TRANSMISSION LIMITED

Note 22/Other expenses

| Particulars | (₹ in Lakhs) | |
|--------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
| Repair & Maintenance | | |
| Buildings | | |
| Plant & Machinery | | |
| Transmission lines | 194.61 | 170.48 |
| Others | 11.54 | 5.30 |
| | 206.15 | 175.78 |
| System and Market Operation Charges | 3.41 | 2.70 |
| Water charges | - | 0.04 |
| Legal expenses | 55.82 | 4.31 |
| Professional charges(Including TA/DA) | 1.03 | 0.50 |
| Consultancy expenses(Including TA/DA) | 677.42 | 746.25 |
| Communication expenses | 0.01 | 0.11 |
| Travelling & Conv.exp.(excluding foreign travel) | 0.94 | 13.95 |
| Payments to Statutory Auditors | | |
| Audit Fees | 2.30 | 1.69 |
| Tax Audit Fees | 0.24 | 0.24 |
| Out of pocket Expenses | 0.54 | 0.76 |
| | 3.08 | 2.69 |
| Advertisement and publicity | 3.69 | - |
| Printing and stationery | 2.31 | 2.38 |
| EDP hire and other charges | 0.84 | 0.67 |
| Entertainment expenses | - | 0.02 |
| Brokerage & Commission | 1.57 | 1.09 |
| CERC petition & Other charges | 8.00 | 5.00 |
| Miscellaneous expenses | 12.12 | 5.26 |
| Security Expenses | 0.49 | - |
| Hiring of Vehicle | 80.62 | 55.45 |
| Rates and taxes | 4.47 | 4.24 |
| Foreign Exchange Rate Variation (Net of FERV gain & amount recoverable) | 21.38 | - |
| Provisions | - | 1891.99 |
| Bank charges | 0.25 | 0.17 |
| | 1,083.60 | 2912.60 |
| Less: Transferred to Expenditure during Construction(Net)-Note 23 | 840.66 | 833.50 |
| Total | 242.94 | 2,079.10 |
| | 242.94 | 2,079.10 |



POWERGRID NM TRANSMISSION LIMITED

Note 23/ Expenditure during Construction (Net)

| Particulars | (₹ in Lakhs) | |
|-------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
| A. Other Expenses | | |
| Repair and maintenance | | |
| Others | 8.92 | 6.25 |
| Legal expenses | 8.92 | 6.25 |
| Professional charges | 55.66 | 3.82 |
| Consultancy expenses | 0.41 | 0.50 |
| Communication expenses | 677.42 | 746.25 |
| Travelling & Conv.exp. | - | 0.03 |
| Payment to Auditors | 0.94 | 12.68 |
| Advertisement and Publicity | 1.19 | 2.69 |
| Printing and stationery | 3.69 | - |
| EDP hire and other charges | 2.00 | 2.13 |
| Brokerage and commission | 0.70 | 0.67 |
| Miscellaneous expenses | 0.57 | - |
| Hiring of Vehicles | 10.73 | 4.39 |
| Rates and taxes | 74.24 | 49.84 |
| Total(A) | 4.19 | 4.24 |
| | 840.66 | 833.50 |
| B. Depreciation/Amortisation | | |
| C. Finance Costs | | |
| Interest and finance charges on financial liabilities at amortised cost | | |
| Loan from Power Grid Corporation of India Ltd (Holding Company) | 2,465.21 | 1,950.20 |
| Total (C) | 2,465.21 | 1,950.20 |
| D. Less: Other Income | | |
| Interest from Contractors | - | 4.44 |
| Miscellaneous income | - | 5.49 |
| Total (D) | - | 9.93 |
| GRAND TOTAL (A+B+C-D) | 3,305.91 | 2,773.82 |



1. Corporate & General Information

Powergrid NM Transmission Limited ("the Company") is a company domiciled and incorporated in India under the provisions of Companies Act and is wholly owned subsidiary of Power Grid Corporation of India Limited. The Company is principally engaged to develop, construct, operate and maintain power system network for the purpose of transmission of electricity through the states of Tamil Nadu and Karnataka (Project). The registered office of the Company is situated at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110 016. The Company was incorporated on 20th May 2011 under the Companies Act, 1956 as a wholly owned subsidiary of PFC Consulting Limited (PFCCL), (A wholly owned subsidiary of Power Finance Corporation Ltd, a Govt. of India Undertaking.). The company was transferred to Power Grid Corporation of India Limited vide Share purchase Agreement dated 29th March 2012 by the PFCCL. After transfer, the company became a subsidiary of Power Grid Corporation of India Ltd. Name of the company has since been changed from NAGAPATTINAM-MADHUGIRI TRANSMISSION COMPANY LIMITED to POWERGRID NM TRANSMISSION LIMITED (referred to as "the company" or "PNMTL") during the FY 2012-13. The Project consists of construction of 765kV Double Circuit Transmission Line between Nagapattinam Pooling Station-Salem (Line Length 202.87 KM Approx) and 765kV Single Circuit Transmission Line between Salem-Madhugiri (Line Length 219.079 KM Approx). The 765kV Double Circuit Transmission Line between Nagapattinam Pooling Station-Salem was commissioned on 23-Oct-2016 and the 765kV Single Circuit Transmission Line between Salem-Madhugiri is commissioned very recently i.e on 26-Jan-2019.

The Financial Statements of the company for the year ended 31st March 2019 were approved for issue by the Board of the directors on 20th May 2019.

2. Significant Accounting Policies

2.1 Basis of Preparation

i) Compliance with Ind AS

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015, the relevant provisions of Companies Act, 2013 (to the extent notified), the Companies Act, 1956 (to the extent applicable) and the provisions of the Electricity Act, 2003 to the extent applicable and as amended thereafter.

ii) Basis of Measurement

The financial statements have been prepared on accrual basis and under the historical cost convention except following which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer Note no. 2.11 for accounting policy regarding financial instruments),
- Defined benefit plans – plan assets measured at fair value



iii) Functional and presentation currency

The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency and all amounts are rounded to the nearest lakhs and two decimals thereof, except as stated otherwise

iv) Use of estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Note no. 3 on critical accounting estimates, assumptions and judgments).

v) Current and 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 realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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 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 settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

The Company recognizes twelve months period as its operating cycle

2.2 Property, Plant and Equipment

Initial Recognition and Measurement

Property, Plant and Equipment is initially measured at cost of acquisition/construction including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, Property, Plant and Equipment is carried at



cost less accumulated depreciation / amortisation and accumulated impairment losses, if any.

Property, Plant and Equipment acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized.

If the cost of the replaced part or earlier inspection is not available, the estimated cost of similar new parts/inspection is used as an indication of what the cost of the existing part/ inspection component was when the item was acquired or inspection was carried out.

In the case of commissioned assets, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

Assets and systems common to more than one transmission system are capitalized on the basis of technical estimates/ assessments.

Transmission system assets are considered as ready for intended use after meeting the conditions for commercial operation as stipulated in Transmission Service Agreement (TSA) and capitalized accordingly.

The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken.

Expenditure on leveling, clearing and grading of land is capitalized as part of cost of the related buildings.

Spares parts whose cost is ₹5,00,000/- and above, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized.

Subsequent costs

Subsequent expenditure is recognized as an increase in carrying amount of assets when it is probable that future economic benefits deriving from the cost incurred will flow to the company and cost of the item can be measured reliably.

The cost of replacing part of an item of PPE is recognized in the carrying amount of the item if it is probable that future economic benefit embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit & Loss as incurred.

De-recognition

An item of Property, Plant and Equipment is derecognized when no future economic benefits are expected from their use or upon disposal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement



2.3 Capital Work-In-Progress (CWIP)

Cost of material, erection charges and other expenses incurred for the construction of Property, Plant and Equipment are shown as CWIP based on progress of erection work till the date of capitalization.

Expenditure of office and Projects, attributable to construction of property, plant and equipment are identified and allocated on a systematic basis to the cost of the related assets.

Interest during construction and expenditure (net) allocated to construction as per policy above are kept as a separate item under CWIP and apportioned to the assets being capitalized in proportion to the closing balance of CWIP.

Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.

2.4 Intangible Assets and Intangible Assets under development

Intangible assets are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on already capitalized Intangible assets is capitalised when it increases the future economic benefits embodied in an existing asset and is amortised prospectively.

The cost of software(which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognized as an intangible asset when the same is ready for its use.

Afforestation charges for acquiring right-of-way for laying transmission lines are accounted for as intangible assets on the date of capitalization of related transmission lines.

Expenditure incurred, eligible for capitalization under the head Intangible Assets, are carried as "Intangible Assets under Development" till such assets are ready for their intended use.

Expenditure on research shall be recognised as an expense when it is incurred.

Expenditure on development shall be recognised as Intangible asset if it meets the eligibility criteria as per Ind AS 38 'Intangible Assets', otherwise it shall be recognised as an expense.

An item of Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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 and Loss when the asset is derecognised.



2.5 Depreciation / Amortisation

Property, Plant & Equipment

Depreciation/amortisation on the assets related to transmission business is provided on straight line method following the rates and methodology notified by the CERC for the purpose of recovery of tariff except for assets specified in the following paragraphs. Leasehold land is fully amortized over lease period or life of the related plant whichever is lower in accordance with the rates and methodology specified in CERC Tariff Regulation. Leasehold land acquired on perpetual lease is not amortized.

Depreciation on spares parts, standby equipment and servicing equipment which are capitalized, is provided on straight line method from the date they are available for use over the remaining useful life of the related assets, following the rates and methodology notified by the CERC.

Depreciation on following assets is provided based on estimated useful life as per technical assessment.

| Particulars | Useful life |
|---------------------------------|-------------|
| a. Computers & Peripherals | 3 Years |
| b. Servers & Network Components | 5 years |

Residual value of above assets is considered as Nil.

Mobile phones are charged off in the year of purchase.

Fixed Assets costing ₹ 5,000/- or less, are fully depreciated in the year of acquisition.

Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively at the rates and methodology as specified by the CERC Tariff Regulations.

Depreciation on additions to/deductions from Property, Plant and Equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The residual values, useful lives and methods of depreciation for assets are reviewed at each financial year-end and adjusted prospectively, wherever required.

Intangible Assets

Cost of software capitalized as intangible asset is amortized over the period of legal right to use or 3 years, whichever is less with Nil residual value.

Afforestation charges are amortized over thirty five years from the date of capitalization of related transmission assets following the rates and methodology notified by Central Electricity Regulatory Commission (CERC) Tariff Regulations.

Amortisation on additions to/deductions from Intangible Assets during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The amortization period and the amortization method for an intangible asset are reviewed at each financial year-end and are accounted for as change in accounting estimates in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".



2.6 Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised (net of income on temporary deployment of funds) as part of the cost of such assets till the assets are ready for the intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use.

Other borrowing costs are charged to revenue.

2.7 Impairment of non-financial assets, other than inventories

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, and deposits held at call with banks having a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.9 Inventories

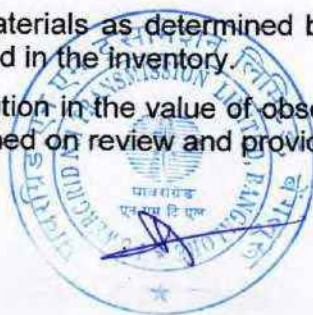
Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.

Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.

Spares which do not meet the recognition criteria as Property, Plant and Equipment, including spare parts whose cost is less than ₹5,00,000/- are recorded as inventories.

Surplus materials as determined by the management are held for intended use and are included in the inventory.

The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.



2.10 Leases

i) As a Lessor

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 fulfillment of the 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.

A lease is classified at the inception date as a finance lease or an operating lease.

a) Finance leases

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is classified as a finance lease.

b) Operating leases

An operating lease is a lease other than a finance lease. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

For operating leases, the asset is capitalized as property, plant and equipment and depreciated over its economic life. Rental income from operating lease is recognized over the term of the arrangement.

ii) As a Lessee

Finance lease

Leases of property, plant and equipment where the company, as lessee has substantially all risks and rewards of ownership are classified as finance lease. On initial recognition, assets held under finance lease are recorded as property, plant and equipment and related liability is recognized under borrowings. At inception of the lease, finance leases are recorded at amount equal to fair value of leased asset or if lower the present value of minimum lease payments. The minimum lease payments made under finance leases are apportioned between the finance expense and reduction of the finance liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Payments made under operating leases are recognized as an expense over the lease term.

2.11 Financial instruments

Financial Assets

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

Classification



The Company classifies its financial assets in the following categories:

- at amortised cost,
- at fair value through other comprehensive income

The classification depends on the following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset

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, if any, that are attributable to the acquisition of the financial asset.

Subsequent measurement

Debt Instruments at Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Debt Instruments at Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI).

Equity investments

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The company may, on initial recognition, make an irrevocable election to present subsequent changes in the fair value in other comprehensive income (FVOCI) on an instrument by-instrument basis.

For equity instruments classified as at FVOCI, all fair value changes on the instrument, excluding dividends are recognized in the OCI. There is no recycling of the amounts from OCI to Profit or Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

De-recognition of financial assets

A financial asset is derecognized only when

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

- The company has transferred the rights to receive cash flows from the financial asset, or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Impairment of financial assets:

For trade receivables, the company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For recognition of impairment loss on other financial assets and risk exposure, the company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the



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instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Financial Liabilities

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company.

The Company's financial liabilities include loans & borrowings, trade and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable to the issue of financial liabilities. Financial liabilities are classified as subsequently measured at amortised cost. 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 effective interest rate (EIR). Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the EIR.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing 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 between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other income or finance cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.12 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items are



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translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-Monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of initial recognition of the non-monetary prepayment asset or deferred income liability, or the date that related item is recognized in the financial statements, whichever is earlier. In case the transaction is recognized in stages, then transaction date is established for each stage.

Foreign exchange gains and losses (other than related to foreign currency loans outstanding) are presented in the statement of profit and loss on a net basis within other gains/(losses).

The Company has availed the exemption available in Ind AS 101, to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary liabilities outstanding as on March 31, 2016.

Exchange differences arising from foreign currency borrowing to the extent regarded as an adjustment to interest costs are treated as borrowing cost. Other exchange differences are recognized in the Statement of Profit and Loss.

2.13 Income Tax

Income tax expense represents the sum of current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case the tax is also recognised directly in equity or in other comprehensive income.

Current income tax

The Current Tax is based on taxable profit for the year under the tax laws enacted or subsequently enacted at the end of the reporting period in the countries where the company and its subsidiaries and joint ventures operate and generate taxable income.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Balance Sheet method. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority

2.14 Revenue Recognition and Other Income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company



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recognizes revenue when it transfers control over a product or service to a customer. The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 and Ind AS 11.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, GST and value added taxes.

Significant Financing Component

Where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year, the Company assesses the effects of significant financing component in the contract. As a consequence, the Company makes adjustment in the transaction prices for the effects of time value of money. No such adjustment has been made for the comparative period.

2.14.1 Revenue from Operations

Transmission Income is accounted for based on orders issued by CERC u/s 63 of Electricity Act 2003 for adoption of transmission charges.

The Transmission system incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees and in accordance with the Transmission Service Agreement (TSA) entered between the Transmission Service Provider and long term Transmission Customers.

2.14.2 Other Income

Interest income is recognized, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

Surcharge recoverable from trade receivables, liquidated damages, warranty claims and interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.

Scrap other than steel scrap & conductor scrap are accounted for as and when sold.

Dividend income is recognized when right to receive payment is established.

Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realization.

Revenue from rentals and operating leases is recognized on an accrual basis in accordance with the substance of the relevant agreement.

2.15 Dividends

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognised directly in equity.



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2.16 Provisions and Contingencies

a) 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. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

b) Contingencies

Contingent liabilities are disclosed on the basis of judgment of the management / independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements 33. Contingent assets are not recognised.

2.17 Share capital and Other Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Self-insurance reserve is created @ 0.12% p.a. on Gross Block of Property, Plant and Equipment except assets covered under insurance as at the end of the year by appropriation of current year profit to mitigate future losses from un-insured risks and for taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers and equipment of AC substation. The Reserve created as above is shown as "Self Insurance Reserve" under 'Other Equity'.

2.18 Prior Period Items

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

2.19 Earnings per Share

Basic earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of shares outstanding during the year.



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Diluted earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of equity and potential equity shares outstanding during the year, except where the result would be anti-dilutive.

Additionally, basic and diluted earnings per share are computed using the earnings amounts excluding the movements in Regulatory Deferral Account Balances.

2.20 Cash Flow Statement

Cash flow statement is prepared as per indirect method prescribed in the Ind AS 7 'Statement of Cash Flows'.

3. Critical Estimates

The preparation of financial statements requires the use of accounting estimates which may significantly vary from the actual results. Management also needs to exercise judgment while applying the company's accounting policies.

The areas involving critical estimates or judgments

a) . Revenue Recognition:

Transmission income is accounted for based on orders issued by the CERC under section 63 of Electricity Act for adoption of transmission charges. Transmission income in respect of additional capital expenditure incurred after the date of commercial operation is accounted for based on expenditure incurred on year to year basis as per CERC tariff regulations

b). Useful life of property, plant and equipment

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The Company reviews at the end of each reporting date the useful plant and equipment, other than the assets of transmission business which are governed by CERC Regulations, and are adjusted prospectively, if appropriate.

c). Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

Estimates and judgments are periodically evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

24. Exceptional and Extraordinary items

There are no exceptional and extraordinary items as at the Balance Sheet date.



25. Party Balances and Confirmations

Balances of some parties like contractors, suppliers and service providers are subject to confirmation and reconciliation.

26. Foreign Currency Exposure

Not hedged by a derivative instrument or otherwise

| Particulars | Amount in Foreign Currency | | | ₹ in Lakh | |
|----------------------------------------------|----------------------------|------------|------------|------------|------------|
| | | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| Trade Payables/deposits and retention money | USD | 482,570 | 482,570 | 336.69 | 315.31 |
| Amount of contracts remaining to be executed | USD | NIL | NIL | NIL | <u>NIL</u> |

27. Auditors Remuneration

| | | (₹ in Lakh) | |
|--------|------------------------|-------------|------------|
| S. No. | Particulars | FY 2018-19 | FY 2017-18 |
| 1 | Statutory Audit Fees | 2.30 | 1.69 |
| 2 | Tax Audit Fees | 0.24 | 0.24 |
| 3 | Out of pocket Expenses | 0.54 | 0.76 |
| | Total | 3.08 | 2.69 |

28. Other Disclosures

a. Employee Benefits

The Company does not have any permanent employees. The personnel working for the company are from holding company and are working on time share basis and deputation in terms of the consultancy agreement dated 11-Sep-2012 & amendment thereon dt. 08-Dec-2014. The employee cost (including retirement benefits such as Gratuity, Leave encashment, post-retirement benefits etc.) in respect of personnel working for the company are paid by holding company and holding company is raising the invoice to the Subsidiary company towards Consultancy charges for manpower as per the agreement. Consultancy charges of ₹ 5,328.40 Lakhs is provided in the Accounts upto 31-Mar-2019 since inception. Since there are no employees in the company, the obligation as per Ind AS-19 does not arise. Accordingly, no provision is considered necessary for any retirement benefit like gratuity, leave salary, pension etc., in the books of the company.

PNMTL had initially entered into a consultancy agreement dated 30-Jun-2017 with POWERGRID for post operative activities including operation and maintenance of 765 kV Nagapattinam-Salem D/C Transmission line. Further, vide supplementary



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agreement dt. 15-Feb-2019, the POWERGRID O&M consultancy services have been extended to 765 kV Salem-Madhugiri S/C Transmission line w.e.f. 26-Jan-2019. O&M Consultancy charges of ₹ 360.60 Lakhs is provided in the accounts upto 31-Mar-2019 since inception.

b. Leases

Operating Lease: The Company has no major operating leases except in respect of premises for office which is renewable in nature based on mutually agreed terms.

Finance Lease: The Company has no finance leases.

c. Dues to Micro and Small Enterprises

The information required to be disclosed under Companies Act, 2013 and the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. There are no over dues to parties on account of principal amount and / or interest and accordingly no additional disclosures have been made.

d. Borrowing Cost

The borrowing cost capitalized during the year is ₹ 2465.21 Lakhs (Previous Year ₹ 1950.20 Lakhs) in the respective carrying amount of Property plant and equipment/ Capital Work in Progress (CWIP) as per Ind AS 23 'Borrowing Cost'.

29. (i) Fair value Measurements

(₹ in Lakh)

| Financial instruments by category | 31 March 2019 | | 31 March 2018 | |
|------------------------------------|---------------|-------------------|---------------|-------------------|
| | FVOCI | Amortised cost | FVOCI | Amortised cost |
| Financial Assets | | | | |
| Cash & Cash Equivalents | | 73.51 | | 3.22 |
| Other Financial Assets | | 121.72 | | 1.90 |
| Total financial assets | | 195.23 | | 5.12 |
| Financial Liabilities | | | | |
| Borrowings | | 112,453.73 | | 96,207.38 |
| Trade Payables | | 0.93 | | 1.40 |
| Other Financial Liabilities | | 8,962.18 | | 10,851.44 |
| Total financial liabilities | | 121,416.84 | | 107,060.22 |

This section explains the judgements and estimates made in determining the fair values of the financial instruments that measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified

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its financial instruments into the three levels prescribed under the accounting standard. An Explanation of each level follows underneath the table.

(₹ in Lakh)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed | Notes | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------------------------------------------------------------|-------|---------|------------|---------|------------|
| At 31 March 2019 | | | | | |
| Financial Assets | | | | | |
| Total Financial Assets | | | | | |
| Financial Liabilities | | | | | |
| Borrowings | - | - | 110,604.71 | - | 110,604.71 |
| Total financial liabilities | - | - | 110,604.71 | - | 110,604.71 |

(₹ in Lakh)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed | Notes | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------------------------------------------------------------|-------|---------|-----------|---------|-----------|
| At 31 March 2018 | | | | | |
| Financial Assets | | | | | |
| Total Financial Assets | | | | | |
| Financial Liabilities | | | | | |
| Borrowings | | | 95,687.50 | - | 95,687.50 |
| Total financial liabilities | | | 95,687.50 | - | 95,687.50 |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity113(91)(a) instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

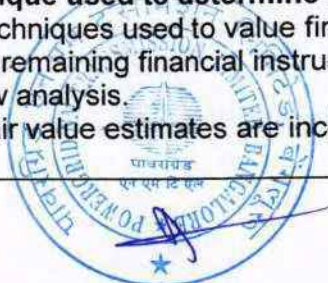
Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3. There are no transfers between levels 1 and 2 during the year. The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:
the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2



(iii) Fair value of financial assets and liabilities measured at amortized cost
(₹ in Lakh)

| | 31 March 2019 | | 31 March 2018 | |
|-----------------------------|-----------------|------------|-----------------|------------|
| | Carrying Amount | Fair value | Carrying Amount | Fair value |
| Financial Assets | - | - | - | - |
| Total Financial Assets | - | - | - | - |
| Financial Liabilities | | | | |
| Borrowings | 112,453.73 | 110,604.71 | 96,207.38 | 95,687.50 |
| Total financial liabilities | 112,453.73 | 110,604.71 | 96,207.38 | 95,687.50 |

The carrying amounts of trade receivables, trade payables, cash and cash equivalents, other current financial Assets and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are observable.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

30. Capital and other commitments

(₹ in Lakh)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 27.35 | 529.99 |

Company has approved an estimate of ₹37,094.00 Lakhs towards Tree/Crop/Tower/Land compensation, out of which an amount of ₹ 32,161.81 Lakhs is spent till 31st Mar 2019.

31. Contingent Liabilities

(₹ in Lakh)

| | 31 March, 2019 | 31 March, 2018 |
|--------------------------------------------------------------------------------------|----------------|----------------|
| Contingent liabilities | | |
| Claims against the company not acknowledged as debt towards Compensation Court cases | 2,703.93 | 121.06 |

32. Earnings Per share

(in ₹)

| (a) Basic and Diluted earnings per share attributable to the equity holders of the company- | 31 March 2019 | 31 March, 2018 |
|---------------------------------------------------------------------------------------------|---------------|----------------|
| Basic Earning Per Share | (2.70) | (4.02) |
| Diluted Earning Per Share | (2.70) | (4.02) |

(₹ in Lakh)

| (b) Reconciliation of earnings used in calculating earnings per share | 31 March 2019 | 31 March, 2019 |
|-----------------------------------------------------------------------|---------------|----------------|
| Earnings attributable to the equity holders of the company | (6355.92) | (8314.08) |

| (c) Weighted average number of shares used as the denominator | 31 March 2019 Number of shares | 31 March 2018 Number of shares |
|----------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | 235,534,247 | 206,758,904 |
| Adjustments for calculation of diluted earnings per share: | | |
| Total Weighted average number of equity shares used as the denominator in calculating basic earnings per share | 235,534,247 | 206,758,904 |

33. Related party Transactions

(a) Holding Company

| Name of Entity | Place of Business/Country of incorporation/Relationship | Proportion of Ownership interest | |
|-----------------------------------------|---------------------------------------------------------|----------------------------------|-----------|
| | | 31-Mar-19 | 31-Mar-18 |
| Power Grid Corporation of India Limited | India-Holding Company | 100% | 100% |

(b) Subsidiaries of Holding Company

| Name of entity | Place of business/country of incorporation | Proportion of Ownership Interest | |
|-----------------------------------------|--------------------------------------------|----------------------------------|------------------------------|
| | | 31 st March, 2019 | 31 st March, 2018 |
| Powergrid Vizag Transmission Limited | India | N.A | N.A |
| Powergrid Unchahar Transmission Limited | India | N.A | N.A |
| Powergrid Kala Amb Transmission Limited | India | N.A | N.A |
| Powergrid Jabalpur Transmission | India | N.A | N.A |



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| | | | |
|-------------------------------------------------------------------------------------------------------------------------|-------|-----|-----|
| Limited | | | |
| Powergrid Warora Transmission Limited | India | N.A | N.A |
| Powergrid Parli Transmission Limited | India | N.A | N.A |
| Powergrid Southern Interconnector Transmission Limited | India | N.A | N.A |
| Powergrid Vemagiri Transmission Limited | India | N.A | N.A |
| Powergrid Medinipur Jeerat Transmission Limited | India | N.A | N.A |
| Powergrid Mithilanchal Transmission Limited (erstwhile ERSS XXI Transmission Limited) | India | N.A | N.A |
| Powergrid Varanasi Transmission System Limited(erstwhile WR-NR Power Transmission Limited) | India | N.A | N.A |
| Powergrid Jawaharpur Firozabad Transmission Limited (erstwhile Jawaharpur Firozabad Transmission Limited) [#] | India | N.A | N.A |

[#]100% equity in Powergrid Jawaharpur Firozabad Transmission Limited acquired from REC Transmission Projects Limited on 21st December, 2018.

(c) Joint Ventures of Holding Company

| Name of entity | Place of business/ country of incorporation | Proportion of Ownership Interest | |
|-----------------------------------------------------------|---------------------------------------------------|-------------------------------------|---------------------------------|
| | | 31 st March, 2019 | 31 st March, 2018 |
| Powerlinks Transmission Limited | India | NA | NA |
| Torrent Power Grid Limited | India | NA | NA |
| JaypeePowergrid Limited | India | NA | NA |
| ParbatiKoldam Transmission Company Limited | India | NA | NA |
| Teestavalley Power Transmission Limited [#] | India | NA | NA |
| North East Transmission Company Limited | India | NA | NA |
| National High Power Test Laboratory Private Limited | India | NA | NA |
| Bihar Grid Company Limited | India | NA | NA |
| KalingaVidyutPrasaran Nigam Private Limited ^{##} | India | NA | NA |
| Cross Border Power Transmission Company Limited | India | NA | NA |
| RINL Powergrid TLT Private Limited ^{###} | India | NA | NA |
| Power Transmission Company Nepal Ltd | Nepal | NA | NA |

[#] POWERGRID & Teesta Urja Ltd are the joint venture partners in Teestavalley Power Transmission Limited and holds 26% and 74% of equity respectively as per share holding agreement. On call of additional equity by Teestavalley Power Transmission Limited, POWERGRID contributed their share amounting Rs. 11.28 crore while the other JV partner has not contributed their share of money as on 31/03/2019.



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Consequently, the holding of POWERGRID increased to 28.23% as on 31/03/2019 against 26% provided in shareholding agreement.

POWERGRID's Board of Directors in its meeting held on 16th august 2017 accorded approval for initiating proceeding for winding up/removal of the name of Kalinga Vidyut Prasaran Nigam Private Ltd under fast track exit mode of Registrar of Companies (ROC).

POWERGRID's Board of Directors in its meeting held on 01-May-2018 accorded in principle approval for winding up/dissolution of RINL Powergrid TLT Private Limited.

(d) Key Managerial Personnel

| Name | Designation | Date of Appointment | Date of Resignation |
|-------------------------|-----------------------------------------|---------------------|---------------------|
| Smt. Seema Gupta | Chairperson & Director w.e.f 29.01.2019 | 12.05.2017 | Continuing |
| Shri Ravi P. Singh | Chairman & Director | 29.11.2012 | 22.01.2019 |
| Shri Anil Jain | Director | 07.05.2018 | Continuing |
| Shri Pramod Kumar | Director | 11.05.2018 | Continuing |
| Shri S. Ravi | Director | 12.11.2018 | Continuing |
| Shri S. Vaithilingam | Director | 04.03.2015 | 30.04.2018 |
| Shri D.K.Valecha | Director | 04.03.2015 | 30.04.2018 |
| Shri R.K. Singh | Director | 09.12.2015 | 04.06.2018 |
| Shri S Ravindar Kumar | CEO | 02.09.2016 | 18.01.2019 |
| Shri P.C. Garg | CEO | 18.01.2019 | Continuing |
| Shri A.K. Das | CFO | 26.07.2016 | Continuing |
| Shri Mrinal Shrivastava | Co. Secy. | 18.05.2015 | Continuing |

There is no outstanding balance payable or receivable from any managerial personnel as at the beginning or at the end of the year.

(e) Directors, CEO, CFO and Company Secretary's compensation

The above personnel working for the company are from holding company and are working on time share basis and deputation. The employee cost (including retirement benefits such as Gratuity, Leave encashment, post-retirement benefits etc.) in respect of personnel working for the company are paid by holding company and holding company is raising the invoice to the Subsidiary company towards Consultancy charges for manpower as per the agreement dt. 11-Sep-2012 & amendment thereon dt. 08-Dec-2014. Since there are no employees in the company, the obligation as per Ind AS -19 does not arise. Accordingly, no provision is considered necessary for any retirement benefit like gratuity, leave salary, pension etc., in the books of the company.

(f) Transactions with related parties

The following transactions occurred with related parties:

(₹ in Lakh)

| Particulars | 31 March, 2019 | 31 March, 2018 |
|-----------------------------------------|-----------------|-----------------|
| Services received by the Company | | |
| Holding Company | | |
| Power Grid Corporation of India Ltd. | | |
| Consultancy Charges (Excluding Taxes) | 738.78 | 777.18 |
| Interest on loan | 8,031.64 | 7,148.09 |
| Total | 8,770.42 | 7,925.27 |

(g) Outstanding balances arising from sales/purchases of goods and services



The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

| (₹ in Lakh) | | |
|-------------------------------------------------------------|-----------------|-----------------|
| Particulars | 31 March, 2019 | 31 March, 2018 |
| Other payables (ExpensesConsultancy Fee / Interest) | | |
| Holding Company | - | - |
| Power Grid Corporation of India Ltd. | 6,737.68 | 8,121.15 |
| Total payables to related parties | 6,737.68 | 8,121.15 |

(h) Loans to/from related parties

| (₹ in Lakh) | | |
|--------------------------------------|-------------------|------------------|
| Loans from Holding Company | 31 March, 2019 | 31 March, 2018 |
| Power Grid Corporation of India Ltd. | 108,590.56 | 92,429.81 |
| Total | 108,590.56 | 92,429.81 |

(i) Interest Payable on Loan

| (₹ in Lakh) | | |
|--------------------------------------|-----------------|-----------------|
| Particulars | 31 March, 2019 | 31 March, 2018 |
| Holding | | |
| Power Grid Corporation of India Ltd. | 3,863.17 | 3,777.57 |
| Total | 3,863.17 | 3,777.57 |

34. Capital management

a) Risk Management

The company's objectives when managing capital are to maximize the shareholder value;

safeguard its ability to continue as a going concern;
maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the company's capital management, equity capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The company manages its capital structure and makes adjustments in light of changes in economic conditions, regulatory framework and requirements of financial covenants with lenders. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, regulate investments in new projects, return capital to shareholders or issue new shares. The company monitors the debt equity ratio as the company policy is to maintain a 80:20. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018.

| Particulars | 31 March 2019 | 31 March 2018 |
|-------------------|---------------|---------------|
| Long Term Debt | 108,590.56 | 92,429.81 |
| Equity | 26,400.00 | 21,200.00 |
| Debt-Equity Ratio | 80:20 | 81:19 |



[Signature]
Bangalore
Accounts

b) Dividends

No dividend has been declared by the company in the previous year and current year.

35. Segment Information

Business Segment

The Board of Directors is the company's Chief operating decision maker who monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. One reportable segments have been identified on the basis of product/services. The company has a single reportable segment i.e., Power transmission network for transmission system.

The operations of the company are mainly carried out within the country and therefore there is no reportable geographical segment.

36. Financial Risk Management

The Company's principal financial liabilities comprise loans and borrowings denominated in Indian rupees, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's capital investments and operations.

The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that are generated from its operations.

The Company's activities expose it to the following financial risks, namely,

- a) Credit risk,
- b) Liquidity risk,
- c) Market risk.

This note presents information regarding the company's exposure, objectives, policies and processes for measuring and managing these risks.

The management of financial risks by the Company is summarized below:-

A) Credit Risk

Credit risk is the risk that 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 on account of trade receivables.

A default on a financial asset is when the counterparty fails to make contractual payments within 3 years of when they fall due. This definition of default is determined considering the business environment in which the Company operates and other macro-economic factors.

Assets are written-off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in the statement of profit and loss.

(i) Trade Receivables

The Company primarily provides transmission facilities to inter-state transmission service customers (DTCs) comprising mainly state utilities owned by State Governments CERC tariff regulations allow payment against monthly bills towards transmission charges within a period of 60 days from the date of the bill and levy of surcharge on delayed payment beyond 60 days. A graded rebate is provided by the Company for payments made within 60 days.



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Chartered Accountant

(ii) Other Financial Assets (excluding trade receivables)

• Cash and cash equivalents

The Company held cash and cash equivalents of ₹73.51 Lakhs (Previous year: ₹3.22 Lakhs). The cash and cash equivalents are held with public sector banks and high rated private sector banks and do not have any significant credit risk.

Exposure to credit risk

| Particulars | (₹ in Lakh) | |
|----------------------------------------------------------------------------------------------------|------------------|------------------|
| | 31st March, 2019 | 31st March, 2018 |
| Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL) | | |
| Cash and cash equivalents | 73.51 | 3.22 |
| Other current financial assets | 121.72 | 1.90 |
| Total | 195.23 | 5.12 |
| Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL) | - | - |
| Trade receivables | 860.36 | - |

o Provision for expected credit losses

(a) Financial assets for which loss allowance is measured using 12 month expected credit losses

The Company has assets where the counter- parties have sufficient capacity to meet the obligations and where the risk of default is very low. At initial recognition, financial assets (excluding trade receivables) are considered as having negligible credit risk and the risk has not increased from initial recognition. Therefore expected credit loss provision is not required.

(b) Financial assets for which loss allowance is measured using life time expected credit losses

The Company has customers most of whom are state government utilities with capacity to meet the obligations and therefore the risk of default is negligible. Further, management believes that the unimpaired amounts that are 30 days past due date are still collectible in full, based on the payment security mechanism in place and historical payment behavior. Considering the above factors and the prevalent regulations, the trade receivables continue to have a negligible credit risk on initial recognition and thereafter on each reporting date.

(c) Ageing Analysis of Trade Receivables

The ageing analysis of the trade receivables is below:

(₹ in Lakh)

| Ageing | Not Due | 0-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | More than 120 Days | Total |
|-----------------------------------------|---------|-----------|------------|------------|-------------|--------------------|--------|
| | | Pastdue | Pastdue | Pastdue | Pastdue | Pastdue | |
| Gross carrying amount as on 31-Mar-2019 | 860.36 | - | - | - | - | - | 860.36 |
| Gross carrying amount as on 31-Mar-2018 | - | - | - | - | - | - | - |

(d) Reconciliation of Impairment loss provisions



The movement in the allowance for impairment in respect of financial assets during the year was as follows:

| | | | | | | (₹ in Lakh) |
|----------------------------------------------|------------------|--------------|-------|----------|------------------|----------------|
| Purticuler | Trade Receivable | Investmentsn | Loans | Advances | Unbilled Debtors | Total |
| Balance as at 1st Apr 2017 | - | - | - | - | 1891.99 | 1891.99 |
| Impairment loss Recognized | - | - | - | - | - | - |
| Amount written off | - | - | - | - | - | - |
| Balance as at 31 Mar 2018 | - | - | - | - | 1891.99 | 1891.99 |
| Impairment loss Recognized | - | - | - | - | - | - |
| Amount written off | - | - | - | - | - | - |
| Balance as at 31 Mar 2019 | - | - | - | - | 1891.99 | 1891.99 |

Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of any other assets as the amounts are insignificant.

B) Liquidity risk

Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company has access to a variety of sources of funding such as commercial paper, bank loans, bonds and external commercial borrowings and retains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position comprising the undrawn borrowing facilities below and cash and cash equivalents on the basis of expected cash flows.

The Company depends on both internal and external sources of liquidity to provide working capital and to fund capital expenditure.

Maturities of financial liabilities

The tables below analyses the company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amount disclosed in the table is the contractual undiscounted cash flows

| | | | | | (₹ in Lakh) |
|-------------------------------------------------|------------------|-------------------|------------------|--------------------|-------------|
| Contractual maturities of financial liabilities | Within a year | Between 1-5 years | Beyond 5 years | Total | |
| 31st March 2019 | | | | | |
| Borrowings (including interest outflows) | 14,153.97 | 74,247.44 | 73,322.15 | 1,61,723.56 | |
| Other Current financial liabilities | 8,963.11 | - | - | 8,963.11 | |
| Total | 23,117.08 | 74,247.44 | 73,322.15 | 1,70,686.67 | |



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| | | | | |
|------------------------------------------|------------------|------------------|------------------|--------------------|
| 31st March 2018 | | | | |
| Borrowings (including interest outflows) | 7,668.99 | 69,218.60 | 64,512.09 | 1,41,399.68 |
| Other Current financial liabilities | 10,852.84 | - | - | 10,852.84 |
| Total | 18,521.83 | 69,218.60 | 64,512.09 | 1,52,252.52 |

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 three types of risk:

- Currency risk
- Interest rate risk

i) Currency risk

As on Reporting date the Company does not have any exposure to currency risk in respect of foreign currency denominated loans and borrowings. The Exposure to foreign currency for requirement of goods and services is given in Note 26.

ii) Interest rate risk

The Company is not exposed to any interest rate risk arising from long term borrowings since all the borrowings are with fixed interest rates.

37. Income Tax expense

This note provides an analysis of the company's income tax expense, and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to The Company's tax positions.

(a) Income tax expense

| | (₹ in Lakh) | |
|-------------------------------------------------------------------------------|-------------------|-------------------|
| Particulars | 31 March, 2019 | 31 March, 2018 |
| (a) Income tax expense | | |
| Current Tax | - | - |
| Current tax on profits for the year | - | - |
| Adjustment for Earlier years | - | - |
| Total current tax expense | - | - |
| Deferred tax expense | | |
| Origination and reversal of temporary differences | (2,611.21) | (3,191.30) |
| Previously unrecognised tax credit recognised as Deferred Tax Asset this year | | |
| Total deferred tax expense/(benefit) | (2,611.21) | (3,191.30) |
| Income tax expense | (2,611.21) | (3,191.30) |



(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

| (₹ in Lakh) | | |
|-------------------------------------------------------------------|----------------|----------------|
| Particulars | 31 March, 2019 | 31 March, 2018 |
| Profit before income tax expense including movement in regulatory | (8,967.13) | (11,505.38) |
| Tax at the Indian tax rate of NIL | - | - |
| Tax effect of: | | |
| Non Deductible tax items | | |
| Tax exempt income | - | - |
| Deferred Assets for Deferred Tax Liability | - | - |
| Previous Years tax liability | - | - |
| Unabsorbed tax losses | - | - |
| Deferred Tax expense/(income) | (2,611.21) | (3,191.30) |
| Minimum alternate tax adjustments | - | - |
| Income Tax expenses | (2,611.21) | (3,191.30) |

38. Recent Accounting Pronouncements:

Ind AS 116 was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 19, 'Employee Benefits'

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

- Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- Any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- Separately recognise any changes in the asset ceiling through other comprehensive income.



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Chartered Accountant

These amendments will apply to any future plan amendments, curtailments, or settlements of the Company on or after 1 April 2019. The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendment to Ind AS 12, 'Income Taxes'

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 23, 'Borrowing Costs'

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

39. Corporate Social Responsibilities (CSR) :

As per section 135 of the Companies Act, 2013, every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year, every year the company is required to spend, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. Since, PNMTL has not satisfied any of the above criteria, expenditure on account of CSR does not apply to the company.

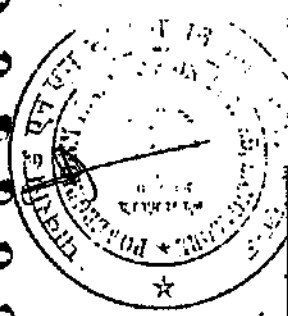
40. Impact of application of Ind AS 115 'Revenue from Contracts with Customers'

Effective April 1, 2018, the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The company has applied Ind AS 115 retrospectively only to contracts that are not completed as at the date of initial application, with the cumulative effect of initial application recognised as an adjustment to the opening balance of General Reserve at April 1, 2018. In accordance with the transition guidance in Ind AS 115 has only been applied to contracts that are incomplete as at April 1, 2018.

The company's accounting policies for its revenue streams are disclosed in Note 2.14. The application of Ind AS 115 does not have any impact on the financial position and/or financial performance of the company.

The following table discloses the movement in unbilled revenue during the year ended 31 March, 2019 and 31 March, 2018.

| Particulars | (₹ in Lakh) | |
|-------------------------------------------|---------------------------|---------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Balance at the beginning | - | 1891.99 |
| Add: Revenue recognised during the period | 121.72 | |
| Less: Invoiced during the period | - | |



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| | | |
|---------------------------------------------|--------|---------|
| Less: Impairment/reversal during the period | - | 1891.99 |
| Add: Translation gain/(Loss) | - | - |
| Balance at the end | 121.72 | - |

The entity determines transaction price based on expected value method considering its past experiences of refunds or significant reversals in amount of revenue. In estimating significant financing component, management considers the financing element inbuilt in the transaction price based on imputed rate of return. Reconciliation of Contracted Price vis-a-vis revenue recognized in profit or loss statement is as follows-

| | (₹ in Lakh) | |
|-------------------------------------------------------------|---------------------------|---------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Contracted price | 1591.05 | Nil |
| Add/ (Less)- Discounts/ rebates provided to customer | 6.91 | Nil |
| Add/ (Less)- Performance bonus | 0.56 | Nil |
| Add/ (Less)- Adjustment for significant financing component | - | Nil |
| Add/ (Less)- Other adjustments | - | - |
| Revenue recognized in profit or loss statement | 1584.70 | Nil |

41. a) Figures have been rounded off to nearest rupees in lakhs up to two decimal.
b) Previous year figures have been regrouped / rearranged wherever considered necessary.

As per our report of even date

For and on behalf of Board of Directors

For **Mallya & Mallya**
Chartered Accountants
Firm Regn. No. 001955S

(CA. C S Prashanth)
Partner
Membership No. 218355

(Seema Gupta)
Chairperson
DIN : 06636330

(Pramod Kumar)
Director
DIN : 08132119

(A.K. Das)
CFO

(Mrinal Shrivastava)
Company Secretary

Place: Gurgaon
Date: 20-May-2019





भारतीय लेखापरीक्षा और लेखा विभाग
महा निदेशक वाणिज्यिक लेखापरीक्षा एवं
पदेन सदस्य लेखापरीक्षा बोर्ड का कार्यालय, हैदराबाद

INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE DIRECTOR GENERAL OF
COMMERCIAL AUDIT AND EX-OFFICIO MEMBER,
AUDIT BOARD, HYDERABAD

No.:DGCA/A/c/Desk/2018-19/PGCILNMT/1.10 190

16 July 2019

To
The Chairperson,
Powergrid NM Transmission Limited,
Bangalore.

Sub: - Comments of the C&AG of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of Powergrid NM Transmission Limited for the year ended on 31 March 2019

Sir,

I forward herewith the 'Nil Comments' Certificate of Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of Powergrid NM Transmission Limited for the year ended on 31 March 2019.

2. The date of placing the comments along with Annual Accounts and Auditor's Report before the shareholders of the Company may please be intimated and a copy of the proceedings of the meeting may be furnished.

3. The date of forwarding the Annual Report and Annual Accounts of the Company together with Auditor's Report and comments of the Comptroller and Auditor General of India to the Central Government for being placed before the Parliament may please be intimated.

4. Ten copies of the Annual Report for the year 2018-19 may please be furnished in due course.

The receipt of this letter along with the enclosures may please be acknowledged.

Encl:- As above

Yours faithfully,

M. S. Subrahmanyam
16/07/2019
(M. S. Subrahmanyam)
Director General

महालेखाकार का कार्यालय परिसर, सैफाबाद, हैदराबाद - 500 004.

A.G.'s Office Complex, Saifabad, Hyderabad - 500 004
e-mail : mabhyderabad@cag.gov.in

Grams : DIRCOMIT Fax : 040-23231318
Phone : 23233315, 23230415

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF POWERGRID NM TRANSMISSION LIMITED FOR THE YEAR ENDED 31 MARCH 2019

The preparation of financial statements of Powergrid NM Transmission Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of Powergrid NM Transmission Limited for the year ended 31 March 2019. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report.

**For and on behalf of the
Comptroller and Auditor General of India**



**(M. S. Subrahmanyam)
Director General of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad**

**Place: Hyderabad
Date: 16 July 2019**



MAN DAYS FOR AUDIT OF
M/S. POWERGRID NM TRANSMISSION LIMITED
(CIN U40106DL2011GOI219542)
FOR THE FINANCIAL YEAR 2018-19

| Name | Man Days/ Hours Spent in Audit | DA paid/ payable (Rs.) | Out of pocket expenses paid/ payable (Rs.) (TA) |
|----------------------------------------------------------------------|--------------------------------|------------------------|-------------------------------------------------|
| a) CA CS Prashanth Partner | 4 days | 1200 | 3000 |
| b) Chartered Accountant - Employees 1. CA Raghavendra Hegde | 10 days | 1000 | 1000 |
| c) Assistants/ Staff 1. Mr. Bibin Joseph | 15 days | 750 | 3000 |
| TOTAL | | | 9,950 |
| Rupees Nine Thousand Nine Hundred and Fifty Only | | | |

For **Mallya & Mallya**
Chartered Accountants
Firm No: 001955S


CA C.S. Prashanth
Partner
M.No. 218355



Date: 20.05.2019
Place: Gurgaon

POWERGRID VIZAG TRANSMISSION LIMITED

Wholly Owned Subsidiary of Power Grid Corporation of India Limited

(CIN: U40300DL2011GOI228136)

ANNUAL REPORT (2018-19)

POWERGRID VIZAG TRANSMISSION LIMITED

CIN: U40300DL2011GOI228136

Regd. Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016

Tel: 011-26560121; Fax: 011-26601081

DIRECTORS' REPORT

To,

Dear Shareholders,

The Board of Directors have the pleasure of presenting the 8th Annual Report of POWERGRID Vizag Transmission Limited (PVTL) on the working of the Company together with Audited Financial Statements and Auditors' Report for the financial year ended 31st March, 2019.

State of the Company's Affairs:

POWERGRID Vizag Transmission Limited was acquired by Power Grid Corporation of India Limited (POWERGRID) on 30th August, 2013 under Tariff Based Competitive bidding from REC Transmission Projects Company Limited (the Bid Process Coordinator) for establishment of Transmission System for 'System strengthening in Southern region for import of power from Eastern Region. The Transmission system comprises Khammam-Nagarjunasagar 400kV D/c Line and Srikakulam-Vemagiri 765kV D/c Line. .

Financial Performance

(₹ in Lakhs)

| Particulars | 2018-19 | 2017-18 |
|-------------------------------|------------------|------------------|
| Revenue from Operations | 29,544.28 | 24,229.49 |
| Other Income | 279.28 | 184.04 |
| Total Income | 29,823.56 | 24,413.53 |
| Expenses | 15,879.33 | 16,297.99 |
| Profit before Tax | 13,944.23 | 8,115.54 |
| Profit after Tax | 10,015.77 | 7,766.60 |
| Earnings Per Equity Share (₹) | | |
| - Basic | 4.78 | 3.70 |
| - Diluted | 4.78 | 3.70 |

Share Capital

The Authorised and Paid up Share Capital as on 31st March, 2019 of your Company is ₹220 crore and ₹209.73 crore respectively.

Dividend

The Directors are pleased to recommend final dividend of ₹0.70 per equity share of ₹10/- each for FY 2018-19 subject to approval of Members at the Annual General Meeting. The Board has declared an interim dividend of ₹1.05 per equity share of ₹10/- each amounting to ₹22.02 Crore in 13th December, 2018 and second interim dividend of ₹0.28 per equity share of ₹10/- each amounting to ₹5.87 Crore in 29th March 2019. Thus, the aggregate interim dividend payout for the year amounts to ₹27.89 crore.

Reserves

Your Company has transferred an amount of ₹2,900 Lakh to Bond Redemption Reserve, ₹157.32 Lakh to Self Insurance Reserve. Retained Earnings as on 31.03.2019 stood at ₹3,614.18 Lakh.

Particulars of Loans, Guarantees or Investments made under section 186 of the Companies Act, 2013

Your Company has not given any loans, provided any guarantee or security to any other entity.

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related parties referred to Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, are given as **Annexure - I** to the Directors' Report.

Details of Significant & Material Orders passed by the regulators, courts, tribunals impacting the going concern status and company's operation in future

No significant / material orders passed by any authority during the Financial Year 2018-19 impacting the going concern status and Company's operation in future.

Deposits

Your Company has not accepted any deposit for the period under review.

Subsidiaries, Joint Ventures and Associate Companies

Your Company does not have any subsidiaries, joint ventures and associate companies.

Directors' Responsibility Statement

As required under section 134(3)(c) & 134(5) of the Companies Act, 2013 your Directors confirm that:

- a. in the preparation of the Annual Accounts for the Financial Year 2018-19, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the Financial Year 2018-19 and of the profit of the company for that period;

- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of this Act for safeguarding the assets, of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors had prepared the Annual Accounts for the Financial Year 2018-19 on a going concern basis;
- e. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go

There is no Conservation of Energy, Technology absorption and also there is no Foreign Exchange Earnings and outgo of during the Financial Year 2018-19.

Extract of Annual Return

The extract of Annual Return in Form MGT- 9 is enclosed at **Annexure –II** to this Report.

Board of Directors and Key Managerial Personnel:

As on 31st March, 2019, the Board comprises five Non-Executive Directors viz. Ms. Seema Gupta, Shri V Sekhar, Shri D.C. Joshi, Shri Anil Jain and Ms. V. Susheela Devi.

There were some changes in the composition of Board of Directors of your Company during Financial Year 2018-19. Shri D.K. Valecha and Shri S. Vaithilingam ceased to be Directors of the Company w.e.f 30.04.2018. Shri Prem Narayan Dixit and Shri D.C. Joshi had been appointed as Additional Directors w.e.f. 07.05.2018 and after your approval in the last Annual General meeting held on 12.9.2018, they were appointed as Directors of the Company.

Subsequently, Shri Prem Narayan Dixit resigned and ceased to be Director of the Company w.e.f. 15.10.2018 and Shri Anil Jain has been appointed as Additional Director w.e.f. 30.10.2018 who holds office upto the date of ensuing Annual General Meeting.

Further, Shri Ravi P.Singh resigned and ceased to be Director of the Company w.e.f. 21st January, 2019 and Ms. Seema Gupta, Director (Operations), POWERGRID has been appointed as Additional Director and Chairperson of the Company w.e.f. 22nd January, 2019, who holds office upto the date of ensuing Annual General Meeting.

Your Company has received a notice under section 160 of the Companies Act, 2013 from a member of the Company for appointment of Ms. Seema Gupta and Shri Anil Jain as Directors liable to retire by rotation in the ensuing AGM.

In accordance with provisions of the Companies Act, 2013 read with the Articles of Association of the Company, Shri V Sekhar shall retire by rotation at the Annual General Meeting of your Company and being eligible, offers himself for re-appointment.

The Board placed on record its appreciation for the valuable contribution, guidance and support given by Shri Ravi P. Singh, Shri D. K. Valecha, Shri S. Vaithilingam and Shri Prem Narayan Dixit during their tenure as Directors of the Company.

None of the Directors is disqualified from being appointed/re-appointed as Director.

As on 31st March, 2019, Shri S. Ravi is Chief Executive Officer (CEO), Shri D. Sudarshan is Chief Financial Officer (CFO) and Shri Arup Kumar Samanta is Company Secretary of the Company.

Shri D. Sudarshan has been appointed as CFO w.e.f. 6th July, 2018 and Shri D. Kumarswamy ceased to be CFO w.e.f. 6th July, 2018.

Further, Shri S. Ravi ceased to be CEO w.e.f. 23rd April, 2019.

Number of Board meetings held during the year

During the Financial year ended 31st March, 2019, twelve (12) meetings of Board of Directors were held on 10-05-2018, 23-05-2018, 18-07-2018, 28-08-2018, 07-09-2018, 30-10-2018, 13-12-2018, 03-01-2019, 21-01-2019, 29-01-2019, 25-03-2019, 29-03-2019. The details of number of meetings attended by each Director during the financial year 2018-19 are as under:

| Name of Director | Designation | No. of Board Meetings which were entitled to attend during FY 2018-19 | No. of Board Meetings attended during FY 2018-19 |
|-------------------------|-----------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------|
| Shri Ravi P. Singh* | Chairman | 9 | 9 |
| Ms. Seema Gupta** | Additional Director & Chairperson | 3 | 3 |
| Shri P.N. Dixit^ | Director | 5 | 3 |
| Shri V Sekhar | Director | 12 | 3 |
| Shri D.C. Joshi^^ | Director | 12 | 11 |
| Shri Anil Jain^^^ | Additional Director | 6 | 6 |
| Ms. V. Susheela Devi | Director | 12 | 8 |

*Ceased to be Director w.e.f. 21.01.2019

**Appointed as Additional Director & Chairperson w.e.f. 22.01.2019

^Appointed as Director w.e.f. 07.05.2018 and Ceased to be Director w.e.f. 15.10.2018

^^Appointed as Director w.e.f. 07.05.2018

^^^Appointed as Additional Director w.e.f. 30.10.2018

Committees of the Board

Audit Committee

The Audit Committee of your Company has been constituted in line with the provisions of Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014.

As on 01.04.2018 the Audit Committee comprised Shri S. Vaithilingam, Shri V. Sekhar and Shri D.K. Valecha as members with Shri S. Vaithilingam as Chairman. Shri S. Vaithilingam was Member and Chairman upto 30.04.2018.

The Audit Committee was reconstituted on 10.05.2018 with Ms. V. Susheela Devi, Shri V. Sekhar, Shri D.C. Joshi as its members with Ms. V. Susheela Devi as Chairperson. Ms. V. Susheela Devi was Member and Chairperson upto 24.03.2019.

The Audit Committee was further reconstituted on 25.03.2019 with Shri Anil Jain, Shri V.Sekhar and Shri D.C.Joshi as members of the Committee with Shri Anil Jain as Chairman.

During the financial year 2018-19, five (5) meetings of Audit committee were held on 23.05.2018, 28.08.2018, 07.09.2018, 30.10.2018 and 21.01.2019.

Committee of Directors for Bonds:

The Board of Directors has constituted a Committee of Directors for raising of funds through issue of Bonds.

As on 01.04.2018 the Bonds Committee comprised three members viz. Shri Ravi P. Singh, Shri S. Vaithilingam and Shri D.K. Valecha as members with Shri Ravi P. Singh as Chairman.

Shri S. Vaithilingam and Shri D.K. Valecha were members upto 30.04.2018.

The Committee was reconstituted on 10.05.2018 comprising three members Shri Ravi P. Singh, Ms. V. Susheela Devi and Shri V. Sekhar with Shri Ravi P. Singh as Chairman.

The Committee was further reconstituted on 25.03.2019 with Ms. Seema Gupta, Shri D.C.Joshi and Ms. V. Susheela Devi as members with Ms. Seema Gupta as Chairperson.

During Financial Year 2018-19, no meeting of Bond committee was held.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee (NRC) has been constituted in line with the requirement of the provisions of Section 178 of the Companies Act, 2013.

As on 01.04.2018 the NRC comprised three members viz. Shri Ravi P. Singh, Shri S. Vaithilingam and Ms. V. Susheela Devi with Shri Ravi P. Singh as Chairman. Shri S. Vaithilingam was member upto 30.04.2018.

The Committee was reconstituted on 10.05.2018 comprising three members Shri Ravi P. Singh, Shri D.C.Joshi and Ms. V. Susheela Devi with Shri Ravi P. Singh as Chairman. Shri Ravi P. Singh was Member and Chairman upto 21.01.2019

The Committee was further reconstituted on 25.03.2019 comprising three members viz. Ms. Seema Gupta, Shri D.C.Joshi and Ms. V. Susheela Devi with Ms. Seema Gupta as Chairperson.

During the Financial Year 2018-19, one (1) meeting of NRC was held.

Corporate Social Responsibility Committee (CSR Committee):

The CSR Committee has been constituted in line with the requirement of the provisions of Section 135 of the Companies Act, 2013.

On 01.04.2018 the CSR Committee comprised three members viz. Shri Ravi P. Singh, Shri S. Vaithilingam and Ms. V. Susheela Devi with Shri Ravi P. Singh as Chairman. Shri S. Vaithilingam was member upto 30.04.2018.

The Committee was reconstituted on 10.05.2018 comprising three members Shri Ravi P. Singh, Shri D.C.Joshi and Ms. V. Susheela Devi with Shri Ravi P. Singh as Chairman. Shri Ravi P. Singh was Member and Chairman upto 21.01.2019

The Committee was further reconstituted on 29.01.2013 comprising three members viz. Ms. Seema Gupta, Shri D.C.Joshi and Ms. V. Susheela Devi with Ms. Seema Gupta as Chairperson and this composition continued till 31.03-2019 as well.

During the Financial Year 2018-19, one (1) meeting of CSR Committee was held on 25.03.2019

During the year, your Company contributed ₹37.28 lakh to clean Ganga Fund for participation in “Namami Gange” – an Integrated Conservation Mission for River Ganga under CSR initiative. Annual Report on your Company’s CSR activities is enclosed at **Annexure-III** of the Director’s Report.

Declaration by Independent Directors

Ministry of Corporate Affairs (MCA) vide notification dated 05th July 2017 had amended the Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 {said Rule 4} as per which the unlisted public companies in the nature of wholly owned subsidiaries are exempted from the requirement of appointing Independent Directors on their Board. Accordingly, your Company, being a Wholly Owned Subsidiary of Power Grid Corporation of India Limited is exempted from the requirement of appointing Independent Directors in its Board.

Performance Evaluation:

Your Company, being wholly-owned Subsidiary of POWERGRID, is a Government Company. The Whole time Directors & senior officials of POWERGRID (the holding company) are nominated as Directors of your Company. POWERGRID, being a Government Company, the Directors so nominated by it in your Company, are being evaluated under a well laid down procedure for evaluation of CMD / Functional Directors by Administrative Ministry and for evaluation of senior officials by POWERGRID (the holding company).

Statutory Auditors

Comptroller and Auditor General (C&AG) of India appointed Bansal & Dave, Chartered Accountants, Hyderabad as Statutory Auditors of the Company for the Financial Year 2018-19.

Statutory Auditors’ Report

M/s Bansal & Dave, Chartered Accounts, Statutory Auditors for the Financial Year 2018-19 have given an unqualified report. The report is self-explanatory and does not require any further comments by the Board.

Details in respect of frauds reported by auditors other than those which are reportable to the Central Government

The Statutory Auditors of your Company have not reported any frauds to the Board of Directors under section 143(12) of the Companies Act, 2013, including rules made thereunder.

Comptroller and Auditor General’s (C&AG) Comments

Comptroller and Auditor General of India have conducted a supplementary audit under section 143(6)(a) of the Companies Act, 2013 of the financial statements of your Company for the year ended 31st March, 2019. C&AG vide letter dated has stated that on the basis of said supplementary audit nothing significant has come to their knowledge which would give rise to

any comment upon or supplement to statutory auditors' report. Copy of letter dated 28th June, 2019 of NIL comments received from C&AG is placed at **Annexure-IV** to this report.

Secretarial Audit Report

M/s Sunita Mathur, Practicing Company Secretary has conducted Secretarial Audit of your Company for the financial year ended 31st March, 2019. The Secretarial Audit report is placed at **Annexure –V** to this report. The Secretarial Auditors have given an unqualified report. The report is self-explanatory and does not require any further comments by the Board.

Cost Auditors

Your Company appointed M/s B.V. S. & Co., Cost Accountants as Cost Auditors for the FY 2018-19 under Section 148 of the Companies Act, 2013.

The cost Auditors Report for FY 2018-19 will be filed with the Cost Audit branch, Ministry of Company Affairs before due date.

Development & Implementation of Risk Management Policy

Your Company being a wholly owned subsidiary of POWERGRID is covered under the Risk Management Framework as being done in POWERGRID, the holding company.

Particulars of Employees

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 of the Companies Act, 2013 & corresponding rules of Chapter XIII are exempted for Government Companies. As your Company is a Government Company, the information has not been included as a part of Directors' report.

Prevention of Sexual Harassment at Workplace

There was no incidence of Sexual Harassment during Financial Year 2018-19.

Internal Financial Control Systems and their adequacy

Your Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March, 2019.

Right to Information

In compliance with 'Right to Information Act, 2005, an appropriate mechanism is in place for promoting transparency and accountability, wherein your Company has nominated Central Public Information Officer / Appellate Authorities to provide required information under the provisions of Act

Acknowledgement

The Board extends its sincere thanks to the Ministry of Power, the Central Electricity Regulatory Commission, POWERGRID, the Comptroller & Auditor General of India, and Auditors of the Company.

For and on behalf of
POWERGRID Vizag Transmission Limited

Sd/-
(Seema Gupta)
Chairperson
DIN: 06636330

Date: 29.07.2019
Place: Gurgaon

POWERGRID VIZAG TRANSMISSION LIMITED**FORM NO. AOC -2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act
and Rule 8(2) of the Companies (Accounts) Rules, 2014**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

| Sl. No. | Particulars | Details |
|---------|-------------------------------------------------------------------------------------------------------------------|---------|
| a. | Name (s) of the related party & nature of relationship | - |
| b. | Nature of contracts/arrangements/transaction | - |
| c. | Duration of the contracts/arrangements/transaction | - |
| d. | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e. | Justification for entering into such contracts or arrangements or transactions' | - |
| f. | Date of approval by the Board | - |
| g. | Amount paid as advances, if any | - |
| h. | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| Sl. No. | Particulars | Details |
|---------|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| a. | Name (s) of the related party & nature of relationship | Power Grid Corporation of India Limited- Holding Company |
| b. | Nature of contracts/arrangements/ transaction | (i) Repayment of Inter Corporate Loan & interest. (ii) O&M Consultancy. |
| c. | Duration of the contracts/arrangements/ transaction | - |
| d. | Salient terms of the contracts or arrangements or transaction including the value, if any | As mutually agreed |
| e. | Date of approval by the Board | 23.03.2017 & 22.06.2016 |
| f. | Amount paid as advances, if any | - |

For and on behalf of
POWERGRID Vizag Transmission Limited

Sd/-
(Seema Gupta)
Chairperson
DIN: 06636330

Date: 29.07.2019
Place: Gurgaon

POWERGRID VIZAG TRANSMISSION LIMITED

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on March 31, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

I.REGISTRATION AND OTHER DETAILS:

| | | |
|-------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i. | CIN | U40300DL2011GOI228136 |
| ii. | Registration Date | 30 th November,2011 |
| iii. | Name of the Company | POWERGRID Vizag Transmission Limited (Formerly Vizag Transmission Limited) |
| iv. | Category/ Sub-Category of the Company | Company Limited by Shares / Union Government Company |
| v. | Address of the Registered office and contact details | B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 Tel: 011-26560121.Fax:011-26601081 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, If any | CDSL Ventures Limited A Wing, 25th Floor, Marathon Futurex, Mafatlal Mills Compounds, N M Joshi Marg, Lower Parel (E), Mumbai – 400013 Phone No. 022-61216903 |

II.PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|----------------|--------------------------------------------------------|-----------------------------------------|-------------------------------------------|
| 1 | Transmission | 35107 | |

III.PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name And Address Of The Company | CIN/GLN | Holding/ Subsidiary /Associate | %of shares held | Applicable Section |
|----------------|--------------------------------------------------------|-----------------------|-----------------------------------------------|--------------------------------|-------------------------------|
| 1. | Power Grid Corporation of India Limited (POWERGRID) | L40101DL1989GOI038121 | Holding company | 100% | 2(46) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|----------------------------------|-------------------------------------------------|-----------|-----------|-------------------|-------------------------------------------|-----------|-----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| (a) Individual/ HUF | - | 6* | 6* | 0.006 | - | 6* | 6* | 0.006 | 0 |
| (b) Central Govt | - | - | - | - | - | - | - | - | - |
| (c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| (d) Bodies Corp | 0 | 209729994 | 209729994 | 100 | 0 | 209729994 | 209729994 | 100 | 0 |
| (e) Banks / FI | - | - | - | - | - | - | - | - | - |
| (f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(1):- | 0 | 209729994 | 209729994 | 100 | 0 | 209729994 | 209729994 | 100 | 0 |
| (2) Foreign | | | | | | | | | |
| a) NRIs- Individuals | - | - | - | - | - | - | - | - | - |
| b) Other- Individuals | - | - | - | - | - | - | - | - | - |
| (c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| (d) Banks / FI | - | - | - | - | - | - | - | - | - |
| (e) Any Other.... | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(2):- | - | - | - | - | - | - | - | - | - |
| B. Public Shareholding | - | - | - | - | - | - | - | - | - |
| (1) Institutions | - | - | - | - | - | - | - | - | - |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt. | - | - | - | - | - | - | - | - | - |
| d) State Govt.(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non Institutions | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|-----------|-----------|-----|---|-----------|-----------|-----|---|
| a) Bodies Corp. (i) Indian (ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals (i) Individual shareholders holding nominal share capital upto ₹1 lakh (ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others (Specify) | - | - | - | - | - | - | - | - | - |
| Sub-total(B)(2) | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | - | 209730000 | 209730000 | 100 | 0 | 209730000 | 209730000 | 100 | 0 |

* 6 equity shares held by POWERGRID's nominees (Individuals) jointly with POWERGRID.

ii. Shareholding of Promoters

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|---------|-----------------------------------------------------|-------------------------------------------|----------------------------------|-------------------------------------------------|-------------------------------------|----------------------------------|-------------------------------------------------|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | |
| 1. | Power Grid Corporation of India Limited (POWERGRID) | 209729994 | 100 | - | 209729994 | 100 | - | 0 |
| 2. | Shri I.S. Jha, jointly with POWERGRID | 01 | 0.001 | - | 01 | 0.001 | - | 0 |
| 3. | Shri Ravi P Singh jointly with POWERGRID | 01 | 0.001 | - | 01 | 0.001 | - | 0 |
| 4. | Shri K. S. R Murty jointly with POWERGRID | 01 | 0.001 | - | 01 | 0.001 | - | 0 |

| | | | | | | | | |
|----|--------------------------------------------|------------------|------------|----------|------------------|------------|----------|----------|
| 5. | Smt. Seema Gupta jointly with POWERGRID | 01 | 0.001 | - | 01 | 0.001 | - | 0 |
| 6. | Shri Upendra Pandey jointly with POWERGRID | 01 | 0.001 | - | 01 | 0.001 | | 0 |
| 7. | Shri D.C. Joshi jointly with POWERGRID | - | | - | 01 | 0.001 | - | 0.001 |
| | Total | 209730000 | 100 | - | 209730000 | 100 | - | - |

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 209730000 | 100 | 209730000 | 100 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | | | | |
| | At the End of the year | 209730000 | 100 | 209730000 | 100 |

There is no change in Promoters shareholding.

iv. Share holding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|----------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Top ten shareholders | | | | |
| | At the beginning of the year | - | - | - | - |

| | | | | | |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |

v.Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | Smt. Seema Gupta, Chairperson** | | | | |
| | At the beginning of the year | 01 | 0.001 | 01 | 0.001 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | - | | | |
| | At the End of the year | 01 | 0.001 | 01 | 0.001 |
| 2 | Shri D.C. Joshi, Director** | | | | |
| | At the beginning of the year | - | - | 01 | 0.001 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Transfer of one Equity share held in the name of Shri S. Vaithilingam on 10.05.2018 | | | |
| | At the End of the year | - | - | 01 | 0.001 |

** Jointly with POWERGRID

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding /accrued but not due for payment.

(in ₹)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|-----------------------------------------------------|----------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 2900000000 | 7084296299 | | 9984296299 |
| ii) Interest due but not paid | 0 | 0 | | 0 |
| iii) Interest accrued but not Due | 207187123 | 0 | | 207187123 |
| Total (i+ii+iii) | 3107187123 | 7084296299 | 0 | 10191483422 |
| Change in Indebtedness during the financial year | | | | |
| - Addition | 258100001 | 563713211 | | 821813212 |
| Principle | 0 | 0 | | 0 |
| Interest | 258100001 | 563713211 | | 821813212 |
| - Reduction | 257392877 | 1503009510 | | 1760402387 |
| Principle | 0 | 939296299 | | 939296299 |
| Interest | 257392877 | 563713211 | | 821106088 |
| Net Change | 707124 | -939296299 | | -938589175 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 2900000000 | 6145000000 | | 9045000000 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 207894247 | 0 | | 207894247 |
| Total (i + ii+ iii) | 3107894247 | 6145000000 | 0 | 9252894247 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | | Total Amount |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---|---|---|--------------|
| 1. | Gross salary a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 b) Value of perquisites u/s 17(2) Income-tax Act, 1961 c) Profits in lieu of salary u/S 17(3) Income Tax Act, 1961 | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission - as% of profit - Others, specify... | - | - | - | - | - |
| 5. | Others, please specify | - | - | - | - | - |
| 6. | Total (A) | - | - | - | - | - |
| 7. | Ceiling as per the Act | - | - | - | - | - |

B. Remuneration to other directors:

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|-------------------------------------------------------------------------------------------------------------------------------|----------------------------|---|---|---|-----------------|
| | <u>Independent Directors</u> ·Fee for attending board committee meetings ·Commission ·Others ,please specify | - | - | - | - | - |
| | Total(1) | - | - | - | - | - |
| | <u>Other Non-Executive Directors</u> ·Fee for attending board committee meetings ·Commission ·Others ,please specify | - | - | - | - | - |
| | Total(2) | - | - | - | - | - |
| | Total(B)=(1+2) | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - |
| | Over all Ceiling as per the Act | - | - | - | - | - |

C. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD:

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------|-----|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a) Salary as per provisions contained in section17(1)of the Income-tax Act,1961 (b)Value of perquisites u/s 17(2) Income Tax Act,1961 (c)Profits in lieu of salary under section 17(3) Income Tax Act,1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as% of profit -others, specify... | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total | - | - | - | - |

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/ Punishment/ | Authority [RD /NCLT/ | Appeal made. If any (give |
|------|------------------------------|-------------------|------------------------------------|----------------------|---------------------------|
|------|------------------------------|-------------------|------------------------------------|----------------------|---------------------------|

| | | | Compounding fees imposed | Court] | details) |
|-------------------------------------|--|-----|-----------------------------|--------|----------|
| A. Company | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| B. Directors | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| C. Other Officers In Default | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |

For and on behalf of
POWERGRID Vizag Transmission Limited

Sd/-
(Seema Gupta)
Chairperson
DIN: 06636330

Date: 29.07.2019
Place: Gurgaon

Annexure III to the Directors' Report

Annual Report on Corporate Social Responsibility Activities

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

Your Company has adopted CSR policy of POWERGRID (the holding company). CSR Policy of POWERGRID has been formulated keeping in view requirements of Companies Act, 2013 and Department of Public Enterprises Guidelines. The activities proposed to be undertaken under CSR shall include all the activities mentioned in Schedule VII of Section 135 (3) (a) of the Company's Act, 2013. The Policy is available on http://www.powergridindia.com/sites/default/files/CSR_Policy_2015_0.pdf.

2. **Composition of CSR Committee:**

As on 31.03.2019, the CSR Committee comprised following members:

- | | | |
|----------------------|---|------------------------------|
| a. Ms. Seema Gupta | : | Chairperson of the Committee |
| b. Shri D. C. Joshi | : | Member |
| c. Ms. Susheela Devi | : | Member |

3. **Average Net Profit of the Company for last three financial years:** ₹1,863.85 lakh

4. **Prescribed CSR expenditure:**

As per requirement of the Companies Act, 2013, your Company is required to spend 2% of average net profit made for last three Financial Years in CSR activities. As the average net profit of your Company for last three Financial Years was ₹1,863.85 lakh, your Company is required to spend ₹37.28 lakh on CSR activities in Financial Year 2018-19.

5. **Details of CSR expenditure made during Financial Year:**

- a. Total amount to be spent during Financial year : ₹37.28 lakh
- b. Amount unspent, if any : NIL
- c. Manner in which the amount spent during Financial year:

| Sl. No. | CSR Projects or activity identified | Sector in which the project is covered | Local Area or other | District, State | Amount Outlay (₹lakh) | Amount spent on the project during the previous years (₹lakh) | Amount spent on the project or programme during 2018-19 (₹lakh) | Cumulative expenditure upto the reporting period (₹lakh) | Amount spent: Direct or through implementing Agency (Name) (₹lakh) |
|---------|-------------------------------------------------------------------------------------|----------------------------------------|---------------------|-----------------|-----------------------|---------------------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------------------|
| 1 | Participation in "Namami Gange"- an Integrated Conservation Mission for River Ganga | Sanitation | Other | New Delhi | 37.28 | - | 37.28 | 37.28 | Clean Ganga Fund |

6. It is to state that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Sd/-
(Chairperson-CSR Committee)



भारतीय लेखापरीक्षा और लेखा विभाग
महा निदेशक वाणिज्यिक लेखापरीक्षा एवं
पदेन सदस्य लेखापरीक्षा बोर्ड का कार्यालय, हैदराबाद

INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE DIRECTOR GENERAL OF
COMMERCIAL AUDIT AND EX-OFFICIO MEMBER,
AUDIT BOARD, HYDERABAD

No.:DGCA/A/c/Desk/2018-19/VizagPGTL/1.37 /65

Date: 28 June 2019

To
The Chairman,
Powergrid Vizag Transmission Limited,
Hyderabad

Sub: - Comments of the C&AG of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of Powergrid Vizag Transmission Limited for the year ended on 31 March 2019

Sir,

I forward herewith the "Nil Comments" Certificate of Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of Powergrid Vizag Transmission Limited for the year ended on 31 March 2019.

2. The date of placing the comments along with Annual Accounts and Auditor's Report before the shareholders of the Company may please be intimated and a copy of the proceedings of the meeting may be furnished.
3. The date of forwarding the Annual Report and Annual Accounts of the Company together with Auditor's Report and comments of the Comptroller and Auditor General of India to the Central Government for being placed before the Parliament may please be intimated.
4. Ten copies of the Annual Report for the year 2018-19 may please be furnished in due course.

The receipt of this letter along with the enclosures may please be acknowledged.

Encl:- As above

Yours faithfully,

M. S. Subrahmanyam
(M. S. Subrahmanyam)
Director General

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF POWERGRID VIZAG TRANSMISSION LIMITED FOR THE YEAR ENDED 31 MARCH 2019

The preparation of financial statements of Powergrid Vizag Transmission Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 22 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Powergrid Vizag Transmission Limited for the year ended 31 March 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 143(6)(b) of the Act.

For and on behalf of the
Comptroller and Auditor General of India



(M. S. Subrahmanyam)
Director General of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad

Place: Hyderabad
Date: 28 June 2019



Form No. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Powergrid Vizag Transmission Limited
B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi - 110016

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Powergrid Vizag Transmission Limited** [CIN: U40300DL2011GOI228136] (hereinafter called the company) is **wholly owned subsidiary company of POWER GRID CORPORATION OF INDIA LIMITED (a Government of India Enterprise)**. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

As confirmed and certified by the management, following law is specifically applicable to the Company based on the Sectors /Businesses:

(a) The Electricity Act, 2003 and Rules and Regulations made there under.

I have also examined compliance with the applicable Clauses/Regulations of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above

I further report that,

The Board of Directors is duly constituted with proper balance of Directors, Woman Director. The change in the composition of the Board of Directors that took place during the period under review was carried out in compliance with the provisions of the Act.



Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Decisions are carried with consent of all the Directors.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines

I further report that during the Audit Period following changes took place on the Board :

- Appointment of Directors made during the year were: Shri. P.N.Dixit (DIN : 7320787) & Shri. Deep Chand Joshi (DIN: 8097844) w.e.f 7.5.2018, Shri.Anil Jain (DIN: 7575312) w.e.f 30.10.2018 and Smt. Seema Gupta (DIN: 06636330) w.e.f. 22.1.2019
- Following Directors resigned during the year: Shri.. S. Vaithilingam (DIN07107854) & Shri D. K. Valecha (DIN: 06847789 w.e.f 30.4.2018., Shri . P.N.Dixit (DIN: 7320787) w.e.f 15.10.2018 and Shri .Ravi P.Singh (DIN: 05240974) w.e.f 22.1.2019



Place: New Delhi
Date: June 26th, 2019

Sunita Mathur
Company Secretary in Practice
FCS No. 1743
C P No.: 741



Note: This report is to be read with our letter of even date which is annexed as **Annexure-A** and forms an integral part of this report.

Annexure-A

To,
The Members,
Powergrid Vizag Transmission Limited
B-9, Qutab Institutional Area,
Katwaria Sarai , New Delhi - 110016

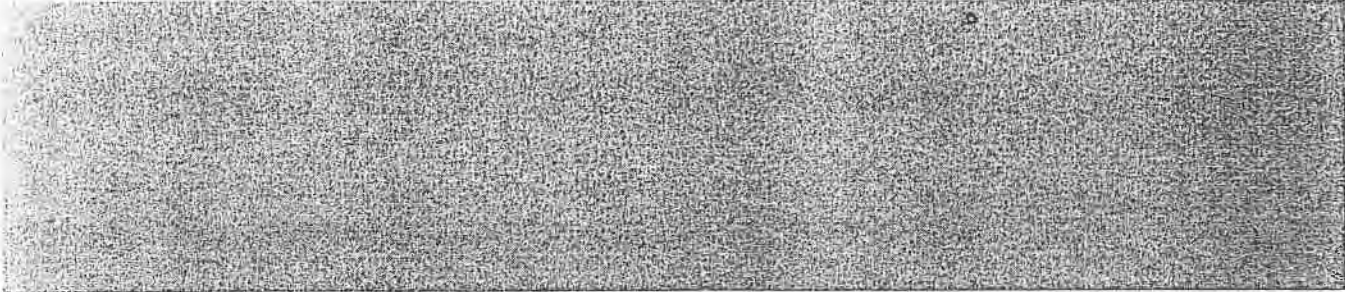
Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company



Place: New Delhi
Date: June 26th, 2019

Sunita Mathur
Company Secretary in Practice
FCS No. 1743
C P No.: 741



FINANCIAL STATEMENTS & NOTES FOR THE YEAR ENDED 2018-19



POWERGRID VIZAG TRANSMISSION LIMITED
(FORMERLY POWERGRID VIZAG TRANSMISSION LIMITED)

REGISTERED OFFICE - B-9 QUTAB INSTITUTIONAL AREA KATWARIA
SARAI, NEW DELHI- 110016

CIN : U40300DL2011GOI228136

BANSAL & DAVE

CHARTERED ACCOUNTANTS

Phones : 23234799, 23298301

201, Gupta Estate, 5-9-58, Basheerbagh, Hyderabad - 500 004.

Email : bansaldave@yahoo.co.in

INDEPENDENT AUDITOR'S REPORT

To The Members of POWERGRID VIZAG TRANSMISSION LIMITED
Report on the Standalone IND AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **POWERGRID VIZAG TRANSMISSION LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility 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 Companies Act, 2013 ("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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act, and also the Directions issued under Section 143(5) of the Act by the Comptroller & Auditor General of India.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.



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An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

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 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, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow 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 Indian Accounting Standards prescribed under section 133 of the Act.

e) In pursuance to the Notification No.G.S.R 463(E) dated 05/06/2015 issued by the Ministry of Corporate Affairs, Section 164(2) of the Companies Act, 2013, pertaining to disqualification of Directors is not applicable to a Government Company.



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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 A"..

g) 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 36 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.

iii. There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

3. As required under Section 143(5) of the Companies Act, 2013, we give in Annexure 'C', a statement on the Directions issued by the Comptroller & Auditor General of India.

For BANSAL & DAVE

Chartered Accountants

Firm Regn. No.007252S

Vilas Maganlal Gala

Partner

Mem. No. 028577

Place : Hyderabad

Date : May, 22nd, 2019



BANSAL & DAVE

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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of POWERGRID VIZAG TRANSMISSION LIMITED of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 **POWERGRID VIZAG TRANSMISSION 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 Board of Directors of the Company 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, 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 internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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



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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 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 Company's internal financial controls system over financial reporting.

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.

Limitations of Internal Financial Controls Over Financial Reporting

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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria



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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 BANSAL & DAVE

Chartered Accountants

Firm Regn. No.007252S

Vilas Maganlal Gala

Partner

Mem. No. 028577



Place : Hyderabad

Date : May, 22nd, 2019

BANSAL & DAVE

CHARTERED ACCOUNTANTS

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201, Gupta Estate, 5-9-58, Basheerbagh, Hyderabad - 500 004.

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ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of POWERGRID VIZAG TRANSMISSION LIMITED of even date)

i. In respect of the Company's fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets of the company have been physically verified by the management at reasonable intervals having regard to the size of the company and nature of its fixed assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The company does not own any immovable properties, and therefore, the reporting under paragraph 3 (i)(c) of the Order is not applicable.

ii. The inventories held by the company have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of its business. No material discrepancies were noticed on such verification.

iii. According to the information and explanations given to us, the Company has not granted unsecured loans to Companies/ Firms/ Parties covered in the register maintained under section 189 of the Companies Act, 2013, and therefore, the reporting under paragraph 3(iii) of the Order is not applicable.

iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loans or made any investments or given any guarantees, and therefore, the reporting under paragraph 3(iv) of the Order is not applicable.

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the Para 3 (v) of the Order are not applicable to the Company.

vi. According to the information and explanations given to us, the Company is required to maintain cost records under Section 148(1) of the Companies Act, 2013. We have broadly reviewed these records and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of these records with a view to determine whether they are accurate and complete.



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vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax, Sales Tax, Entry Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2019 on account of dispute are given below:

| Sl. No. | Nature of the Statute | Nature of dues | Period to which the amount relates | Amount demanded (Rupees in Lakhs) | Amount paid under dispute (Rupees in Lakhs) | Forum where Dispute is pending |
|---------|-------------------------------------------------------------|------------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------|---------------------------------------------|-----------------------------------------------|
| 1 | Telangana Tax -on Entry of Goods into Local Areas Act, 2001 | Entry tax (Demand raised by Commercial Tax Officer, Gandhinagar Circle, Secunderabad HYDERABAD | Financial years 2014-15, 2015-16 | 962.81 | 336.98 | Appellate Authority upto Commissioner's level |

viii. According to the information and explanations given to us, we are of the opinion that the company has not defaulted on repayment of dues to Bond holders. The company has not taken any loans or borrowing from Financial Institution, bank and Government.

ix. During the year, the Company has not raised moneys by way of initial public offer or further public offer (including Bonds) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.



BANSAL & DAVE

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x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. The company has not paid or provided any managerial remuneration during the year, and therefore, the reporting under paragraph 3 (xi) of the Order is not applicable.

xii. The Company is not a Nidhi Company and hence reporting under Para 3 (xii) of the Order is not applicable to the Company.

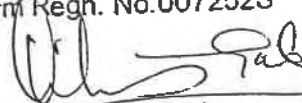
xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For BANSAL & DAVE
Chartered Accountants
Firm Regn. No.007252S


Vilas Maganlal Gala
Partner
Mem. No. 028577



Place : Hyderabad
Date : May, 22nd, 2019

BANSAL & DAVE

CHARTERED ACCOUNTANTS

Phones : 23234799, 23298301

201, Gupta Estate, 5-9-58, Basheerbagh, Hyderabad - 500 004.

Email : bansaldave@yahoo.co.in

Annexure-C to the Independent Auditor's Report

(Referred to in paragraph 3 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of POWERGRID VIZAG TRANSMISSION LIMITED of even date)

Report on the directions under Section 143(5) of the Companies Act, 2013 given by the Comptroller & Auditor General of India in respect of accounts of POWERGRID VIZAG TRANSMISSION LIMITED for the year ended 31st March 2019.

| Sl. No. | Direction | Auditor's report | Impact on Accounts and Financial Statements |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| 1 | Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of progressing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | According to the information and explanations given to us, and based on our examination of books and representations provided by the management, we report that all accounting transactions of the company are processed through the ERP (SAP System) that has been implemented by the company. No accounting transaction is being recorded / processed otherwise than through the ERP system in place. Hence, no further disclosure is required in this regard. | Nil |
| 2 | Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/ loans/ interest etc., made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. | Based on our examination of books and records of the company and the information furnished and explanations given by the management, we report that there are no cases of restructuring of an existing loan or cases of waiver/ write-off of debts/ loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan. | Nil |



BANSAL & DAVE

CHARTERED ACCOUNTANTS

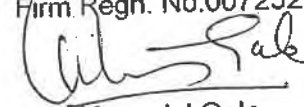
Phones : 23234799, 23298301

201, Gupta Estate, 5-9-58, Basheerbagh, Hyderabad - 500 004.

Email : bansaldave@yahoo.co.in

| Sl. No. | Direction | Auditor's report | Impact on Accounts and Financial Statements |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| 3 | Whether funds received / receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation. | According to the information and explanations furnished to us during the course of audit, and based on our examination of books and records, we report that there are no Funds received / receivable for specific schemes from Central/ State agencies for the company till date. | Nil |

For BANSAL & DAVE
Chartered Accountants
Firm Regn. No.007252S



Vilas Maganlal Gala
Partner
Mem. No. 028577



Place : Hyderabad
Date : May, 22nd, 2019

POWERGRID VIZAG TRANSMISSION LIMITED
CIN: U40300DL2011GOI278136
Balance Sheet as at 31st March, 2019

(₹ in Lakhs)

| Particulars | Note No | As at 31st March, 2019 | As at 31st March, 2018 |
|--------------------------------------------------------------------------------------------|---------|------------------------|------------------------|
| | | (Audited) | (Audited) |
| ASSETS | | | |
| I Non-current assets | | | |
| Property, Plant and Equipment | 4 | 113,176.53 | 120,120.59 |
| Other non-current assets | 5 | 1.50 | - |
| Deferred Tax Asset(Net) | 6 | 1,235.19 | 2,119.12 |
| | | 114,413.22 | 122,239.71 |
| II Current assets | | | |
| Inventories | 7 | 1,081.55 | 1,089.46 |
| Financial Assets | | | |
| Trade receivables | 8 | 4,200.62 | 2,751.96 |
| Cash and cash equivalents | 9 | 44.50 | 135.38 |
| Other current financial assets | 10 | 2,967.29 | 2,155.47 |
| Current tax assets (Net) | 11 | 569.72 | 494.39 |
| Other current assets | 12 | 336.98 | - |
| | | 9,200.66 | 6,626.66 |
| Total Assets (I+II) | | 123,613.88 | 128,866.37 |
| EQUITY AND LIABILITIES | | | |
| III Equity | | | |
| Equity Share capital | 13 | 20,973.00 | 20,973.00 |
| Other Equity | 14 | 9,743.93 | 3,343.77 |
| | | 30,716.93 | 24,316.77 |
| IV Liabilities | | | |
| Non-current liabilities | | | |
| Financial Liabilities | | | |
| Borrowings | 15 | 90,450.00 | 88,842.96 |
| | | 90,450.00 | 88,842.96 |
| Current liabilities | | | |
| Financial Liabilities | | | |
| (i) Trade payables | 16 | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | | - | - |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 3.29 | 6.03 |
| (ii) Other current financial liability | 17 | 2,399.00 | 15,647.88 |
| Other current liabilities | 18 | 44.66 | 52.73 |
| Current Tax Liabilities (Net) | 19 | - | - |
| | | 2,446.95 | 15,706.64 |
| Total Equity and Liabilities (III+IV) | | 123,613.88 | 128,866.37 |

The accompanying notes (1 to 43) form an integral part of financial statements

As per our report even date attached
For Bansal & Dave
ICAI FRN : 007252S
Chartered Accountants

Vilas Maganlal Gala

VILAS MAGANLAL GALA
Partner
Membership No. 028577

Place : Hyderabad
Date : 22/05/2019



For and on behalf of the Board of Directors

Deep Chandra Joshi
Deep Chandra Joshi
Director
DIN : 08097844

D. Sudarshan
D. Sudarshan
CFO

Place: Gurugram
Date: 22/05/2019

V. Susheela Devi
V. Susheela Devi
Director
DIN : 07828528

Arup Kumar Samanta
Arup Kumar Samanta
Company Secretary

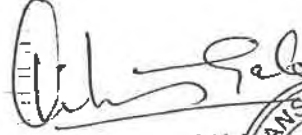
POWERGRID VIZAG TRANSMISSION LIMITED
CIN: U40300DL2011GOI228136
Statement of Profit and Loss for the year ended 31st March, 2019

(₹ in Lakhs)

| | Particulars | Note No. | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
|-----|---------------------------------------------------------------------------------|----------|----------------------------------------|----------------------------------------|
| | | | (Audited) | (Audited) |
| I | Revenue From Operations. | 20 | 29,544.28 | 24,229.49 |
| II | Other Income | 21 | 279.28 | 184.04 |
| | Total Income (I+II) | | 29,823.56 | 24,413.53 |
| III | EXPENSES | | | |
| | Finance costs | 22 | 8,222.39 | 8,735.54 |
| | Depreciation and amortization expense | 23 | 6,921.72 | 6,921.78 |
| | Other expenses | 24 | 735.22 | 640.67 |
| | Total expenses | | 15,879.33 | 16,297.99 |
| IV | Profit/(loss) before exceptional items and tax (I+II-III) | | 13,944.23 | 8,115.54 |
| | Profit/(loss) before tax | | 13,944.23 | 8,115.54 |
| V | Tax expense: | | | |
| | (1) Current tax - Current Year | | 3,044.53 | 1,731.99 |
| | - Earlier years | | - | 1.12 |
| | (2) Deferred tax | | 883.93 | (1,384.17) |
| VI | Profit (Loss) After Tax (IV-V) | | 10,015.77 | 7,766.60 |
| | Other Comprehensive Income | | 0.00 | - |
| | Total Comprehensive Income for the period | | 10,015.77 | 7,766.60 |
| | (Comprising Profit (Loss) and Other Comprehensive income for the period) | | | |
| | Earnings per equity share (Par Value ₹ 10 each) | | | |
| | Basic (in ₹) | 38 | 4.78 | 3.70 |
| | Diluted (in ₹) | | 4.78 | 3.70 |

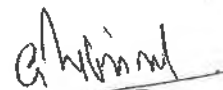
The accompanying notes (1 to 43) form an integral part of financial statements


As per our report even date attached
For Bansal & Dave
 ICAI FRN : 007252S
 Chartered Accountants

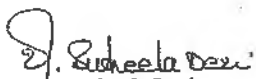

VILAS MAGANLAL GALA
 Partner
 Membership No. 028577
 Place : Hyderabad
 Date : 22/05/2019




For and on behalf of the Board of Directors


Deep Chandra Joshi
 Director
 DIN : 08097844


D. Sudarshan
 CFO
 Place: Gurugram
 Date: 22/05/2019


V. Susheela Devi
 Director
 DIN : 07828528


Arup Kumar Samanta
 Company Secretary

POWERGRID VIZAG TRANSMISSION LIMITED

CIN: U40300DL2011GOI228136

Statement of Cash flows for the year ended 31st March, 2019

(₹ in Lakhs)

| Particulars | For the Year Ended 31.03.2019 | For the Year Ended 31.03.2018 |
|-----------------------------------------------------------------------|----------------------------------|----------------------------------|
| A. Cash Flow from Operating Activities: | | |
| Net profit before Tax | 13,944.23 | 8,170.74 |
| Adjustments: | | |
| - Depreciation & Amortization Expenses | 6,921.72 | 6,921.78 |
| - Finance Cost | 8,222.39 | 8,735.54 |
| Operating Profit before Changes in Assets & Liabilities | 29,088.34 | 23,828.06 |
| Net Change in | | |
| - Trade Payables | (2.74) | (6.03) |
| - Other Current Liabilities | (8.08) | (7,381.87) |
| - Other Current Assets | (2,589.55) | (3,543.92) |
| - Other Non Current Assets | (1.50) | - |
| Cash Generated from Operation | 26,486.46 | 12,896.25 |
| Direct Tax Expenses | (3,119.86) | (1,663.37) |
| Net Cash from operating Activities (A) | 23,366.61 | 11,232.87 |
| B. Cash Flow from Investing Activities: | | |
| Property Plant & Equipment and Capital Work In Progress | (2,233.60) | 1,236.58 |
| Net Cash generated from Investing Activity (B) | (2,233.60) | 1,236.58 |
| C. Cash Flow from Financing Activities: | | |
| - Loans raised during the year | - | 2,850.00 |
| - Loans repaid during the year | (9,392.96) | (4,041.33) |
| - Interest & Finance Cost Paid | (8,215.32) | (8,734.29) |
| - Dividend paid | (2,999.14) | (2,097.30) |
| - Dividend Tax paid | (616.48) | (426.96) |
| Net Cash generated from Financing Activity (C) | (21,223.90) | (12,449.88) |
| D. Net change in Cash and Cash Equivalents (A+B+C) | (90.89) | 19.57 |
| E. Cash and Cash Equivalents (Opening Balance) | 135.38 | 115.81 |
| E. Cash and Cash Equivalents (Closing Balance) (As per Note 9) | 44.50 | 135.38 |

The accompanying notes (1 to 43) form an integral part of financial statements

Notes: (i) Previous year figures have been re-grouped/re-arranged wherever necessary.

(ii) Cash & Cash equivalents consist of cheques, balances with banks.

As per our report even date attached

For Bansal & Dave

ICAI FRN : 007252S

Chartered Accountants

VILAS MAGANLAL GALA

Partner

Membership No. 028577



For and on behalf of the Board of Directors

Deep Chandra Joshi

Director

DIN : 08097844

D Sudarshan

CFO

V Susheela Devi

Director

DIN : 07828528

Arup Kumar Samanta

Company secretary

Place : Hyderabad

Date : 22/05/2019

Place: Gurugram

Date: 22/05/2019

POWERGRID VIZAG TRANSMISSION LIMITED
Statement of Changes in Equity for the period ended 31st March 2019

A. Equity Share Capital

| | (₹ in Lakhs) |
|---------------------------------|--------------|
| As at 31st March, 2017 | 20,973.00 |
| Changes in equity share capital | - |
| As at 31st March, 2018 | 20,973.00 |
| Changes in equity share capital | - |
| As at 31st March, 2019 | 20,973.00 |

B. Other Equity

| Particulars | Reserves and Surplus | | | Total |
|-----------------------------------------|-------------------------|------------------------|-------------------|------------|
| | Bond Redemption Reserve | Self Insurance Reserve | Retained Earnings | |
| Balance at 1st April, 2017 | 74.26 | 15.09 | -1,987.92 | (1,898.57) |
| Total Comprehensive Income for the year | | | | - |
| Balance at 31st March, 2018 | 2,900.00 | 172.43 | 271.34 | 3,343.77 |

Statement of Changes in Equity for the Year ended 31st March 2019 (Contd.)

| Particulars | Reserves and Surplus | | | Total |
|-----------------------------------------------------------|-------------------------|------------------------|-------------------|-----------|
| | Bond Redemption Reserve | Self Insurance Reserve | Retained Earnings | |
| Balance at 1st April, 2018 | 2,900.00 | 172.43 | 271.34 | 3,343.77 |
| Restated balance at the beginning of the reporting period | 2,900.00 | 172.43 | 271.34 | 3,343.78 |
| Total Comprehensive Income for the year | | | 10,015.77 | 10,015.77 |
| Transfer to Bond Redemption Reserve | 2,900.00 | | (2,900.00) | - |
| Transfer to Self Insurance Reserve | | 157.32 | (157.32) | |
| Dividends- Final FY2017-18 | | | (209.73) | (209.73) |
| Tax on Dividend-Final FY2017-18 | | | (43.11) | (43.11) |
| Interim Dividend paid for F Y 2018-19 | | | (2,789.41) | |
| Tax on Interim Dividend | | | (573.32) | |
| Balance at 31st-March, 2019 | 5,800.00 | 329.75 | 3,614.18 | 9,743.93 |

The accompanying notes (1 to 43) form an integral part of financial statements
Refer Note 14 for movement and nature of Reserve and Surplus

As per our report even date attached

ICAI FRN : 007252S

Chartered Accountants

VILAS MAGANLAL GALA

Partner

Membership No. 028577



Place : Hyderabad

Date : 22/05/2019

For and on behalf of the Board of Directors

Deep Chandra Joshi
Deep Chandra Joshi
Director
DIN : 08097844

D Sudarshan
D Sudarshan
CFO

V Susheela Devi
V Susheela Devi
Director
DIN : 07828528

Arup Kumar Samanta
Arup Kumar Samanta
Company secretary

Place: Gurugram

Date: 22/05/2019

POWERGRID VIZAG TRANSMISSION LIMITED

Note 4/Property, Plant and Equipment

(₹ In Lakhs)

| Particulars | Gross Block | | | | | Accumulated depreciation | | | | | Net Book Value | |
|-------------------------------------------------------|-----------------------|-----------------------------|----------|------------------------------|------------------------|--------------------------|-----------------------------|----------|------------------------------|------------------------|------------------------|------------------------|
| | As at 1st April, 2018 | Additions during the period | Disposal | Adjustment during the period | As at 31st March, 2019 | As at 1st April, 2018 | Additions during the period | Disposal | Adjustment during the period | As at 31st March, 2019 | As at 31st March, 2018 | As at 31st March, 2018 |
| Plant & Equipment | | | | | | | | | | | | |
| Transmission | 1,31,111.65 | 0.00 | - | 22.35 | 1,31,089.31 | 10,994.44 | 8,921.52 | - | - | 17,915.96 | 1,13,173.35 | 1,20,117.21 |
| b) Substation | - | - | - | - | - | - | - | - | - | - | - | - |
| c) Unified Load Despatch & Communication | - | - | - | - | - | - | - | - | - | - | - | - |
| d) Telecom | - | - | - | - | - | - | - | - | - | - | - | - |
| Furniture Fixtures | 0.56 | - | - | - | 0.56 | 0.14 | 0.03 | - | - | 0.17 | 0.39 | 0.42 |
| Vehicles | - | - | - | - | - | - | - | - | - | - | - | - |
| Office equipment | - | - | - | - | - | - | - | - | - | - | - | - |
| Electronic Data Processing & Word Processing Machines | 3.69 | - | - | - | 3.69 | 3.69 | - | - | - | 3.69 | - | - |
| Construction and Workshop equipment | 0.74 | - | - | - | 0.74 | 0.09 | 0.04 | - | - | 0.13 | 0.61 | 0.65 |
| Electrical Installation | - | - | - | - | - | - | - | - | - | - | - | - |
| Laboratory Equipments | - | - | - | - | - | - | - | - | - | - | - | - |
| Workshop & Testing Equipments | 2.55 | - | - | - | 2.55 | 0.25 | 0.13 | - | - | 0.38 | 2.17 | 2.30 |
| Total | 1,31,119.19 | 0.00 | - | 22.35 | 1,31,096.84 | 10,998.60 | 8,921.72 | - | - | 17,920.32 | 1,13,176.53 | 1,20,120.59 |
| Less: Provision for assets discarded | - | - | - | - | - | - | - | - | - | - | - | - |
| Grand Total | 1,31,119.19 | 0.00 | - | 22.35 | 1,31,096.84 | 10,998.60 | 8,921.72 | - | - | 17,920.32 | 1,13,176.53 | 1,20,120.59 |

Note 4/Property, Plant and Equipment

(₹ In Lakhs)

| Particulars | Cost | | | | | Accumulated depreciation | | | | | Net Book Value | |
|-------------------------------------------------------|-----------------------|---------------------------|----------|----------------------------|------------------------|--------------------------|---------------------------|----------|----------------------------|------------------------|------------------------|------------------------|
| | As at 1st April, 2017 | Additions during the year | Disposal | Adjustment during the year | As at 31st March, 2018 | As at 1st April, 2017 | Additions during the year | Disposal | Adjustment during the year | As at 31st March, 2018 | As at 31st March, 2017 | As at 31st March, 2017 |
| Plant & Equipment | | | | | | | | | | | | |
| Transmission | 1,31,180.82 | - | - | 69.17 | 1,31,111.65 | 4,074.09 | 6,920.35 | - | - | 10,994.44 | 1,20,117.21 | 1,27,106.73 |
| Furniture Fixtures | 0.56 | - | - | - | 0.56 | 0.05 | 0.08 | - | - | 0.14 | 0.42 | 0.51 |
| Electronic Data Processing & Word Processing Machines | 3.64 | 0.05 | - | - | 3.69 | 2.51 | 1.17 | - | - | 3.69 | 0.00 | 1.12 |
| Construction and Workshop equipment | 0.74 | - | - | - | 0.74 | 0.05 | 0.04 | - | - | 0.09 | 0.65 | 0.69 |
| Workshop & Testing Equipments | 2.55 | - | - | - | 2.55 | 0.11 | 0.13 | - | - | 0.24 | 2.31 | 2.44 |
| Grand Total | 1,31,188.31 | 0.05 | - | 69.17 | 1,31,119.19 | 4,076.82 | 6,921.76 | - | - | 10,998.60 | 1,20,120.59 | 1,27,111.49 |

Further Notes : Refer to Note 15 for details of securities / charges created



POWERGRID VIZAG TRANSMISSION LIMITED

Note 5/Other non-current Assets

(Unsecured considered good unless otherwise stated)

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|------------------------------------------------|---------------------------|---------------------------|
| 1) Advances for Other than Capital Expenditure | | |
| Security deposits | | |
| i) Secured | - | - |
| ii) Unsecured | 1.50 | - |
| TOTAL | 1.50 | - |



POWERGRID VIZAG TRANSMISSION LIMITED

Note 6/ Deferred tax Asset (Net)

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---------------------------------------------------------------|------------------------|------------------------|
| Deferred Tax Assets (A) | | |
| Unused Tax Losses (Income Tax Loss) | 3,654.16 | 6,033.65 |
| Unused Tax Credits (MAT Credit Entitlement) | 4,832.84 | 1,788.31 |
| Deferred Tax Liability (B) | | |
| Depreciation difference in Property Plant and Equipment (Net) | 7,251.81 | 5,702.84 |
| Net Deferred Tax Asset/(Liability) (A-B) | 1,235.19 | 2,119.12 |

Movement in Deferred Tax Liability

| Particulars | Property, Plant & Equipment | Others | Total |
|---------------------------------------|-----------------------------|--------|----------|
| AS at 1st April 2017 | 6,038.66 | - | 6,038.66 |
| Charged/ (Credited) to Profit or Loss | (335.82) | - | -335.82 |
| AS at 31st March 2018 | 5,702.84 | - | 5,702.84 |
| Charged/ (Credited) to Profit or Loss | 1,548.97 | - | 1,548.97 |
| AS at 31st Mar 2019 | 7,251.81 | - | 7,251.81 |

Movement in Deferred Tax asset

| Particulars | Property, Plant & Equipment | Unused Tax losses | MAT Credit | Total |
|---------------------------------------|-----------------------------|-------------------|------------|----------|
| AS at 1st April 2017 | | 6,773.61 | | 6,773.61 |
| Charged/ (Credited) to Profit or Loss | | (739.95) | 1,788.31 | 1,048.36 |
| AS at 31st March 2018 | | 6,033.65 | 1,788.31 | 7,821.96 |
| Charged/ (Credited) to Profit or Loss | | (2,379.49) | 3,044.53 | 665.04 |
| AS at 31st Mar 2019 | | 3,654.16 | 4,832.84 | 8,487.01 |

Amount taken to Statement of Profit and Loss

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---------------------------------------------------------|-----------------------|-----------------------|
| Increase/(Decrease) in Deferred Tax Liabilities | 1,548.97 | (335.82) |
| (Increase)/Decrease in Deferred Tax Assets | (665.04) | (1,048.36) |
| Net Amount taken to Statement of Profit and Loss | 883.93 | (1,384.17) |



POWERGRID VIZAG TRANSMISSION LIMITED

Note 7/Inventories

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|----------------------------------------|---------------------------|---------------------------|
| (For mode of valuation refer Note 2.9) | | |
| Components, Spares & other spare parts | 1,078.43 | 1,086.34 |
| Loose tools | 3.12 | 3.12 |
| TOTAL | 1,081.55 | 1,089.46 |



POWERGRID VIZAG TRANSMISSION LIMITED

Note 8/Trade Receivables

| Particulars | (₹ in Lakhs) | |
|------------------------------------------------------|---------------------------|---------------------------|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| Trade receivables | | |
| Unsecured Considered good | 4,200.62 | 2,751.96 |
| Unsecured Considered Doubtful | 184.32 | - |
| Less: Provision for bad & doubtful trade receivables | (184.32) | - |
| TOTAL | 4,200.62 | 2,751.96 |

Further Notes:

Trade receivables includes receivables from various DICs through CTU



POWERGRID VIZAG TRANSMISSION LIMITED

Note 9/Cash and Cash Equivalents

(₹ in Lakhs)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|----------------------|--------------------------|--------------------------|
| Balance with banks- | | |
| -In Current accounts | 44.50 | 135.38 |
| Total | 44.50 | 135.38 |



POWERGRID VIZAG TRANSMISSION LIMITED

Note-10/Other Current Financial Assets

(Unsecured considered good unless otherwise stated)

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|------------------|---------------------------|---------------------------|
| Unbilled Revenue | 2,967.17 | 2,155.35 |
| Others | 0.12 | 0.12 |
| Total | 2,967.29 | 2,155.47 |

Further Notes:

Unbilled revenue includes transmission charges for the month of March in the financial year amounting to ₹ 2449.11 lakhs (31st March, 2018 ₹ 1915.13 lakhs) to be billed to beneficiaries in the month of April of subsequent financial year and transmission charges (incentive & surcharge) of Rs. 518.06 lakhs to be billed in FY 2019-20 (previous year ₹ 240.22 lakhs)



POWERGRID VIZAG TRANSMISSION LIMITED**Note 11/ Current Tax Asset (Net)**

(Unsecured considered good unless otherwise stated)

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|----------------------------------------|---------------------------|---------------------------|
| Advance tax and Tax deducted at source | | |
| (i) Advance Tax | | |
| Opening balance | 2,220.00 | 475.00 |
| Additions during the year | 3,060.00 | 1,745.00 |
| Less: Adjusted during the year | 475.00 | - |
| | 4,805.00 | 2,220.00 |
| (ii) Tax Deducted at Source | 6.18 | 6.38 |
| | 4,811.18 | 2,226.38 |
| Less: Tax Liabilities - (From Note 19) | 4,776.52 | 1,731.99 |
| | | 34.66 |
| Income Tax Refund | | 535.06 |
| TOTAL | 569.72 | 494.39 |



POWER GRID VIZAG TRANSMISSION LIMITED

Note- 12/Other current Assets

(Unsecured considered good unless otherwise stated)

(₹ in Lakhs)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|----------------------------------------------------------|--------------------------|--------------------------|
| Advances recoverable in kind or for value to be received | | |
| Contractors & Suppliers | - | - |
| Others | 336.98 | - |
| Total | 336.98 | - |

Further Notes:

Entry tax deposit as per Orders of Appellate authority for Stay, part of contingent liability note No. 36



POWERGRID VIZAG TRANSMISSION LIMITED**Note 13/Equity Share capital**

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---------------------------------------------------------------|------------------------|------------------------|
| Equity Share Capital | | |
| Authorised | | |
| 22,00,00,000 equity shares of ₹ 10/- each | 22,000.00 | 22,000.00 |
| Issued, subscribed and paid up | | |
| 20,97,30,000 equity shares of ₹ 10/-each at par fully paid up | 20,973.00 | 20,973.00 |
| Total | 20,973.00 | 20,973.00 |

Further Notes:

1) Reconciliation of Number and amount of share capital outstanding at the beginning and at the end of the reporting period

| Particulars | For the year ended 31st March, 2019 | | For the year ended 31st March, 2018 | |
|-------------------------------------------------|-------------------------------------|------------|-------------------------------------|------------|
| | No. of Shares | ₹ in Lakhs | No. of Shares | ₹ in Lakhs |
| Shares outstanding at the beginning of the year | 2097,30,000 | 20,973.00 | 2097,30,000 | 20,973.00 |
| Shares Issued during the year | - | - | - | - |
| Shares outstanding at the end of the year | 2097,30,000 | 20,973.00 | 2097,30,000 | 20,973.00 |

2) The Company has only one class of equity shares having a per value of ₹ 10/- per share.

3) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at meetings of the Shareholders.

4) Shareholders holding more than 5% equity shares of the Company

| Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|-------------------------------------------------------------|------------------------|--------------|------------------------|--------------|
| | No. of Shares | % of holding | No. of Shares | % of holding |
| Power Grid Corporation of India Limited (Holding Company) # | 2097,30,000 | 100.00 | 2097,30,000 | 100.00 |

Out of 209730000 Equity Shares (Previous Year 209730000 Equity Shares), 6 Equity Shares are held by Nominees of M/s Power Grid Corporation of India Limited on its behalf.



POWERGRID VIZAG TRANSMISSION LIMITED

Note 14/Other Equity

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---------------------------------|------------------------|------------------------|
| Reserves and Surplus | | |
| Bonds Redemption Reserve | 5,800.00 | 2,900.00 |
| Self Insurance Reserve | 329.75 | 172.43 |
| Retained Earnings | 3,614.18 | 271.34 |
| Total | 9,743.93 | 3,343.77 |
| Bonds Redemption Reserve | | |
| As per last balance sheet | 2,900.00 | 74.26 |
| Addition during the year | 2,900.00 | 2,825.74 |
| Deduction during the year | | |
| Balance at the end of the year | 5,800.00 | 2,900.00 |

Bond Redemption reserve is created for the purpose of redemption of debentures in terms of the Companies Act 2013

| | | |
|--------------------------------|---------------|---------------|
| Self Insurance Reserve | | |
| As per last balance sheet | 172.43 | 15.09 |
| Addition during the year | 157.32 | 157.34 |
| Deduction during the year | | |
| Balance at the end of the year | 329.75 | 172.43 |

Self insurance reserve is created @ 0.12% p.a (@ 0.12% p.a previous year) on the Gross block of Property Plant and Equipment as at the end of the year to meet future losses which may arise from un-insured risks and to take care of contingency in future by procurement of towers and other transmission line materials including strengthening of towers.

| | | |
|----------------------------------------------------|-----------------|---------------|
| Retained Earnings | | |
| As per last balance sheet | 271.34 | (1,987.92) |
| Add: Additions | | |
| Profit after tax as per Statement of Profit & Loss | 10,015.77 | 7,766.60 |
| Less: Appropriations | | |
| Bonds Redemption Reserve | 2,900.00 | 2,825.74 |
| Self Insurance Reserve | 157.32 | 157.34 |
| Final dividend paid For FY 2017-18 | 209.73 | 2,097.30 |
| Tax on Final dividend For FY 2017-18 | 43.11 | 426.96 |
| Interim Dividend paid for FY 2018-19 | 2,789.41 | |
| Tax on interim Dividend | 573.37 | |
| Closing Balance | 3,614.18 | 271.34 |

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POWERGRID VIZAG TRANSMISSION LIMITED

Note 15/ Borrowings

| | (₹ in Lakhs) | |
|-----------------------------------------------------------------------------|------------------------|------------------------|
| Description | As at 31st March, 2019 | As at 31st March, 2018 |
| Domestic | | |
| Secured | | |
| 2900 Nos 8.90% Bonds @ Rs. 10 Lakh each Redeemable at Par on 10th June 2020 | 29,000.00 | 29,000.00 |
| Unsecured | | |
| Loan from Power Grid Corporation of India Ltd., (Holding Company) | 61,450.00 | 59,842.96 |
| TOTAL | 90,450.00 | 88,842.96 |

Further notes:

(i) (a) Bonds numbering 2900 with a face value of ₹ 10.00 Lakhs each (Issued on 10th June 2015) aggregating to ₹ 290.00 Crores and said bonds are Secured, guaranteed, rated, unlisted, redeemable, taxable, non-cumulative, non-convertible bonds by way of private placement and said bonds carry an Interest Rate of 8.90% per annum and payable annually. Bonds are Redeemable at Par on 10th June 2020.

(b) The Bonds issued by the company are secured by an unconditional, irrecoverable and continuing guarantee from M/s Powergrid Corporation of India Ltd covering the entire amount payable on the Bonds.

(c) The Bonds issued by the company are secured by way of Registered Bond Trust Deed ranking Pari passu on movable property pertaining to Khammam-Nagarjunasagar 400 KV D/C Line and Srikakulam-Vemagiri 765 KV D/C Transmission Lines and floating charge on the assets of the Company.

(ii) The Inter Corporate Loan is provided by the Holding Company on cost to cost [Interest rate varying from 7.20% to 9.30%] and converted into single rate of interest at 8.2913% w.e.f. 01.01.2018, repayable based on availability of funds.

(iii) There has been no default in repayment of loan or payment of interest thereon as at the end of the financial year.



POWERGRID VIZAG TRANSMISSION LIMITED

Note 16/Trade payables

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| For goods and services | | |
| (i) Total outstanding dues of micro enterprises and small enterprises | - | - |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 3.29 | 6.03 |
| Total | 3.29 | 6.03 |

Further Notes:

Disclosure with regard to Micro and Small enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note No 30 (e).



POWERGRID VIZAG TRANSMISSION LIMITED**Note 17/Other Current Financial Liability**

| Particulars | (₹ in Lakhs) | (₹ in Lakhs) |
|-------------------------------------------------------------------------|---------------------------|---------------------------|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| Current Maturities of Long term Borrowings | | |
| Un-secured | | |
| Loan from Power Grid Corporation of India Ltd., (Holding Company) | - | 11,000.00 |
| | - | 11,000.00 |
| Interest accrued but not due on borrowings from | | |
| Loan from Power Grid Corporation of India Ltd., (Holding Company) | - | - |
| Redeemable Bonds | 2,078.94 | 2,071.87 |
| | 2,078.94 | 2,071.87 |
| Others | | |
| Dues for capital expenditure | | 15.86 |
| Related Party - Power Grid Corporation of India Ltd., (Holding Company) | - | 158.02 |
| Others | 46.51 | 2,402.06 |
| Deposits/Retention money from contractors and others. | 273.55 | 0.07 |
| Others | - | 0.07 |
| | 320.06 | 2,576.00 |
| | 2,399.00 | 15,647.88 |
| Total | | |



POWERGRID VIZAG TRANSMISSION LIMITED

Note 18/ Other current liabilities

| Particulars | ₹ in Lakhs) | |
|----------------|---------------------------|---------------------------|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| Statutory dues | 44.66 | 52.73 |
| Total | 44.66 | 52.73 |



POWERGRID VIZAG TRANSMISSION LIMITED

Note 19/ Current Tax Liabilities (Net)

(₹ in Lakhs)

| Description | As at 31st March,2019 | As at 31st March,2018 |
|----------------------------------------------|--------------------------|--------------------------|
| Taxation (Including interest on tax) | | |
| As per last balance sheet | 1,731.99 | 108.12 |
| Additions during the year | 3,044.53 | 1,731.99 |
| Additions for Previous years | - | 1.12 |
| Less: Amount adjusted during the year | - | 109.24 |
| Total | 4,776.52 | 1,731.99 |
| Net off against Advance Tax & TDS- Note 11 | 4,776.52 | 1,731.99 |
| Total | - | - |



POWERGRID VIZAG TRANSMISSION LIMITED

Note 20/Revenue from operations

(₹ in Lakhs)

| Particulars | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
|----------------------|---------------------------------------|---------------------------------------|
| Sales of services | | |
| Transmission Charges | 29,544.28 | 24,229.49 |
| Total | 29,544.28 | 24,229.49 |



POWERGRID VIZAG TRANSMISSION LIMITED**Note 21/Other Income**

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
|----------------------------------|-------------------------------------|-------------------------------------|
| Interest on Income tax refund | 57.33 | - |
| Surcharge income on transmission | 221.80 | 99.58 |
| Miscellaneous income | 0.15 | 84.47 |
| TOTAL | 279.28 | 184.04 |

Further Notes:

Miscellaneous income includes rebate on RLDC Fees and charges, Sale of Scrap



POWERGRID VIZAG TRANSMISSION LIMITED

Note 22 Finance costs

| Particulars | (₹ in Lakhs) | |
|-------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
| Interest and finance charges on financial liabilities at amortised cost | | |
| Loan from M/s Power Grid Corporation of India Ltd., (Holding Company) | 5,637.13 | 6,153.27 |
| Interest-Others | | |
| Redeemable Bonds | 2,581.00 | 2,579.65 |
| Other Finance charges | | |
| Others | 4.26 | 2.62 |
| TOTAL | 8,222.39 | 8,735.54 |

Further Notes:

Details regarding Related party transaction given in Note 33



POWERGRID VIZAG TRANSMISSION LIMITED**Note 23/Depreciation and amortization expense**

| Particulars | (₹ in Lakhs) | |
|-----------------------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
| Depreciation of Property, Plant and Equipment | 6,921.72 | 6,921.78 |
| TOTAL | 6,921.72 | 6,921.78 |



POWERGRID VIZAG TRANSMISSION LIMITED

Note 24 /Other expenses

(₹ in Lakhs)

| Particulars | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
|-----------------------------------------------------------------|----------------------------------------|-------------------------------------------|
| Repair & Maintenance | | |
| Transmission lines | 468.39 | 443.25 |
| Others | 1.53 | - |
| | 469.92 | 443.25 |
| System and Market Operation Charges | 6.70 | 5.93 |
| Expenses of Diesel Generating sets | - | 0.08 |
| Training & Recruitment Expenses | - | 0.29 |
| Legal expenses | 0.01 | 0.61 |
| Professional charges(Including TA/DA) | 1.53 | 1.39 |
| Consultancy expenses(Including TA/DA) | - | 135.59 |
| Communication expenses | - | 0.03 |
| Travelling & Conv.exp.(excluding foreign travel) | - | 3.97 |
| Payments to Statutory Auditors | - | - |
| Audit Fees | 0.94 | 0.84 |
| Tax Audit Fees | 0.35 | 0.40 |
| In Other Capacity | 0.06 | - |
| Out of pocket Expenses | 0.16 | 0.19 |
| | 1.52 | |
| Printing and stationery | - | 0.07 |
| EDP hire and other charges | - | 0.13 |
| Brokerage & Commission | - | 2.48 |
| Cost Audit and Physical verification Fees | 0.36 | 0.30 |
| CERC petition & Other charges | 32.72 | 29.57 |
| Miscellaneous expenses | 0.66 | 2.89 |
| Hiring of Vehicle | - | 11.08 |
| Corporate Social Responsibility (CSR) & Sustainable development | 37.28 | - |
| Bank charges | - | 1.57 |
| Provisions | - | - |
| Provision for bad & doubtful debts | 184.32 | - |
| Others | 0.20 | - |
| Total | 735.22 | 640.67 |

Note:

1. Repairs & Maintenance - Transmission lines includes consultancy charges of ₹ 391.53 excluding taxes paid to Holding company (M/s Power Grid Corporation of India Limited) towards maintenance of Transmission line.

2. Others - Includes provision for GST audit fee



Notes to Financial Statements

1. Corporate & General Information

Powergrid Vizag Transmission Limited ("the Company") is a company domiciled and incorporated in India under the provisions of Companies Act and is wholly owned subsidiary of Power Grid Corporation of India Limited. The registered office of the Company is situated at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110 016.

The company is engaged in business of Power Systems Network, construction, operation and maintenance of transmission lines and other-related allied activities.

The Financial Statements of the Company for the year ended 31st March, 2019 were approved for issue by the Board of Directors on 22nd May, 2019.

2. Significant Accounting Policies

2.1 Basis of Preparation

i) Compliance with Ind AS

The financial statements are prepared in compliance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015, the relevant provisions of the Companies Act, 2013 (to the extent notified), The Companies Act, 1956 and the provisions of Electricity Act, 2003, in each case, to the extent applicable and as amended thereafter.

ii) Basis of Measurement

The financial statements have been prepared on accrual basis and under the historical cost convention except certain financial assets and liabilities measured at fair value (Refer Note no. 2.11 for accounting policy regarding financial instruments).

iii) Functional and presentation currency

The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency and all amounts are rounded to the nearest lakhs and two decimals thereof, except as stated otherwise.

iv) Use of estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these



estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Note no. 3 on critical accounting estimates, assumptions and judgments).

v) Current and 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 realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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 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 settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

The Company recognizes twelve months period as its operating cycle.

2.2 Property, Plant and Equipment

Initial Recognition and Measurement

Property, Plant and Equipment is initially measured at cost of acquisition/construction including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, Property, Plant and Equipment is carried at cost less



accumulated depreciation / amortisation and accumulated impairment losses, if any.

Property, Plant and Equipment acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/retired from active use are derecognized.

If the cost of the replaced part or earlier inspection is not available, the estimated cost of similar new parts/inspection is used as an indication of what the cost of the existing part/ inspection component was when the item was acquired or inspection was carried out.

In the case of commissioned assets, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

Assets and systems common to more than one transmission system are capitalized on the basis of technical estimates/ assessments.

Transmission system assets are considered as ready for intended use after meeting the conditions for commercial operation as stipulated in Transmission Service Agreement (TSA) and capitalized accordingly.

The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken.

Expenditure on leveling, clearing and grading of land is capitalized as part of cost of the related buildings.

Spares parts whose cost is ₹5,00,000/- and above, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized.

Subsequent costs

Subsequent expenditure is recognized as an increase in carrying amount of assets when it is probable that future economic benefits deriving from the cost incurred will flow to the company and cost of the item can be measured reliably.

The cost of replacing part of an item of PPE is recognized in the carrying amount of the item if it is probable that future economic benefit embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit & Loss as incurred.

Derecognition



4

An item of Property, Plant and Equipment is derecognized when no future economic benefits are expected from their use or upon disposal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

2.3 Capital Work-In-Progress (CWIP)

Cost of material, erection charges and other expenses incurred for the construction of Property, Plant and Equipment are shown as CWIP based on progress of erection work till the date of capitalization.

Expenditure of office and Projects, attributable to construction of property, plant and equipment are identified and allocated on a systematic basis to the cost of the related assets.

Interest during construction and expenditure (net) allocated to construction as per policy above are kept as a separate item under CWIP and apportioned to the assets being capitalized in proportion to the closing balance of CWIP.

Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.

2.4 Intangible Assets and Intangible Assets under development

Intangible assets are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on already capitalized Intangible assets is capitalised when it increases the future economic benefits embodied in an existing asset and is amortised prospectively.

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognized as an intangible asset when the same is ready for its use.

Afforestation charges for acquiring right-of-way for laying transmission lines are accounted for as intangible assets on the date of capitalization of related transmission lines.

Expenditure on research shall be recognised as an expense when it is incurred.

Expenditure on development shall be recognised as Intangible asset if it meets the eligibility criteria as per Ind AS 38 'Intangible Assets', otherwise it shall be recognised as an expense.



Expenditure incurred, eligible for capitalization under the head Intangible Assets, are carried as "Intangible Assets under Development" till such assets are ready for their intended use.

An item of Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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 and Loss when the asset is derecognised.

2.5 Depreciation/ Amortisation

Property, Plant & Equipment

Depreciation/amortisation on the assets related to transmission business is provided on straight line method following the rates and methodology notified by the CERC for the purpose of recovery of tariff except for assets specified in the following paragraphs.

Leasehold land is fully amortized over lease period or life of the related plant whichever is lower in accordance with the rates and methodology specified in CERC Tariff Regulation. Leasehold land acquired on perpetual lease is not amortized.

Depreciation on spares parts, standby equipment and servicing equipment which are capitalized, is provided on straight line method from the date they are available for use over the remaining useful life of the related assets of transmission business, following the rates and methodology notified by the CERC.

Depreciation on following assets is provided based on estimated useful life as per technical assessment.

| Particulars | Useful life |
|---------------------------------|-------------|
| a. Computers & Peripherals | 3 Years |
| b. Servers & Network Components | 5 years |

Residual value of above assets is considered as Nil.

Mobile phones are charged off in the year of purchase.

Fixed Assets costing ₹ 5,000/- or less, are fully depreciated in the year of acquisition.

Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively at the rates and methodology as specified by the CERC Tariff Regulations.



Depreciation on additions to/deductions from Property, Plant and Equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The residual values, useful lives and methods of depreciation for assets are reviewed at each financial year-end and adjusted prospectively, wherever required.

Intangible Assets

Cost of software capitalized as intangible asset is amortized over the period of legal right to use or 3 years, whichever is less with Nil residual value.

Afforestation charges are amortized over thirty five years from the date of capitalization of related transmission assets following the rates and methodology notified by Central Electricity Regulatory Commission (CERC) Tariff Regulations.

Amortisation on additions to/deductions from Intangible Assets during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The amortization period and the amortization method for an intangible asset are reviewed at each financial year-end and are accounted for as change in accounting estimates in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

2.6 Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised (net of income on temporary deployment of funds) as part of the cost of such assets till the assets are ready for the intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use.

Other borrowing costs are charged to revenue.

2.7 Impairment of non-financial assets, other than inventories

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be



tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, and deposits held at call with banks having a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.9 Inventories

Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.

Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.

Spares which do not meet the recognition criteria as Property, Plant and Equipment, including spare parts whose cost is less than ₹5,00,000/- are recorded as inventories.

Surplus materials as determined by the management are held for intended use and are included in the inventory.

The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

2.10 Leases

i) As a Lessor

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 fulfillment of the 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.

A lease is classified at the inception date as a finance lease or an operating lease.

a) **Finance leases**

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is classified as a finance lease.

b) **Operating leases**

An operating lease is a lease other than a finance lease. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

For operating leases, the asset is capitalized as property, plant and equipment and depreciated over its economic life. Rental income from operating lease is recognized over the term of the arrangement.

ii) **As a Lessee**

Operating leases

Payments made under operating leases are recognized as an expense over the lease term.

2.11 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

Financial assets of the Company comprise cash and cash equivalents, bank balances, security deposit, claims recoverable etc.

Classification

The Company classifies its financial assets in the following categories:

- at amortised cost,
- at fair value through other comprehensive income

The classification depends on the following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset

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, if any, that are attributable to the acquisition of the financial asset.

Subsequent measurement

Debt Instruments at Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Debt Instruments at Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI).

Equity investments

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The company may, on initial recognition, make an irrevocable election to present subsequent changes in the fair value in other comprehensive income (FVOCI) on an instrument by-instrument basis.

For equity instruments classified as at FVOCI, all fair value changes on the instrument, excluding dividends are recognized in the OCI. There is no recycling of the amounts from OCI to Profit or Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

De-recognition of financial assets

A financial asset is derecognized only when

The right to receive cash flows from the assets have expired, or

- The company has transferred the rights to receive cash flows from the financial asset, or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Impairment of financial assets:

For trade receivables, the company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For recognition of impairment loss on other financial assets and risk exposure, the company determines whether there has been a significant



increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Financial Liabilities

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company.

The Company's financial liabilities include loans & borrowings, trade and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable to the issue of financial liabilities. Financial liabilities are classified as subsequently measured at amortized cost. 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 effective interest rate (EIR). Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the EIR.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing 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 between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other income or finance cost.

Offsetting of financial instruments



Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.12 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items are translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-Monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of initial recognition of the non-monetary prepayment asset or deferred income liability, or the date that related item is recognized in the financial statements, whichever is earlier. In case the transaction is recognized in stages, then transaction date is established for each stage.

The Company has availed the exemption available in Ind AS 101, to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary liabilities outstanding as on March 31, 2016.

Exchange differences arising from foreign currency borrowing to the extent regarded as an adjustment to interest costs are treated as borrowing cost. Other exchange differences are recognized in the Statement of Profit and Loss.

2.13 Income Tax

Income tax expense represents the sum of current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case the tax is also recognised directly in equity or in other comprehensive income.

Current income tax

The Current Tax is based on taxable profit for the year under the tax laws enacted or subsequently enacted at the end of the reporting period in the countries where the company operate and generate taxable income.

Deferred tax



Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Balance Sheet liability method. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

2.14 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer. The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 and Ind AS 11.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, GST and value added taxes.

Significant Financing Component

Where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year, the Company assesses the effects of significant financing component in the contract. As a consequence, the Company makes adjustment in the transaction prices for the effects of time value of money. No such adjustment has been made for the comparative period.

2.14.1 Revenue from Operations

Transmission Income is accounted for based on orders issued by CERC u/s 63 of Electricity Act 2003 for adoption of transmission charges.



The Transmission system incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees and in accordance with the Transmission Service Agreement (TSA) entered between the Transmission Service Provider and long term Transmission Customers.

2.14.2 Other Income

Interest income is recognized, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

Surcharge recoverable from trade receivables, liquidated damages, warranty claims and interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.

Scrap other than steel scrap & conductor scrap are accounted for as and when sold.

Dividend income is recognized when right to receive payment is established.

Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realization.

Revenue from rentals and operating leases is recognized on an accrual basis in accordance with the substance of the relevant agreement.

2.15 Dividends

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognised directly in equity.

2.16 Provisions and Contingencies

a) 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. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.



b) Contingencies

Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised.

2.17 Share capital and Other Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Self-insurance reserve is created @ 0.12% p.a. on Gross Block of Property, Plant and Equipment as at the end of the year by appropriation of current year profit to mitigate future losses from un-insured risks and for taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers and equipment of AC substation. The Reserve created as above is shown as "Self Insurance Reserve" under 'Other Equity'.

2.18 Prior Period Items

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

2.19 Earnings per Share

Basic earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of equity and potential equity shares outstanding during the year, except where the result would be anti-dilutive.

Additionally, basic and diluted earnings per share are computed using the earnings amounts excluding the movements in Regulatory Deferral Account Balances.



2.20 Statement of Cash Flows

Statement of Cash Flows is prepared as per indirect method prescribed in the Ind AS 7 'Statement of Cash Flows'.

3 Critical Estimates and Judgments

The preparation of financial statements requires the use of accounting estimates which may significantly vary from the actual results. Management also needs to exercise judgment while applying the company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

The areas involving critical estimates or judgments are:

Revenue Recognition

Transmission income is accounted for based on orders issued by the CERC under section 63 of Electricity Act for adoption of transmission charges. Transmission income in respect of additional capital expenditure incurred after the date of commercial operation is accounted for based on expenditure incurred on year to year basis as per CERC tariff regulations.

Useful life of property, plant and equipment

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The Company review at the end of each reporting date the useful plant and equipment, other than the assets of transmission business which are governed by CERC Regulations, and are adjusted prospectively, if appropriate.

Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding



the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

Estimates and judgments are periodically evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.



25. Exceptional and Extraordinary items

There are no exceptional and extraordinary items as at the Balance Sheet date.

26. Party Balances and Confirmations

Balances of Trade Receivables and recoverable shown under Assets and Trade and Other Payables shown under Liabilities include balances subject to confirmation/reconciliation and consequential adjustments if any. However reconciliations are carried out on ongoing basis.

27. POWERGRID (Holding Company) in the capacity of CTU is entrusted with the job of centralized Billing, Collection and Disbursement (BCD) of transmission charges on behalf of all the IST licencees. Accordingly CTU is raising bills for transmission charges to DICs on behalf of IST licencees. The debtors are accounted based on the list of DICs given by CTU.

28. Foreign Currency Exposure

Not hedged by a derivative instrument or otherwise -

| Particulars | Amount in Foreign Currency | Amount (₹ in Lakhs) | | | |
|-------------------------------------------------------------------------------------------|----------------------------|---------------------|------------|------------|------------|
| | | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| Interest accrued but not due thereon including Agency Fee Commitment Fee & other Charges. | USD/ EURO /SEK | NIL | NIL | NIL | NIL |
| Trade Payables/deposits and retention money | USD | NIL | NIL | NIL | NIL |
| Trade receivables and Bank balances | USD/ NPR | NIL | NIL | NIL | NIL |
| Unexecuted amount of contracts remaining to be executed | USD | NIL | NIL | NIL | NIL |

29. Auditors Remuneration

(₹ in Lakhs)

| S. No. | Particulars | FY 2018-19 | FY 2017-18 |
|--------|------------------------|-------------|-------------|
| 1 | Statutory Audit Fees | 0.50 | 0.50 |
| 2 | Tax Audit | 0.30 | 0.30 |
| 3 | Other Matters | 0.35 | 0.23 |
| | GST on Above | 0.21 | 0.21 |
| | Out of Pocket Expenses | 0.16 | 0.19 |
| | Total | 1.52 | 1.43 |

Note: Auditor's remuneration of FY 2017-18 includes ₹ 0.06 Lakhs relating to previous year and paid to previous auditors.



30. Other Disclosures

a. Employee Benefits

The Company does not have any permanent employees. The personnel working for the company are from holding company on secondment basis and are working on time share basis. The employee cost (including retirement benefits such as Gratuity, Leave encashment, post-retirement benefits etc.) in respect of personnel working for the company are paid by holding company and holding company is raising the invoice to the Subsidiary company towards Consultancy charges for maintenance of Transmission Line as per the agreements Dt. 27-July-2016 & Dt. 18-Apr-2017. Since there are no employees in the company, the obligation as per Ind-AS 19 does not arise. Accordingly, no provision is considered necessary for any retirement benefit like gratuity, leave salary, pension etc., in the books of the company.

b. Taxation

Current tax is reckoned based on the current year's income and tax payable thereon in accordance with the applicable tax rates, as per the prevailing tax laws.

The company had made a tax provision of ₹ 3044.53 Lakhs (Previous Year ₹ 1731.99 Lakhs) for the year towards current Tax (Minimum Alternate Tax). In accordance with Ind-AS 12 on Accounting for Taxes on Income, the Company has computed Deferred Tax Liability/ (Asset) amounting to ₹ 883.93 Lakhs (Previous Year ₹ (1384.17) Lakhs) on account of timing difference in relation to depreciation as per books vis.a.vis Tax Laws and unused tax losses.

c. Leases

Finance Lease: The Company has no finance leases.

Operating Lease: The Company has no major operating leases except in respect of premises for office which is renewable in nature based on mutually agreed terms.

d. Borrowing cost

Borrowing cost capitalised during the year is ₹ NIL (Previous year ₹ NIL) in the respective carrying amount of Property, Plant and Equipment/Capital work in Progress (CWIP) as per Ind AS 23 'Borrowing Costs'.



e. Dues to Micro and Small Enterprises

The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. There are no over dues to parties on account of principal amount and / or interest and accordingly no additional disclosures have been made.

f. Corporate Social Responsibilities (CSR) :

As per section 135 of the Companies Act, 2013, along with Companies (Corporate Social Responsibility Policy) Rules, 2014 read with DPE guidelines-no F.NO.15 (13)/2013-DPE (GM), the Company is required to spend, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years in accordance with its Corporate Social Responsibility Policy.

The details of CSR expenses for the year is as under

| (₹ in Lakhs) | | | |
|--------------|---------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| S No | Particulars | For the year ended 31 st March, 2019 | For the year ended 31 st March, 2018 |
| A. | Amount required to be spent during the year | 37.28 | - |
| B. | Amount spent on CSR - Revenue Expenses | 37.28 | - |
| | Amount spent on CSR - Capital Expenses | - | - |
| C. | Shortfall / (Excess) amount appropriated to CSR reserve | - | - |
| D. | Break-up of the amount spent on CSR (Note 23) | | |
| D.1 | Ecology and Environment Expenses | 37.28 | - |
| | Total Spent | 37.28 | - |

31. The In accordance with the provisions of Section 71(4) of the Companies Act, 2013 read with Rule 18 of the Companies (Share Capital and Debenture) Rules 2014, the company is required to create Bond Redemption Reserve upto 25% of the value of the Bonds. Accordingly, the company has, during the year, created Bond Redemption Reserve amounting to ₹ 2900.00 Lakhs (Previous Year : ₹ 2825.74 Lakhs).The aggregate Bond Redemption Reserve as on 31st Mar 2019 is ₹ 5800 Lakhs which is 20% of the face value of the Bonds issued by the company.



32. Fair Value Measurements

(₹ in Lakhs)

| Financial Instruments by category | 31 st March, 2019 | | 31 st March, 2018 | |
|-------------------------------------|------------------------------|------------------|------------------------------|--------------------|
| | FVOCI | Amortised cost | FVOCI | Amortised cost |
| Financial Assets | | | | |
| Trade Receivables | - | 4,200.62 | - | 2,751.96 |
| Loans | - | - | - | - |
| Cash & cash Equivalents | - | 44.50 | - | 135.38 |
| Other Current Financial Assets | - | 2,967.29 | - | 2,155.47 |
| Total Financial assets | | 7,212.41 | | 5,042.81 |
| Financial Liabilities | | | | |
| Trade Payables | - | 3.29 | - | 6.03 |
| Borrowings | - | 92,528.94 | - | 1,01,914.83 |
| Other Current Financial Liabilities | - | 320.06 | - | 2,576.00 |
| Total financial liabilities | | 92,852.29 | | 1,04,496.86 |

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An Explanation of each level follows underneath the table.

(₹ in Lakhs)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed | Notes | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------------------------------------------------------------|-------|---------|-----------|---------|-----------|
| At 31 March 2019 | | | | | |
| Financial Assets | | - | - | - | - |
| Total Financial Assets | | | | | |
| Financial Liabilities | | | | | |
| Borrowings | - | - | 90,753.36 | - | 90,753.36 |
| Total financial liabilities | - | - | 90,753.36 | - | 90,753.36 |



(₹ in Lakhs)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed | Notes | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------------------------------------------------------------|-------|---------|-------------|---------|-------------|
| At 31 March 2018 | | | | | |
| Financial Assets | | | | | |
| Total Financial Assets | | | | | |
| Financial Liabilities | | | | | |
| Borrowings | | | 1,03,142.38 | - | 1,03,142.38 |
| Total financial liabilities | | | 1,03,142.38 | - | 1,03,142.38 |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity Instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2



(iii) Fair value of financial assets and liabilities measured at amortized cost

(₹ in Lakhs)

| | 31 March 2019 | | 31 March 2018 | |
|----------------------------------|-----------------|------------|-----------------|-------------|
| | Carrying Amount | Fair value | Carrying Amount | Fair value |
| Financial Assets | | | | |
| Total Financial Assets | | | | |
| Financial Liabilities Borrowings | 92,528.94 | 90,753.36 | 1,01,914.83 | 1,03,142.38 |
| Total financial liabilities | 92,528.94 | 90,753.36 | 1,01,914.83 | 1,03,142.38 |

The carrying amounts of trade receivables, cash and cash equivalents, other current financial assets and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

33. Related party Transactions

(a) Holding Company

| Name of entity | Place of business/country of incorporation/Relationship | Proportion of Ownership Interest | |
|-----------------------------------------|---------------------------------------------------------|----------------------------------|---------------|
| | | 31-Mar-2019 | 31- Mar- 2018 |
| Power Grid Corporation of India Limited | India- Holding Company | 100% | 100% |

(b) Subsidiaries of Holding Company

| Name of entity | Place of business/country of incorporation | Proportion of Ownership Interest | |
|--------------------------------------------------------|--------------------------------------------|----------------------------------|------------------|
| | | 31st March, 2019 | 31st March, 2018 |
| Powergrid NM Transmission Limited | India | NA | NA |
| Powergrid Unchahar Transmission Limited | India | NA | NA |
| Powergrid Kala Amb Transmission Limited | India | NA | NA |
| Powergrid Jabalpur Transmission Limited | India | NA | NA |
| Powergrid Warora Transmission Limited | India | NA | NA |
| Powergrid Parli Transmission Limited | India | NA | NA |
| Powergrid Southern Interconnector Transmission Limited | India | NA | NA |



| | | | |
|------------------------------------------------------------------------------------------------------------|-------|----|----|
| Powergrid Vemagiri Transmission Limited | India | NA | NA |
| Powergrid Medinipur Jeerat Transmission Limited (erstwhile Medinipur Jeerat Transmission Limited) | India | NA | NA |
| Powergrid Mithilanchal Transmission Limited (erstwhile ERSS XXI Transmission Limited) | India | NA | NA |
| Powergrid Varanasi Transmission System Limited (erstwhile WR-NR Transmission Limited) | India | NA | NA |
| Powergrid Jawaharpur Firozabad Transmission Limited (erstwhile Jawaharpur Firozabad Transmission Limited)* | India | NA | NA |

* 100% equity in Powergrid Jawaharpur Firozabad Transmission Limited acquired from REC Transmission Projects Limited on 2nd December, 2018 by Holding Company.

(c) Joint Ventures of Holding Company

| Name of entity | Place of business/ country of incorporation | Proportion of Ownership Interest | |
|-----------------------------------------------------|------------------------------------------------|----------------------------------|------------------|
| | | 31st March, 2019 | 31st March, 2018 |
| Powerlinks Transmission Limited | India | NA | NA |
| Torrent Power Grid Limited | India | NA | NA |
| Jaypee Powergrid Limited | India | NA | NA |
| ParbatiKoldam Transmission Company Limited | India | NA | NA |
| Teestavalley Power Transmission Limited# | India | NA | NA |
| North East Transmission Company Limited | India | NA | NA |
| National High Power Test Laboratory Private Limited | India | NA | NA |
| Bihar Grid Company Limited | India | NA | NA |
| Kalinga Bidyut Prasaran Nigam Private Limited ** | India | NA | NA |
| Cross Border Power Transmission Company Limited | India | NA | NA |
| RINL Powergrid TLT Private Limited*** | India | NA | NA |
| Power Transmission Company Nepal Ltd | Nepal | NA | NA |

**POWERGRID's Board of Directors in its meeting held on 16th August 2017 accorded approval for initiating procedure for winding up/removal of the name of Kalinga Bidyut Prasaran Nigam Private Ltd under fast track Exit mode of Registrar of Companies (ROC).

*** POWERGRID's Board of Directors in its meeting held on 01st May 2018 accorded approval for initiating procedure for winding up/removal of the name of RINL powergrid TLT Private Ltd.

POWERGRID & Teesta Urja Ltd. are the joint venture partners in Teestavalley Power Transmission Limited & holds 26% and 74% of equity respectively as per shareholding agreement. On call of additional equity by Teestavalley Power Transmission Limited, POWERGRID contributed their share amounting 11.28 crores while the other JV partner has not contributed their share of money as on 31.03.2019. Consequently, the holding of POWERGRID increased to 28.23% as on 31.03.2019 against 26% provided in shareholding agreement.

(d) Key Management Personnel

| Name | Designation | Date of Appointment | Date of Separation |
|-------------------|-------------|---------------------|--------------------|
| Ms. Seema Gupta | Chairman | 22.01.2019 | Continuing |
| Sh. Ravi P. Singh | Chairman | 30.08.2013 | 22.01.2019 |



| | | | |
|------------------------|-------------------|------------|------------|
| Sh. V. Sekhar | Director | 30.08.2013 | Continuing |
| Sh. D. K. Valecha | Director | 04.03.2015 | 30.04.2018 |
| Sh. S. Vaithilingam | Director | 04.03.2015 | 30.04.2018 |
| Ms. V Susheela Devi | Director | 02.06.2017 | Continuing |
| Sh. D C Joshi | Director | 07.05.2018 | Continuing |
| Sh. Anil Jain | Director | 30.10.2018 | Continuing |
| Sh. S Ravi (*) | CEO | 18.05.2015 | Continuing |
| Sh. George Denny | CEO | 23.04.2019 | Continuing |
| Sh. D Kumaraswamy | CFO | 11.05.2016 | 06.07.2018 |
| Sh. D Sudarshan | CFO | 06.07.2018 | Continuing |
| Sh. Arup Kumar Samanta | Company secretary | 18.05.2015 | Continuing |

* ceased to be CEO w.e.f. 23.04.2019

(e) Transactions with related parties

The following transactions occurred with related parties:

| | (₹ in Lakhs) | |
|-----------------------------------------|----------------|----------------|
| Particulars | 31 March, 2019 | 31 March, 2018 |
| Services received by the Company | | |
| <u>Holding Company</u> | | |
| Power Grid Corporation of India Ltd. | | |
| Consultancy Charges (excluding Taxes) | 391.53 | 492.61 |
| Total | 391.53 | 492.61 |
| Infusion of equity | | |
| <u>Holding Company</u> | | |
| Power Grid Corporation of India Ltd. | - | - |
| Total | - | - |

(f) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

| | (₹ in Lakhs) | |
|----------------------------------------------------------------------|----------------|----------------|
| Particulars | 31 March, 2019 | 31 March, 2018 |
| Due for Capital Expenditure (purchases of goods and services) | | |
| <u>Holding Company</u> | | |
| Power Grid Corporation of India Ltd. | - | 15.86 |
| Total payables to related parties | - | 15.86 |

(g) Loans to/from related parties

| | (₹ in Lakhs) | |
|--------------------------------------|-----------------|-----------------|
| Loans from Holding Company | 31 March, 2019 | 31 March, 2018 |
| Power Grid Corporation of India Ltd. | 61450.00 | 70842.96 |
| Total | 61450.00 | 70842.96 |



(h) Interest accrued on Loan

| (₹ in Lakhs) | | |
|--------------------------------------|----------------|----------------|
| Particulars | 31 March, 2019 | 31 March, 2018 |
| Holding | | |
| Power Grid Corporation of India Ltd. | NIL | NIL |
| Total | NIL | NIL |

(f) Interest on Loan

| (₹ in Lakhs) | | |
|--------------------------------------|----------------|----------------|
| Particulars | 31 March, 2019 | 31 March, 2018 |
| Holding | | |
| Power Grid Corporation of India Ltd. | 5637.13 | 6153.27 |
| Total | 5637.13 | 6153.27 |

34. Segment Information

Business Segment

The Board of Directors is the company's Chief operating decision maker who monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. One reportable segments have been identified on the basis of product/services. The company has a single reportable segment i.e., Power transmission network for transmission system.

The operations of the company are mainly carried out within the country and therefore there is no reportable geographical segment.

35. Capital and other Commitments

| (₹ in Lakhs) | | |
|------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | NIL | NIL |

36. Contingent Liabilities and contingent assets

Contingent Liabilities

Claims against the Company not acknowledged as debts in respect of:



(i) Disputed Income Tax/Sales Tax/Excise/Municipal Tax/Entry Tax Matters

Disputed Entry Tax Matters amounting to ₹ 962.81 Lakhs (Previous Year ₹ 962.81 Lakhs) contested before the Appellant Deputy Commissioner.

In this regard, the ADC vide order dt.26.07.2018 in ADC Order No.777 had granted a conditional stay upon the Company depositing 35% of the disputed tax, i.e., ₹ 336.98 Lakhs. Pursuant to the disposal of the stay order, till date, there is no communication from the ADC's office regarding the hearing on the appeal in the main case. As on date, the Company has a stay on payment of the balance disputed tax of 65%, and the hearing on the main appeal is pending before authorities. The company is confident that this matter will be disposed off in favour of the company.

(ii) Others

Other contingent liabilities amounts to ₹NIL (Previous Year Nil)

- (iii) Power Grid Corporation of India Ltd. (Holding Co.) has given guarantee for the dues & punctual payment and discharge of the obligations amounting to ₹ 29000 Lakhs (Previous year ₹ 29000 Lakhs) against bond issued by the Company

37. Capital management

a) Risk Management

The company's objectives when managing capital are to

- maximize the shareholder value;
- safeguard its ability to continue as a going concern;
- maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the company's capital management, equity capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The company manages its capital structure and makes adjustments in light of changes in economic conditions, regulatory framework and requirements of financial covenants with lenders. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, regulate investments in new projects, return capital to shareholders or issue new shares.

The debt - equity ratio of the Company was as follows :

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--------------------------------|------------------------------|------------------------------|
| Long term debt (₹ in lakhs) | 90,450.00 | 99842.96 |
| Equity (₹ in lakhs) | 30716.93 | 24316.77 |
| Long term debt to Equity ratio | 75:25 | 80:20 |

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



b) Dividends

(₹ in Lakhs)

| Particulars | 31st March 2019 | 31st March 2018 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Interim dividend for the year ended 31st March, 2019 of ₹ 1.33 (31st March, 2018 of ₹ 1) per fully paid share | 2,789.41 | 2,097.30 |
| Final dividend for the year ended 31 st March, 2018 of ₹ 0.10 per share paid during the FY 2018-19 as approved by Share holders in 7 th AGM held on 12.09.2018 | 209.73 | - |

Dividend Not Recognised at the End of the Reporting Period

The Board of Directors on 22nd May 2019 recommended the payment of a Dividend of ₹ 0.70 per Fully Paid Equity Share. This proposed Dividend is subject to the approval of Shareholders in the ensuing Annual General Meeting.

38. Earnings per share

(Amount in ₹)

| a) Basic and diluted earnings per share attributable to the equity holders of the company | 31 March, 2019 | 31 March, 2018 |
|-------------------------------------------------------------------------------------------|----------------|----------------|
| From Continuing Operations | 4.78 | 3.70 |
| Total basic diluted earnings per share attributable to the equity holders of the company | 4.78 | 3.70 |

(₹ in Lakhs)

| (b) Reconciliation of earnings used as numerator in calculating earnings per share | 31 March, 2019 | 31 March, 2018 |
|------------------------------------------------------------------------------------|----------------|----------------|
| Earnings attributable to the equity holders of the company | 10015.77 | 7766.60 |
| Total Earnings attributable to the equity holders of the company | 10015.77 | 7766.60 |

| (c) Weighted average number of shares used as the denominator | 31 March, 2019 No. of shares | 31 March, 2018 No. of Shares |
|----------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | 20,97,30,000 | 20,97,30,000 |
| Adjustments for calculation of diluted earnings per share | - | - |
| Total weighted average number of equity shares used as the denominator in calculating basic earnings per share | 20,97,30,000 | 20,97,30,000 |

39. Financial Risk Management:

The Company's principal financial liabilities comprise loans and borrowings denominated in Indian rupees, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's capital investments and operations.



The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that are generated from its operations.

The Company's activities expose it to the following financial risks, namely,

- a) Credit risk,
- b) Liquidity risk,
- c) Market risk.

This note presents information regarding the company's exposure, objectives, policies and processes for measuring and managing these risks.

The management of financial risks by the Company is summarized below:-

A) Credit Risk

Credit risk is the risk that 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 on account of trade receivables.

A default on a financial asset is when the counterparty fails to make contractual payments within 3 years of when they fall due. This definition of default is determined considering the business environment in which the Company operates and other macro-economic factors.

Assets are written-off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in the statement of profit and loss.

(i) Trade Receivables

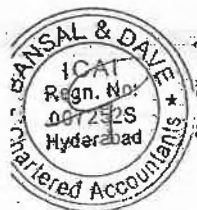
The Company primarily provides transmission facilities to inter-state transmission service customers (DTCs) comprising mainly state utilities owned by State Governments. CERC tariff regulations allows payment against monthly bills towards transmission charges within a period of 60 days from the date of the bill and levy of charge on delayed payment beyond 60 days. A graded rebate is provided by the company for payment made within 60 days.

Trade receivables consist of receivables relating to transmission services of ₹4200.62 Lakhs (previous year: ₹ 2751.96 Lakhs).

(ii) Other Financial Assets (excluding trade receivables)

• Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 44.50 Lakhs (previous year: ₹135.38 Lakhs). The cash and cash equivalents are held with public sector banks and high rated private sector banks and do not have any significant credit risk.



o Exposure to credit risk

| (₹ in Lakhs) | | |
|----------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Particulars | 31 st March, 2019 | 31 st March, 2018 |
| Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL) | | |
| Cash and cash equivalents | 44.50 | 135.38 |
| Other current financial assets | 2967.29 | 2155.47 |
| Total | 3011.79 | 2290.85 |
| Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL) | | |
| Trade receivables | 4200.62 | 2751.96 |

o Provision for expected credit losses

| (₹ in Lakhs) | | | | | | | |
|----------------------------------------------------------|---------|--------------------|---------------------|---------------------|----------------------|-----------------------------|---------|
| Ageing | Not due | 0-30 days past due | 31-60 days past due | 61-90 days past due | 91-120 days past due | More than 120 days past due | Total |
| Gross carrying amount as on 31 st March, 2019 | - | 1435.27 | 1154.30 | 702.41 | 114.69 | 793.95 | 4200.62 |
| Gross carrying amount as 31 st March, 2018 | 98.54 | 1054.41 | 631.67 | 169.39 | 198.27 | 599.68 | 2751.96 |

B) Liquidity risk

Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company has access to a variety of sources of funding such as commercial paper, bank loans, bonds and external commercial borrowings and retains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position comprising the undrawn borrowing facilities below and cash and cash equivalents on the basis of expected cash flows.

The Company depends on both internal and external sources of liquidity to provide working capital and to fund capital expenditure.

Maturities of financial liabilities

The tables below analyses the company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amount disclosed in the table is the contractual undiscounted cash flows

(₹ in Lakhs)

| Contractual maturities of financial liabilities | Within a year | Between 1-5 years | Beyond 5 years | Total |
|-------------------------------------------------|---------------|-------------------|----------------|-----------|
| 31 March 2019 | | | | |
| Borrowings (including interest outflows) | 7676.00 | 94392.30 | 29552.43 | 131620.73 |
| Other Current financial liabilities | 320.06 | - | - | 320.06 |
| Other Current liabilities | 44.66 | - | - | 44.66 |
| Total | 21,076.14 | 94112.47 | 29532.39 | 131985.45 |

| | | | | |
|------------------------------------------|----------|----------|----------|-----------|
| 31 March 2018 | | | | |
| Borrowings (including interest outflows) | 19090.21 | 99915.48 | 41660.13 | 160665.82 |
| Other Current financial liabilities | 2576.00 | - | - | 2576.00 |
| Other Current liabilities | 52.73 | - | - | 52.73 |
| Total | 21718.94 | 99915.48 | 41660.13 | 163294.55 |

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:

- Currency risk
- Interest rate risk

i) Currency risk

As on Reporting date the Company does not have any exposure to currency risk in respect of foreign currency denominated loans and borrowings and procurement of goods and services whose purchase consideration foreign currency.

ii) Interest rate risk

The Company is not exposed to any interest rate risk arising from long term borrowings since all the borrowings are with fixed interest rates.

40. Income Tax expense

This note provides an analysis of the company's income tax expense, and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to The Company's tax positions.



(a) Income tax expense

| (₹ in Lakhs) | | |
|-------------------------------------------------------------------------------|----------------|------------------|
| Particulars | 31 March, 2019 | 31 March, 2018 |
| Current Tax | | |
| Current tax on profits for the year | 3044.53 | 1731.99 |
| Earlier year Tax | - | 1.12 |
| Adjustments for current tax of prior periods | - | - |
| Total current tax expense (A) | 3044.53 | 1733.11 |
| Deferred tax expense | | |
| Originating and reversal of temporary differences | 883.93 | (1384.17) |
| Previously unrecognized tax credit recognized as Deferred tax Asset this year | - | - |
| Total deferred tax expense /(benefit) (B) | 883.93 | (1384.17) |
| Income tax expense (A+B) | 3928.46 | 348.94 |

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

| (₹ in Lakhs) | | |
|----------------------------------------------------------------------|----------------|----------------|
| Particulars | 31 March, 2019 | 31 March, 2018 |
| Profit before income tax expense | 13944.23 | 8115.54 |
| Tax using Company's Domestic Tax rate 29.12% (28.84% for FY 2017-18) | 4060.56 | 2340.52 |
| TAX EFFECT OF: | | |
| Non Deductible Tax Expenses | 53.68 | - |
| Tax Exempt Income | - | - |
| Deferred Assets for Deferred tax liability | - | - |
| Previous years tax liability | - | - |
| Unabsorbed tax loss | - | - |
| Deferred Tax expense / (income) | 883.93 | (1384.17) |
| MAT Adjustments | (1069.71) | (607.41) |
| Tax Expenses recognized in statement of Profit & Loss | 3928.46 | 348.94 |

(c) MAT Credit

As company have option to avail MAT credit in future against Income Tax payable and hence MAT paid during earlier and in current year are carried forward.



41. Impact of application of Ind AS 115 Revenue from Contracts with Customers

Effective April 1, 2018, the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The company has applied Ind AS 115 retrospectively only to contracts that are not completed as at the date of initial application, with the cumulative effect of initial application recognised as an adjustment to the opening balance of General Reserve at April 1, 2018. In accordance with the transition guidance in Ind AS 115 has only been applied to contracts that are incomplete as at April 1, 2018.

The company's accounting policies for its revenue streams are disclosed in Note 2.14. Apart from effect of significant financing component in telecom contracts, the application of Ind AS 115 do not have any significant impact on the financial position and/or financial performance of the company. The amount of adjustment for each line item of financial statement affected by the application of Ind AS 115 is as given below.

Impacts on assets, liabilities and equity as at April 1, 2018

(₹ in Lakhs)

| | As previously Reported | Ind AS 115 Adjustments | As Restated |
|--------------------------------|------------------------|------------------------|-------------|
| Contract liabilities | - | - | - |
| Other Equity - General Reserve | 3343.77 | - | 3343.77 |

Impacts on Statement of Profit and Loss as at March 31, 2019

Due to Implementation of Ind AS 115, Revenue from Operation increased by ₹ Nil, Finance Cost increased by ₹ Nil and Other Expenses increase by ₹ Nil. Profit after Tax increased by ₹ Nil during the year.

The following table discloses the movement in unbilled revenue during the year ended 31 March, 2019 and 31 March, 2018.

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|----------------------------------------------|---------------------------|---------------------------|
| Balance at the beginning | 2155.35 | 270.48 |
| Add: Revenue recognised during the period | 2726.95 | 2155.35 |
| Less: Invoiced during the period | 1915.13 | 270.48 |
| Less: Impairment/ reversal during the period | - | - |
| Add: Translation gain/(Loss) | - | - |
| Balance at the end | 2967.17 | 2155.35 |



The following table discloses the movement in contract liability during the year ended 31 March 2019 and 31 March 2018.

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|----------------------------------------------------------|------------------------------|------------------------------|
| Balance at the beginning | Nil | Nil |
| Add: Advance billing during the period | Nil | Nil |
| Less: revenue recognised during the period | Nil | Nil |
| a) From contract liability as at beginning of the period | | |
| b) From contract liability recognised during the period | | |
| Add: Translation gain/(Loss) | Nil | Nil |
| Balance at the end | Nil | Nil |

The entity determines transaction price based on expected value method considering its past experiences of refunds or significant reversals in amount of revenue. In estimating significant financing component, management considers the financing element inbuilt in the transaction price based on imputed rate of return. Reconciliation of revenue recognized vis-a-vis revenue recognized in profit or loss statement is as follows.

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|-------------------------------------------------------------|------------------------------|------------------------------|
| Contracted price | 28830.24 | 23623.53 |
| Add/ (Less)- Discounts/ rebates provided to customer | (203.04) | (189.25) |
| Add/ (Less)- Performance bonus | 1009.06 | 795.21 |
| Add/ (Less)- Adjustment for significant financing component | - | - |
| Add/ (Less)- Other adjustments | (91.98) | - |
| Revenue recognized in profit or loss statement | 29544.28 | 24229.49 |

A provision of ₹ 184.32 Lakhs has been created in the current financial year against trade receivables and unbilled debtors outstanding as on 31.03.2018 from a few customers and revenue from transmission and surcharge thereon amounting to ₹ 138.81 lakhs has not been recognised during the year due to uncertainty of collection of consideration in line with Ind AS 115 'Revenue from Contracts with Customers'.

* The previous year figures have been reclassified to conform to Ind-AS presentation requirements for the purpose of this note.

42. Recent Accounting Pronouncements:

Ind AS 116 was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019.



Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 19, 'Employee Benefits'

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must :

- Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- Any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- Separately recognise any changes in the asset ceiling through other comprehensive income.

These amendments will apply to any future plan amendments, curtailments, or settlements of the Company on or after 1 April 2019. The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendment to Ind AS 12, 'Income Taxes'

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 23, 'Borrowing Costs'

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Company is evaluating the requirements of the amendment and the effect on financial statements.



43. a) Figures have been rounded off to nearest rupee in lakhs up to two decimal.
b) The previous year figures have been reclassified/ re-grouped to confirm to the current year's classification.

As per our report of even date attached

For Bansal & Dave
ICAI FRN : 007252S
Chartered Accountants

Vilas Maganlal Gala
Partner
Membership No. 02857



For and on behalf of
POWERGRID Vizag Transmission Limited

Deep Chandra Joshi
Director
DIN: 08097844

V Susheela Devi
Director
DIN: 07828528

D Sudarshan
CFO

Arup Kumar Samanta
Company Secretary

Place: Hyderabad
Date: 22/05/2019

Place: Gurugram
Date: 22/05/2019



पावर ग्रिड वैजाग ट्रांसमिशन लिमिटेड

(पावर ग्रिड कॉर्पोरेशन ऑफ इंडिया लिमिटेड की 100 % पूर्ण स्वामित्व वाली सहायक कंपनी)

POWERGRID VIZAG TRANSMISSION LIMITED

(A 100% wholly owned subsidiary of Power Grid Corporation of India Limited)



वि.टी.एल.

POWERGRID, SR1 HQ, D.No. 6-6-8/32 & 39/E, Kavadiguda, Secunderabad- 500 080.

CIN : U40300DL2011GOI228136


Tel : 040-27546636

Ref: PVTL/F&A/18-19

Dated:-22.05.2019

CERTIFICATE

This to certify that all the provisions relating to various Tax Laws, Companies act and other laws as may be applicable from time to time has been complied with for the financial year 2018-19 in respect of the company.

Signature : 
Name : D Sudarshan
Designation : CFO
Date : 22/05/2019

पावरग्रिड वैजाग ट्रान्समिशन लिमिटेड

(पावर ग्रिड कॉर्पोरेशन ऑफ इंडिया लिमिटेड की 100% पूर्ण स्वामित्व वाली सहायक कंपनी)

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CIN: U40300DL2011GOI228136

Tel: 040-27546636

Ref: PVTL/F&A/18-19

Dated: 22.05.2019

CERTIFICATE

This is to certify that, Financial results of M/s Powergrid Vizag Transmission Limited for the financial year ended 31st March 2019, does not contain any false or misleading statement or figures and do not omit any material fact which may make the statement or figure contained therein misleading.

(Deep Chandra Joshi)

Director

(D Sudarshan)

CFO



पावर ग्रिड वैजाग ट्रान्समिशन लिमिटेड

(पावर ग्रिड कॉर्पोरेशन ऑफ इंडिया लिमिटेड की 100% पूर्ण स्वामित्व वाली सहायक कंपनी)

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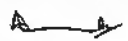
Ref: PVTL/F&A/18-19

Dated: 22.05.2019

COMPLIANCE CERTIFICATE

The Annual Accounts for the financial Year 2018-19 have been prepared keeping in view the provision of Section 134(5) of the companies Act, 2013 relating to Director's Responsibilities Statement i.e.

- In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- The Accounting Policies of the company have been applied consistently and the reasonable and prudent judgment and estimates have been made so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of Companies Act, 2013 for the safeguarding the assets of the company and for Preventing and Detecting Fraud and other Irregularities;
- The Annual Accounts have been prepared on going concern basis.
- The laid down Internal Financial Controls^(#) have been followed and such internal financial control are adequate and are operating effectively.
- Proper system to ensure compliances with the provision of all applicable Laws have been devised and such system are adequate and operating effectively.


(D Sudarshan)
CFO

Date: 22/05/2019

Place: Gungunam

(#) Explanation: for the purpose of this Clause, the term "internal financial control" mean the policies and the procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherences 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

POWERGRID UNCHAHAR TRANSMISSION LIMITED

Wholly Owned Subsidiary of Power Grid Corporation of India Limited

(CIN: U40300DL2012GOI246341)

ANNUAL REPORT (2018-19)

POWERGRID UNCHAHAR TRANSMISSION LIMITED

CIN: U40300DL2012GOI246341

Regd. Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016

Tel: 011-26560121; Fax: 011-26601081

DIRECTORS' REPORT

To,

The Members,

I am delighted to present on behalf of the Board of Directors the Seventh Annual Report of POWERGRID Unchahar Transmission Limited on the working of the Company together with Audited Financial Statements, Auditors' Report for the financial year ended 31st March, 2019.

State of Company Affairs

POWERGRID Unchahar Transmission Limited (PUTL) was acquired by Power Grid Corporation of India Limited (POWERGRID) on March 24, 2014 under Tariff Based Competitive bidding from REC Transmission Projects Company Limited (the Bid Process Co-ordinator) for establishment of Transmission System for ATS of Unchahar TPS on build, own, operate and maintain (BOOM) basis. The transmission system comprising 400 kV D/C is to traverse the state of Uttar Pradesh. The Company was granted transmission license by CERC in July, 2014. The Project has been commissioned on 23.09.2016.

Financial Performance

| | <i>Rs. Lakh</i> | |
|---------------------------------|------------------------|----------------|
| Particulars | 2018-19 | 2017-18 |
| Revenue from Operations | 2330.16 | 1633.97 |
| Other Income | 16.82 | - |
| Total Income | 2346.98 | 1633.97 |
| Expenses | 872.16 | 881.36 |
| Profit before Tax | 1474.82 | 752.61 |
| Profit after Tax | 980.52 | 904.76 |
| Earnings Per Equity Share (Rs.) | 7.57 | 6.98 |

Share Capital

The Authorized Share Capital and Paid up Share Capital as on 31st March, 2019 of the Company were Rs. 14 Crore and Rs. 12.96 Crore, respectively.

Dividend

For Financial Year 2018-19, your Company has proposed a final dividend of ₹ 2.59 crore i.e. Rs. 2.00 per share in addition to ₹ 1.944 crore i.e. ₹1.5 per share of Interim Dividend paid in December, 2018.

Reserves

The Company has transferred an amount of Rs. 17.50 Lakhs to Self Insurance Reserve and retained Rs. 1143.48 Lakh in other Equity.

Particulars of Loans, Guarantees or Investments made under section 186 of the Companies Act, 2013

Your Company has not given any loans, provided any guarantee or security to any other entity.

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related parties referred to Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, are given as ***Annexure- I*** to the Directors' Report.

Details of Significant & Material Orders passed by the regulators, courts, tribunals impacting the going concern status and company's operation in future

No significant / material orders passed by any authority during the Financial Year impacting the going concern status and Company's operation in future.

Deposits

Your Company has not accepted any deposit for the period under review.

Subsidiaries, Joint Ventures and Associate Companies

Your Company does not have any subsidiaries, joint ventures and associate companies.

Directors' Responsibility Statement

As required u/s 134(3)(c) & 134(5) of the Companies Act, your Directors confirm that:

- i. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- ii. the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors had prepared the Annual Accounts on a going concern basis; and
- v. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go

There is no Conservation of Energy, Technology absorption and also there is no Foreign Exchange earnings and out go during the Financial Year 2018-19 as required under Section 134 (3) of the Companies Act, 2013.

Extract of Annual Return

The extract of Annual Return in Form MGT– 9 is enclosed at ***Annexure –II*** to this Report.

Board of Directors

As on 31st March, 2019, the Board comprised four Directors viz. Shri D. C. Joshi, Shri Pramod Kumar, Shri R. N. Singh and Shri R. K. Singh.

There were some changes in the Board of Director of the Company. Shri Atul Trivedi, Director had tendered his resignation as Director of the Company w.e.f. 31.07.2018. Shri Ravi P. Singh, Chairman of the Company had tendered his resignation as Chairman of the Company w.e.f. 22.01.2019 due to assignment of additional charge of the post of CMD, POWERGRID and nomination for directorship in various Joint Venture Companies of POWERGRID. In his place, Shri D.C. Joshi has been appointed as Chairman of the Company.

Subsequently, after the end of the Financial Year 2018-19, Shri R. K. Singh ceased to be Director on the Board of the Company w.e.f. 30.06.2019 on attaining the age of superannuation. In his place, Shri Sanjai Gupta, Executive Director (NR-III) was nominated by POWERGRID as Director on the Board of the Company w.e.f 01.07.2019.

The Board places on record its appreciation for the valuable contribution, guidance & support given by Shri Atul Trivedi, Shri Ravi P. Singh and Shri R. K. Singh.

Shri R. N. Singh and Shri Sanjai Gupta had been appointed as Additional Directors w.e.f. 22.01.2019 and 01.07.2019, respectively, who hold office upto the date of ensuing Annual General Meeting.

The Company has received a notice under section 160 of the Companies Act, 2013 from a member of the Company for appointment of Shri R. N. Singh and Shri Sanjai Gupta as Directors, liable to retire by rotation, in the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 2013 read with Articles of Association of the Company, Shri D. C. Joshi shall retire by rotation at the ensuing Annual General Meeting of your Company and being eligible, offer himself for re-appointment.

None of the Directors are disqualified from being appointed/re-appointed as Director.

Number of Board meetings during the year

During the financial year ended 31st March, 2019, 9 (nine) meetings of Board of Directors were held on 23.05.2018, 02.08.2018, 28.08.2018, 30.10.2018, 04.12.2018, 07.01.2019, 21.01.2019, 24.01.2019 and 26.03.2019. The details of number of meetings attended by each Director during the financial year 2018-19 are as under:

| Name of Director | Designation | No. of Board Meetings which were entitled to attend during 2018-19 | No. of Board Meetings attendance during 2018-19 |
|-------------------------|--------------------|---------------------------------------------------------------------------|--------------------------------------------------------|
| Shri Ravi P. Singh | Chairman | 7 | 7 |
| Shri D. C. Joshi | Director | 9 | 9 |
| Shri Pramod kumar | Director | 9 | 9 |
| Shri R. K. Singh | Director | 8 | 1 |
| Shri R. N. Singh* | Director | 2 | 2 |
| Shri Atul Trivedi** | Director | 1 | 0 |

*appointed w.e.f. 22.01.2019

**ceased to be director w.e.f. 31.07.2018

Audit Committee

The Audit Committee of the Company has been constituted in line with the provisions of Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014. As on 31.03.2019, the Audit Committee comprised three members viz. Shri Pramod Kumar, Shri D. C. Joshi and Shri R. K. Singh as its members with Shri Pramod Kumar as Chairman.

During the financial year 2018-19, five (5) meetings of Audit committee were held on 23.05.2018, 02.08.2018, 28.08.2018, 30.10.2018 and 24.01.2019.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee has been constituted in line with the requirement of the provisions of Section 178 of the Companies Act, 2013. As on 31.03.2019, the NRC comprised three members viz. Shri Pramod Kumar, Shri D. C. Joshi and Shri R. K. Singh as its members with Shri Pramod Kumar as Chairman.

During the financial year 2018-19, two (2) meeting of the committee was held on 28.08.2018 and 26.03.2019.

CSR Committee

The CSR Committee has been constituted in line with the requirement of the provisions of Section 135 of the Companies Act, 2013. As on 31.03.2019, the CSR Committee comprised three members viz. Shri D. C. Joshi, Shri Pramod Kumar and Shri R. K. Singh as its members with Shri D. C. Joshi as Chairman.

During the financial year 2018-19, one (1) meeting of the committee was held on 26.03.2019.

Declaration by Independent Directors

Ministry of Corporate Affairs (MCA) vide notification dated 5th July 2017 had amended the Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 {said Rule 4} as per which the unlisted public companies in the nature of wholly owned subsidiaries are exempted from the requirement of appointing Independent Directors on their Board. Accordingly, PUTL, being a Wholly Owned Subsidiary of Power Grid Corporation of India Limited is exempted from the requirement of appointing Independent Directors on their Board.

Performance Evaluation

Your Company, being wholly owned subsidiary of POWERGRID, is a Government Company and the appointment, tenure, performance evaluation etc. of Directors are done by the Parent Company/Government of India, therefore, such particulars have not been included as part of the Directors' Report.

Statutory Auditors

M/s K. K. Nigam & Co., Chartered Accountants, Lucknow, was appointed by Comptroller and Auditor General (C&AG) of India as Statutory Auditors of the Company for the financial year 2018-19.

Statutory Auditors' Report

The Statutory Auditors have given an unqualified report. The report is self-explanatory and does not require any further comments by the Board.

Details in respect of frauds reported by auditors other than those which are reportable to the Central Government

The Statutory Auditors of the Company have not reported any frauds to the Board of Directors under section 143(12) of the Companies Act, 2013, including rules made thereunder.

Comptroller and Auditor General's(C&AG) Comments

Comptroller and Auditor General of India have conducted a supplementary audit under section 143(6)(a) of the Companies Act, 2013 of the financial statements of the Company for the year ended 31st March, 2019. C&AG vide letter dated 23rd July, 2019 has stated that on the basis of said supplementary audit nothing significant has come to their knowledge which would give rise to any comment upon or supplement to statutory auditors' report. Copy of letter dated 23rd July, 2019 received from C&AG is placed at **Annexure-III** to this report.

Secretarial Audit Report

The requirement of obtaining a Secretarial Audit Report from the practicing company secretary is not applicable to the Company.

Corporate Social Responsibility (CSR)

As per provisions of Section 135 (1) of the Companies Act, 2013, a Company having net worth of Rs.500 Cr or more, or Turnover of Rs.1000 Cr or more or Net Profit of Rs.5 Cr or more during any financial year is required to comply with CSR provisions of the Act and shall constitute a CSR Committee and frame a CSR Policy for undertaking CSR activities. POWERGRID Unchahar Transmission Limited (PUTL) meets the above criteria during the year 2018-19 and is required to comply with the CSR provisions of the Act. Accordingly, PUTL spent under CSR for FY 2018-19 i.e. Rs.4.96 Lakh and deposited the same directly to "Namami Gange"– an Integrated Conservation Mission for River Ganga under CSR initiative. The Annual Report on CSR activities is enclosed as **Annexure – IV** to this Report.

Development & Implementation of Risk Management Policy

Your Company being a wholly owned subsidiary of POWERGRID is covered under the Risk Management Framework as being done in POWERGRID, the holding company.

Particulars of Employees

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 of the Companies Act, 2013 & corresponding rules of Chapter XIII are exempted for Government Companies. As your Company is a Government Company, the information has not been included as a part of Directors' report.

Prevention of Sexual Harassment at Workplace

There was no incidence of Sexual Harassment during the Financial Year 2018-19.

Internal Financial Control Systems and their adequacy

Your Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March, 2019.

RIGHT TO INFORMATION

In compliance to 'Right to Information Act, 2005', an appropriate mechanism is in place in the Company for promoting transparency and accountability, wherein the Company has nominated Central Public Information Officer / Appellate Authorities to provide required information under the provisions of Act.

Acknowledgement

The Board extends its sincere thanks to the Ministry of Power, the Central Electricity Regulatory Commission, POWERGRID, the Comptroller & Auditor General of India, and the Auditors of the Company.

For and on behalf of
POWERGRID Unchahar Transmission Limited

Sd/-
(D. C. Joshi)
Chairman
DIN: 08097844

Date: 29th July, 2019
Place: Gurgaon

POWERGRID UNCHAHAR TRANSMISSION LIMITED**FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act
and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

| SL. No. | Particulars | Details |
|---------|-------------------------------------------------------------------------------------------------------------------|---------|
| a | Name (s) of the related party & nature of relationship | - |
| b | Nature of contracts/arrangements/transaction | - |
| c | Duration of the contracts/arrangements/transaction | - |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e | Justification for entering into such contracts or arrangements or transactions' | - |
| f | Date of approval by the Board | - |
| g | Amount paid as advances, if any | - |
| h | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| SL. No. | Particulars | Details |
|---------|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a | Name (s) of the related party & nature of relationship | |
| b | Nature of contracts/arrangements/transaction | Part (A): to take any security(ies) / guarantee(s) in connection with loan(s) and/or avail Inter corporate loan(s) on cost to cost basis upto an amount of Rs 90 crore from POWERGRID. Part (B): to avail all inputs and services as may be required by the Company from POWERGRID @ 5% of the actual project cost (excl. IDC and Consultancy Fee) plus tax as applicable. Part (C): to avail services of POWERGRID for undertaking |

| | | |
|---|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | Operation & Maintenance activities of the assets owned by the Company. |
| c | Duration of the contracts/ arrangements/transaction | Part (A): As mutually agreed. Part (B): Commissioning of the project including associated reconciliation activities. Part (C): As mutually agreed. |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | Refer (b) |
| e | Date of approval by the Board | 13.08.2014 [for Part (A)], 04.04.2016 [for Part (B)], 23.12.2016 [for Part (C)]. |
| f | Amount paid as advances, if any | - |

For and on behalf of
POWERGRID Unchahar Transmission Limited

Sd/-
(D. C. Joshi)
Chairman
DIN: 08097844

Date: 29th July, 2019
Place: Gurgaon

POWERGRID UNCHAHAR TRANSMISSION LIMITED

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
As on the Financial Year ended on March 31, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| i. | CIN | U40300DL2012GOI246341 |
| ii. | Registration Date | 17 th December, 2012 |
| iii. | Name of the Company | POWERGRID Unchahar Transmission Limited [formerly Unchahar Transmission Limited] |
| iv. | Category/ Sub-Category of the Company | Company Limited by Shares / Union Government Company |
| v. | Address of the Registered office and contact details | B-9, Qutab, Institutional Area, Katwaria Sarai, New Delhi-110016 Tel: 011-26560121.Fax:011-26601081 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, If any | CDSL Ventures Limited Marathon Futurex, A-Wing, 25 th Floor, NM Joshi Marg, Lower Parel(East), Mumbai – 400 013. |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|------------|----------------------------------------------------|----------------------------------------|---------------------------------------|
| 1 | Transmission | 35107 | 100 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name And Address Of The Company | CIN/GLN | Holding/ Subsidiary /Associate | %of shares held | Applicable Section |
|---------|------------------------------------------------------|-----------------------|--------------------------------|-----------------|--------------------|
| 1. | Power Grid Corporation of India Limited (POWERGRID)* | L40101DL1989GOI038121 | Holding Company | 100% | 2(46) |

* Holding Company w.e.f. 24.04.2014

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--------------------------|-------------------------------------------------|----------|----------|-------------------|-------------------------------------------|----------|----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | - | 6* | 6* | 0.00 | 6* | - | 6* | 0.00 | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | 0 | 12961061 | 12961061 | 100 | 12961061 | 0 | 12961061 | 100 | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(1):- | 0 | 12961067 | 12961067 | 100 | 12961067 | 0 | 12961067 | 100 | - |
| 2) Foreign | | | | | | | | | |
| g) NRIs-Individuals | - | - | - | - | - | - | - | - | - |
| h) Other-Individuals | - | - | - | - | - | - | - | - | - |
| i) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| j) Banks / FI | - | - | - | - | - | - | - | - | - |
| k) Any Other.... | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(2):- | - | - | - | - | - | - | - | - | - |
| B. Public | - | - | - | - | - | - | - | - | - |

| Shareholding | | | | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|----------|----------|-----|----------|---|----------|-----|---|
| 1. Institutions | - | - | - | - | - | - | - | - | - |
| Mutual Funds | - | - | - | - | - | - | - | - | - |
| Banks / FI | - | - | - | - | - | - | - | - | - |
| Central Govt | - | - | - | - | - | - | - | - | - |
| State Govt(s) | - | - | - | - | - | - | - | - | - |
| Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| Insurance Companies | - | - | - | - | - | - | - | - | - |
| FII's | - | - | - | - | - | - | - | - | - |
| Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non Institutions | - | - | - | - | - | - | - | - | - |
| a) Bodies Corp. (i) Indian (ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others(Specify) | - | - | - | - | - | - | - | - | - |
| Sub-total(B)(2) | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 0 | 12961067 | 12961067 | 100 | 12961067 | 0 | 12961067 | 100 | - |

* 6 equity shares held by POWERGRID's nominees (Individuals) jointly with POWERGRID.

ii. Shareholding of Promoters

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|---------|-----------------------------------------------------|-------------------------------------------|---------------------------------|------------------------------------|-------------------------------------|---------------------------------|------------------------------------|----------|
| | | No. of Shares | % of total Shares of the compan | %of Shares Pledged/ encumb-ered to | No. of Shares | % of total Shares of the compan | %of Shares Pledged/ encumb-ered to | |
| 1. | Power Grid Corporation of India Limited (POWERGRID) | 12961061 | 100 | - | 12961061 | 100 | - | - |
| 2. | Shri I.S. Jha, jointly with POWERGRID | 01 | 0.00 | - | 01 | 0.00 | - | - |
| 3. | Shri Ravi P. Singh jointly with POWERGRID | 01 | 0.00 | - | 01 | 0.00 | - | - |
| 4. | Shri D .K. Valecha jointly with POWERGRID | 01 | 0.00 | - | - | - | - | 0.00 |
| 5. | Shri S. Vaithilingam jointly with POWERGRID | 01 | 0.00 | - | - | - | - | 0.00 |
| 6. | Shri KSR Murty jointly with POWERGRID | 01 | 0.00 | - | 01 | 0.00 | - | 0.00 |
| 7. | Smt. Seema Gupta jointly with POWERGRID | 01 | 0.00 | - | 01 | 0.00 | - | 0.00 |
| 8. | Shri D. C. Joshi jointly with POWERGRID* | - | - | - | 01 | 0.00 | - | 0.00 |
| 9. | Shri Pramod Kumar jointly with POWERGRID** | - | - | - | 01 | 0.00 | - | 0.00 |
| | Total | 12961067 | 100 | - | 12961067 | 100 | - | - |

*01 Equity share held by Shri D. K. valecha (jointly with POWERGRID) transferred to Shri D. C. Joshi (jointly with POWERGRID) on 23.05.2018.

**01 Equity share held by Shri S. Vaithilingam (jointly with POWERGRID) transferred to Shri Pramod Kumar (jointly with POWERGRID) on 23.05.2018.

iii. Change in Promoters' Shareholding(please specify ,if there is no change)

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | Power Grid Corporation of India Limited | | | | |
| | At the beginning of the year | 12961061 | 100 | 12961061 | 100 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | <p>There was no change in promoters shareholding however there were 2 (two) changes in the POWERGRID's nominees (Individuals) who hold 1 equity share each jointly with POWERGRID. They are as follows:</p> <ol style="list-style-type: none"> 01 Equity share held by Shri D. K. valecha (jointly with POWERGRID) transferred to Shri D. C. Joshi (jointly with POWERGRID) on 23.05.2018. 01 Equity share held by Shri S. Vaithilingam (jointly with POWERGRID) transferred to Shri Pramod Kumar (jointly with POWERGRID) on 23.05.2018. <p>(May please also refer information provided under Sr. No. IV (ii) above).</p> | | | |
| | At the End of the year | 12961061 | 100 | 12961061 | 100 |

iv. Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|----------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Top ten shareholders | | | | |
| | At the beginning of the year | - | - | - | - |

| | | | | | |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|
| | | | | | |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |

v. Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Directors and KMP | | | | |
| | For each of Directors | | | | |
| 1 | Shri Ravi P Singh (Jointly with POWERGRID) (Ceased to be Director w.e.f. 22.01.2019) | | | | |
| | At the beginning of the year | 01 | 0.000 | 01 | 0.000 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| | At the End of the year | 01 | 0.000 | 01 | 0.000 |
| 2 | Shri D. K. Valecha (Jointly with POWERGRID) (Ceased to be Director w.e.f. 30.04.2018) | | | | |
| | At the beginning of the year | 01 | 0.000 | - | - |
| | Date wise Increase / | 01 Equity share held by Shri D. K. valecha (jointly with | | | |

| | | | | | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|------|----|------|
| | Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | POWERGRID) transferred to Shri D. C. Joshi (jointly with POWERGRID) on 23.05.2018. | | | |
| | At the End of the year | - | - | - | - |
| 3 | Shri S. Vaithilingam, Director (Jointly with POWERGRID) (Ceased to be Director w.e.f. 30.04.2018) | | | | |
| | At the beginning of the year | 01 | 0.00 | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 01 Equity share held by Shri S. Vaithilingam (jointly with POWERGRID) transferred to Shri Pramod Kumar (jointly with POWERGRID) on 23.05.2018. | | | |
| | At the End of the year | - | - | - | - |
| 4 | Shri D. C. Joshi (Jointly with POWERGRID) (w.e.f. 23.05.2018) | | | | |
| | At the beginning of the year | 01 | 0.00 | 01 | 0.00 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| | At the End of the year | 01 | 0.00 | 01 | 0.00 |
| 5 | Shri Pramod Kumar (Jointly with POWERGRID) (w.e.f. 23.05.2018) | | | | |
| | At the beginning of the year | 01 | 0.00 | 01 | 0.00 |

| | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|------|----|------|
| Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| At the End of the year | 01 | 0.00 | 01 | 0.00 |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|-----------------------------------------------------|-----------------------------------------|------------------------|-----------------|---------------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | 55,92,01,288 | - | 55,92,01,288 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | - | 0 | - | 0 |
| Total (i+ii+lii) | - | 55,92,01,288 | - | 55,92,01,288 |
| Change in Indebtedness during the financial year | | | | |
| - Addition | | | | |
| - Reduction | - | 9,60,00,000 | - | 9,60,00,000 |
| | - | | - | 0 |
| Net Change | | 9,60,00,000 | - | 9,60,00,000 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | - | 46,32,01,228 | - | 46,32,01,228 |

| | | | | |
|-----------------------------------|---|--------------|---|--------------|
| iii) Interest accrued but not due | - | - | - | - |
| | - | - | - | - |
| Total (i+ii+iii) | - | 46,32,01,228 | - | 46,32,01,228 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

[Not Applicable]

| Sl. No. | Particulars of Remuneration | Name of MD/WTG/ Manager | | | | Total Amount |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---|---|---|--------------|
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission - as % of profit - others, specify... | - | - | - | - | - |
| 5. | Others, please specify | - | - | - | - | - |
| 6. | Total(A) | - | - | - | - | - |
| | Ceiling as per the Act | - | - | - | - | - |

B. Remuneration to other directors:

[Not Applicable]

| Sl. No. | Particulars of Remuneration | Name of MD/WTG/ Manager | | | | Total Amount |
|---------|------------------------------------------------------------------------------|-------------------------|---|---|---|--------------|
| | <u>Independent Directors</u> - Fee for attending board committee meetings | - | - | - | - | - |

| | | | | | | |
|--|----------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| | · Commission · Others, please specify | | | | | |
| | Total(1) | - | - | - | - | - |
| | <u>Other Non-Executive Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify | - | - | - | - | - |
| | Total(2) | - | - | - | - | - |
| | Total(B)=(1+2) | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - |
| | Overall Ceiling as per the Act | - | - | - | - | - |

C. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD:
[Not Applicable]

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------------|-----|-------|
| | | CE O | Company Secretary | CFO | Total |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as % of profit - others, specify... | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total | - | - | - | - |

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority[RD /NCLT/Court] | Appeal made. If any(give details) |
|-------------------------------------|------------------------------|-------------------|----------------------------------------------------------|---------------------------|-----------------------------------|
| A. Company | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| B. Directors | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| C. Other Officers In Default | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |

For and on behalf of
POWERGRID Unchahar Transmission Limited

Sd/-
(D. C. Joshi)
Chairman
DIN: 08097844

Date: 29th July, 2019
Place: Gurgaon

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF POWERGRID UNCHAHAR TRANSMISSION LIMITED FOR THE
YEAR ENDED 31 MARCH 2019**

The preparation of financial statements of Powergrid Unchahar Transmission Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 17 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Powergrid Unchahar Transmission Limited for the year ended 31 March 2019 under Section 143 (6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report under section 143 (6) (b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

Place: New Delhi

Date: 23/07/2019



(Rina Akoijam)

Principal Director of Commercial Audit &
Ex-officio Member, Audit Board – III,
New Delhi

K.K. NIGAM & CO
Chartered Accountants
Flat No 5A, 2nd Floor Fairdeal House,
34, Lalbagh, Lucknow-226001

INDEPENDENT AUDITOR'S REPORT

To the Members of **M/s POWERGRID UNCHAHAR TRANSMISSION LIMITED**

Report on the Ind-AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of **M/s POWERGRID UNCHAHAR TRANSMISSION LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 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 31st March 2019, its profit including other comprehensive income, its changes in equity and its cash flows for the year ended on that date.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 Companies Act, 2013 and the Rules there under, 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 opinion.



Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act, read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order issued under section 143 (11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used



and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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.

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 Section 143(11) of the Act, we give in "Annexure "1" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. In terms of sub section (5) of section 143 of the Companies Act, 2013, we give in the Annexure "2" a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.
3. 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 Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows 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 Indian Accounting Standards prescribed under section 133 of the Act, read with the relevant rules issued thereunder.
 - e. Being a Subsidiary of a Government Company, Section 164(2) of the Act pertaining to disqualification of Directors are not applicable to the Company.



- 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 "3".
- g. 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:
- The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note No. 33 to the Ind AS financial statements;
 - The Company did not have any Long-Term Contracts including Derivative Contracts for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For K. K. NIGAM & Company,
Chartered Accountants
Firm Regn. No. 004547C


CA K. K. NIGAM
Partner
Mem. No. 015067
Place: Lucknow
Date: 17.05.2019



पावरग्रिड उंचाहार ट्रांसमिशन लिमिटेड

(पूर्व में उंचाहार ट्रांसमिशन लिमिटेड) पावरग्रिड की 100% पूर्ण स्वामित्व वाली सहायक कंपनी

POWERGRID Unchahar Transmission Limited

(FORMERLY Unchahar Transmission Limited) 100% Wholly Owned Subsidiary of POWERGRID

765/400/220 कि.वॉ. पावर ग्रिड उपकेंद्र, फतेहपुर-लालगंज-लखनऊ रोड, ग्राम चौफाचा, पोस्ट एवं जिला - फतेहपुर - 212601 (उ.प्र.)

फोन एवं फैक्स: - 05180 226686, अणुडाक: pgciltulftp@gmail.com

765/400/220 KV POWERGRID Substation, Fatehpur-Lalganj-Lucknow Road, Village-Chaufecha, Post & Distt- Fatehpur- 212601 (UP)

Phone and Fax: 05180 -226686, E-Mail: pgciltulftp@gmail.com

CIN: U40300DL2012GOI246341

PUTL/Management Letter/2018-19/

Dated-15-04-2019

M/s K. K. Nigam & Co.,
Chartered Accountants,
Flat No. 5A, 2nd floor, Fairdeal House,
34, Lalbagh, Lucknow-226001

Dear Sir,

Sub: Verification of Fixed Assets of Powergrid Unchahar Transmission Limited (PUTL)

This management letter is provided in connection with your audit of the Financial Statements / Trial Balance of **Powergrid Unchahar Transmission Limited (PUTL)** as at 31st March 2019.

We confirm, to the best of our knowledge and belief, the following representation:

Fixed assets of the company consist of only a transmission line namely 400 KV D/C Unchahar-Fatehpur transmission Line. There are NIL construction and O&M store in the company. This line is operational and is being maintained by its holding company Powergrid Corporation of India Limited for which PUTL is paying O&M fee on quarterly basis. As per O&M norms of the Powergrid Corporation of India Limited all the transmission lines are physically verified twice in a year by patrolling the line and also regularly monitored online from Regional Asset Management Center (RTAMC) established at RHQ Lucknow, NR-III. No abnormality has been observed during the patrolling of the line.

In our opinion no separate physical verification by an independent auditor is required. However, if required, we can arrange site visit for verification of the above transmission line.

Truly Yours,



Name: Pankaj Sharina

Designation: CEO

K.K. NIGAM & CO

Chartered Accountants

Flat No 5A, 2nd Floor Fairdeal House,
34, Lalbagh, Lucknow-226001.**Annexure – 1**

As referred to in our Independent Auditors' Report to the members of the **Powergrid Unchahar Transmission Limited ('the Company')**, on the standalone financial statements for the year ended 31st March, 2019, we report that:

| | | <i>Clauses of CARO Report, 2016</i> | <i>Auditor's Comment</i> |
|-------|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) | (a) | Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; | The Company has generally maintained records, showing full particulars including quantitative details and situation of Fixed Assets. |
| | (b) | Whether these fixed assets have been physically verified by the management at reasonable intervals; Whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account; | The fixed assets have been physically verified by management during the year and no material discrepancies were noticed on such verification. |
| | (c) | Whether the title deeds of immovable properties are held in the name of the company. If not, provide the details thereof; | The transmission line towers erected by the company on the farmers land are treated as immovable property based on the provisions of the Indian Telegraph Act, which permits public utility undertakings to erect such towers without acquiring the land by paying adequate tree/crop compensation by the company to the owners of the said property |
| (ii) | | Whether physical verification of inventory has been conducted at reasonable intervals by the management; Whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account; | There is no inventory yet, thus no physical verification of inventory was conducted. |
| (iii) | | Whether the company has granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013. If so, | According to the information and explanations given to us, during the year 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, clauses 3 (iii) (a) to 3 (iii) (c) of the Order are not applicable |
| | (a) | Whether the terms and conditions of the grant | Not Applicable |



| | | |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | of such loans are not prejudicial to the company's interest. | Yes Not Applicable |
| (b) | Whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular; | Not Applicable |
| (c) | If the amount is overdue, state the total amount overdue for more than 90 days, and whether reasonable steps have been taken by the company for recovery of the principal and interest. | Not Applicable |
| (iv) | In respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof. | According to the information and explanations given to us, the Company does not have loans, investments and guarantees under section 185 and 186 of the Companies Act, 2013. Accordingly clause 3(iv) of the Order is not applicable |
| (v) | In case, the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, where applicable, have been complied with? If not, the nature of such contraventions be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not? | According to the information and explanations given to us, the Company has neither accepted deposits from the public within the meaning of Section 73 and 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, nor as per an order that has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal |
| (vi) | Whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and whether such accounts and records have been so made and maintained | Provisions related to Maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 are not applicable to the company |
| (vii) | Whether the company is regular in depositing undisputed statutory dues to the appropriate authorities including: i) Provident fund; ii) Employees' state insurance; iii) Income-tax; iv) Sales-tax; v) Service tax; vi) Duty of customs; vii) Duty of excise; viii) Value Added Tax (VAT); ix) Cess; and x) Any other statutory dues. If the company is not regular in depositing such statutory dues, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of | According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues with appropriate authorities applicable to the Company and that there are no undisputed statutory dues outstanding as at 31 st March, 2019 for a period of more than six months from the date they became payable. |



| | | |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | more than six months from the date they became payable, shall be indicated by the auditor. | |
| (b) | where dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere representation to the concerned Department shall not be treated as a dispute). | According to information and explanations given to us, there are no disputed dues of Duty of Customs or Duty of Excise which have not been deposited. |
| (viii) | Whether the company has defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders? If yes, the period and the amount of default to be reported. (In case of defaults to banks, financial institutions, and Government, lender wise details to be provided). | According to information and explanations given to us, there is no such default. |
| (ix) | Whether moneys raised by way of Initial Public Offer (IPO) or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported; | Based on the specified audit procedures followed by us and as per the information and explanations given by the management, Company has not raised any monies by way of initial public offer or further public offer (including debt instruments). Holding Company provided inter corporate loan. We report that the amounts received were applied for the purposes for which they were received. |
| (x) | Whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated; | According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year. |
| (xi) | Whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013? If not, state the amount involved and steps taken by the company for securing refund of the same; | The company has not provided for any Managerial Remuneration for the year 2018-2019. The key Management Personnel (CEO) of the Company are employees of holding company, deployed on a part time basis. No management remuneration is paid to such representative by the company. Accordingly, the Provisions of Section 197 of the Companies Act 2013 are not applicable. Accordingly, clause (xi) of the Order is not applicable to the Company |
| (xii) | Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability and whether the Nidhi Company is maintaining 10% unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability; | Not Applicable |
| (xiii) | Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by | All transactions with the "Related Parties" in compliance with sections 177 and 188 of the Companies Act, 2013 are disclosed. |



Power Grid Unchahar Transmission Ltd. CARO Report FY 2018-19

| | | |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| | <i>the applicable accounting standards;</i> | |
| (xiv) | <i>Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliance;</i> | <i>According to the information and explanations given to us, there is no such case.</i> |
| (xv) | <i>Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with;</i> | <i>According to the information and explanations given to us, there is no such case.</i> |
| (xvi) | <i>Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained.</i> | <i>The Co. is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 as the Co. is not a NBFC.</i> |

For K.K. Nigam & Co.
Chartered Accountants

(CA K.K. NIGAM)
Partner
M. No. 015067
FRN : 004547C



Place: Lucknow
Dated: 17.05.2019

K.K. NIGAM & CO

Chartered Accountants

Flat No 5A, 2nd Floor Fairdeal House,

34, Lalbagh, Lucknow-226001.

Annexure – 2

Report under Section 143(5) of Companies Act, 2013, in respect of Powergrid Unchahar Transmission Limited ("The Company"), on the Annual Accounts for the year ended 31st March, 2019.

SPECIFIC AREAS EXAMINED DURING THE COURSE OF AUDIT OF ANNUAL ACCOUNTS OF POWERGRID UNCHAHAR TRANSMISSION LIMITED ("THE COMPANY") FOR THE YEAR ENDED 31ST MARCH 2019.

| Sl. No. | Direction | Auditors' Report | Impact on Accounts and Financial Statements |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| 1. | Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of accounting transaction outside IT system on the integrity of accounts along with the financial implications, if any, may be stated. | Based on the information and representations provided by the Management to us and based on the verification procedures performed by us, the Company has system in place to process/record all the accounting transactions through IT system. No accounting transactions are being recorded / processed through other than IT System. | Nil |
| 2. | Whether there is any restructuring of any existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan ? if yes, the financial impact may be stated. | Based on the information and representations provided by the Management to us and based on the verification procedures performed by us there were no restructuring of loans or cases of waiver/write off of debts/loans/interest etc. during the year. | Nil |
| 3. | Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation. | Based on the information and representations provided by the Management to us and based on the verification procedures performed by us, no funds were received for any specific schemes from Central/State agencies during the year. | Nil |

Place: Lucknow
Dated: 17.05.2019

For K.K. Nigam & Co,
Chartered Accountants

(CA K. K. Nigam)
Partner
Membership No. 015067
Firm Regn. No. 004547C

K.K. NIGAM & CO
Chartered Accountants
Flat No 5A, 2nd Floor Fairdeal House,
34, Lalbagh, Lucknow-226001.

ANNEXURE – 3

As referred to in our Independent Auditors' Report to the members of the **Powergrid Unchahar Transmission Limited ('the Company')**, on the standalone financial statements for the year ended 31st March, 2019

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 the company as at March 31, 2019 in conjunction with our audit of the 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 control 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 (ICAI)". 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 business, including adherence to 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 Act.

Auditors' 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 Control over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed 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 Company's internal financial controls system over financial reporting.

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 authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.



Inherent Limitations of internal Financial Controls over Financial Reporting

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 controls 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 and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on "the internal financial controls 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."

Place: Lucknow
Date: 17.05.2019

For K.K. NIGAM & CO.
Chartered Accountants



K.K. Nigam
CA K. K. NIGAM
Partner

Membership No.: 015067
Firm Regn. No.: 004547C

K.K. NIGAM & CO

Chartered Accountants

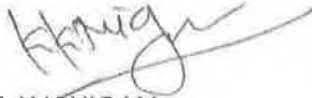
Flat No 5A, 2nd Floor Fairdeal House,
34, Lalbagh, Lucknow-226001.

COMPLIANCE CERTIFICATE

We have conducted the audit of annual stand-alone accounts of **M/s POWERGRID UNCHAHAR TRANSMISSION LIMITED** for the year ended 31ST March 2019 in accordance with the directions / sub- directions issued by the C&AG of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with all the directions / sub- directions issued.

For **K.K. NIGAM & CO**

Chartered Accountants



CA K.K. NIGAM

Membership No. 015067

FRN : 004547C

Place: Lucknow

Date: 17.05.2019



POWERGRID UNCHAHAR TRANSMISSION LIMITED

CIN: U40300DL2012GOI246341

Balance Sheet As at 31st March 2019

| | | (₹ in Lakh) | |
|-------------------------------------------------------------------------------------------|----------|-----------------------|-----------------------|
| Particulars | Note No. | As at 31st March 2019 | As at 31st March 2018 |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, Plant And Equipment | 4 | 6330.59 | 6715.11 |
| Capital Work-in-Progress | 5 | 0.00 | 0.00 |
| Deferred tax Asset (Net) | 6 | 132.88 | 308.40 |
| Other Non-Current Assets | 7 | 7.94 | 58.00 |
| | | 6471.41 | 7081.51 |
| CURRENT ASSETS | | | |
| Financial Asset | | | |
| Trade Receivables | 8 | 304.60 | 137.08 |
| Cash And Cash Equivalents | 9 | 24.75 | 129.87 |
| Other Current Financial Assets | 10 | 298.44 | 218.30 |
| | | 627.79 | 485.23 |
| Total Assets | | 7099.20 | 7566.74 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Equity Share Capital | 11 | 1296.11 | 1296.11 |
| Other Equity | 12 | 1160.98 | 664.84 |
| | | 2457.09 | 1960.95 |
| NON-CURRENT LIABILITIES | | | |
| Financial Liabilities | | | |
| Borrowings | 13 | 4232.01 | 4849.89 |
| | | 4232.01 | 4849.89 |
| CURRENT LIABILITIES | | | |
| Financial Liabilities | | | |
| Trade Payables | 14 | | |
| (i) total outstanding dues of Micro Enterprises & Small Enterprises | | 0.00 | 0.00 |
| (ii) total outstanding dues of creditors other than Micro Enterprises & Small Enterprises | | 10.10 | 0.54 |
| Other Current Financial Liability | 15 | 400.00 | 742.12 |
| Other Current Liabilities | 16 | 0.00 | 0.05 |
| Current Tax Liabilities (Net) | 17 | 0.00 | 13.19 |
| | | 410.10 | 755.90 |
| Total Liabilities | | 7099.20 | 7566.74 |

The accompanying Notes 1 to 38 form an integral part of Financial Statements

In terms of our Report of even date
For K K Nigam & Co
Chartered Accountants

(K K Nigam)
Partner
Membership No. - 015067
FRN: 004547G
Date: 17.05.2019
Place: Lucknow



For and on behalf of the Board of Directors

D. C Joshi
Chairman
DIN - 08097844
A. K. Shukla
CFO

Pramod Kumar
Director
DIN: 08132119
Shwetank Kumar
Company Secretary

Date: 17.05.2019
Place: Gurugram

POWERGRID UNCHAHAR TRANSMISSION LIMITED

CIN: U40300DL2012GOI246341

Statement of Profit and Loss For the year ended 31st March 2019

(₹ in Lakh)

| | Particulars | Note No | For the Year ended 31 March 2019 | For the Year ended 31 March 2018 |
|------|-------------------------------------------------------------|---------|----------------------------------|----------------------------------|
| | Income | | | |
| I | Revenue from operations | 18 | 2,330.16 | 1,633.97 |
| II | Other income | 19 | 16.82 | - |
| III | Total Income (I+II) | | 2,346.98 | 1,633.97 |
| IV | Expenses | | | |
| | Finance costs | 20 | 430.01 | 447.05 |
| | Depreciation and amortization expenses | 21 | 385.10 | 385.80 |
| | Other expenses | 22 | 57.05 | 48.51 |
| | Total Expenses (IV) | | 872.16 | 881.36 |
| V | Profit before Tax (III-IV) | | 1,474.82 | 752.61 |
| VI | Tax Expense | | | |
| | Current tax | | 318.78 | 153.45 |
| | Add: Deferred Tax (Net) | | 175.52 | (305.60) |
| | Total Tax Expense (VI) | | 494.30 | (162.15) |
| VII | Profit for the period (V-VI) | | 980.52 | 904.76 |
| VIII | Other comprehensive income | | - | - |
| IX | Total comprehensive income for the period (VII+VIII) | | 980.52 | 904.76 |
| X | Earning Per Equity Share (Par Value ₹ 10/- each) | | | |
| | Basic (in ₹) | | 7.57 | 6.98 |
| | Diluted (in ₹) | | 7.57 | 6.98 |

The accompanying Notes 1 to 38 form an integral part of Financial Statements

In terms of our Report of even date

For K K Nigam & Co

Chartered Accountants

(K K Nigam)

Partner

Membership No.- 015067

FRN:-004547C

Date: 17.05.2019

Place: Lucknow



For and on behalf of the Board of Directors

(Signature)

D. C Joshi

Chairman

DIN- 08097841

(Signature)

A. K. Shukla

CFO

(Signature)

Bramod Kumar

Director

DIN- 08132118

(Signature)

Shwetank Kumar

Company Secretary

Date: 17.05.2019

Place: Gurugram

POWERGRID UNCHAHAR TRANSMISSION LIMITED
CIN: U40300DL2012GOI246341
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Lakh)

| Particulars | For the year ended | |
|-------------------------------------------------------------------|--------------------|-----------------|
| | 31.03.2019 | 31.03.2018 |
| A. Cash Flow from Operating Activities: | | |
| Net profit before Tax | 1,474.82 | 752.61 |
| Add: Depreciation | 385.10 | 385.80 |
| Add: Interest expense | 430.01 | 447.05 |
| Operating Profit before Working Capital Changes | 2,289.93 | 1,585.46 |
| Adjustments for Increase/Decrease in: | | |
| (Increase)/Decrease in Trade Receivables & Other Current Assets | (247.68) | (228.29) |
| (Increase)/Decrease in other non Current Assets | (0.90) | - |
| Increase/(Decrease) in Trade Payables & Other Current Liabilities | 9.51 | 6.72 |
| Cash Generated from Operations | 2,050.86 | 1,363.89 |
| -Tax Paid | (339.01) | (153.45) |
| -Tax Refund Received | 58.00 | - |
| Net Cash (used In)/from Operating Activities | 1,769.85 | 1,210.44 |
| B. Cash Flow from Investing Activities: | | |
| Property, Plant & Equipments and CWIP | (0.58) | (979.85) |
| Net Cash (used In)/from Investing Activities | (0.58) | (979.85) |
| C. Cash Flow from Financing Activities: | | |
| Proceeds from Loans Borrowings | - | - |
| Repayment of Loans Borrowings | (960.00) | 148.36 |
| Interest paid during the year | (430.01) | (731.40) |
| Dividend paid (FY 2017-18) | (207.38) | - |
| Tax on Dividend (FY 2017-18) | (42.62) | - |
| Interim Dividend Paid | (194.42) | (194.42) |
| Tax on Interim Dividend | (39.96) | (39.58) |
| Cash Flow (used In)/from Financing Activities: | (1,874.39) | (817.04) |
| D. Net change in Cash and Cash equivalents(A+B+C) | (105.12) | (586.45) |
| E. Cash and Cash equivalents(opening balance) | 129.87 | 716.32 |
| F. Cash and Cash equivalents(closing balance)(Note no B) | 24.75 | 129.87 |

The accompanying Notes 1 to 39 form an integral part of Financial Statements

Note :

1) Cash and Cash equivalents consist of balances with banks.

In terms of our Report of even date
For K K Nigam & Co

Chartered Accountants

(K K Nigam)

Partner

Membership No.- 015067

FRN:-004547C

Date: 17.05.2019

Place: Lucknow



For and on behalf of the Board of Directors

D. C. Joshi

Chairman

DIN: 08097844

A. K. Shukla

CFO

Pramod Kumar

Director

DIN: 08132119

Shwetank Kumar

Company Secretary

Date: 17.05.2019

Place: Gurugram

POWERGRID UNCHAHAR TRANSMISSION LIMITED

CIN: U40300DL2012GOI246341

Statement of Changes in Equity for the Year ended 31st March 2019

A. Equity Share Capital (₹ in Lakh)

| | |
|---------------------------------|---------|
| As at 1st April, 2018 | 1296.11 |
| Changes in equity share capital | 0 |
| Balance at 31st March, 2019 | 1296.11 |
| As at 1st April, 2017 | 1296.11 |
| Changes in equity share capital | 0 |
| Balance at 31st March, 2018 | 1296.11 |

B. Other Equity (₹ in Lakh)

| Particulars | Reserves and Surplus | | | Total |
|-----------------------------------------|------------------------|-------------|-------------------|----------|
| | Self Insurance Reserve | CSR Reserve | Retained Earnings | |
| Balance at 1st April, 2018 | 8.75 | - | 656.09 | 664.84 |
| Total Comprehensive Income for the year | - | - | 980.52 | 980.52 |
| Dividend paid (FY 2017-18) | - | - | (207.38) | (207.38) |
| Tax on Dividend (FY 2017-18) | - | - | (42.62) | (42.62) |
| Interim Dividend paid (FY 2018-19) | - | - | (194.42) | (194.42) |
| Tax on Interim Dividend (FY 2018-19) | - | - | (39.96) | (39.96) |
| Transfer to/from retained earnings | 8.75 | - | (8.75) | - |
| Balance at 31st March, 2019 | 17.50 | - | 1,143.48 | 1,160.98 |
| Balance at 1st April, 2017 | - | - | (5.92) | (5.92) |
| Total Comprehensive Income for the year | - | - | 904.76 | 904.76 |
| Dividends- Interim FY2017-18 | - | - | (194.42) | (194.42) |
| Tax on Interim Dividend-FY2017-18 | - | - | (39.58) | (39.58) |
| Transfer to/from retained earnings | 8.75 | - | (8.75) | - |
| Balance at 31st March, 2018 | 8.75 | - | 656.09 | 664.84 |

The accompanying Notes 1 to 38 form an integral part of Financial Statements
Refer to Note No. 12 for nature and movement of reserve and surplus

In terms of our Report of even date
For K K Nigam & Co
Chartered Accountants

(K K Nigam)
Partner
Membership No.- 015067
FRN: 004547C



Date: 17.05.2019
Place: Lucknow

For and on behalf of the Board of Directors

D. C. Joshi
Chairman
DIN: 08097844

A. K. Shukla
CFO

Date: 17.05.2019
Place: Gurugram

Pramod Kumar
Director
DIN: 08132119

Shwetank Kumar
Company Secretary

Notes to Financial Statements

1. Corporate and General Information

Powergrid Unchahar Transmission Limited ('the Company') is domiciled and incorporated in India under the provisions of Companies Act and is wholly owned subsidiary of Power Grid Corporation of India Limited. The registered office of the Company is situated at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016.

The company is engaged in business of Power Systems Network, construction, operation and maintenance of transmission lines and other related allied activities.

The financial statements of the company for the year ended March 31, 2019 were approved for issue by the Board of Directors on 17.05.2019.

2. Significant Accounting Policies

2.1 Basis of Preparation

i) Compliance with Ind AS

The financial statements are prepared in compliance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015, the relevant provisions of the Companies Act, 2013 (to the extent notified), The Companies Act, 1956 and the provisions of Electricity Act, 2003, in each case, to the extent applicable and as amended thereafter.

ii) Basis of Measurement

The financial statements have been prepared on accrual basis and under the historical cost convention except certain financial assets and liabilities measured at fair value at Note no. 2.12.

iii) Functional and presentation currency

The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency and all amounts are rounded to the nearest lakhs and two decimals thereof, except as stated otherwise.

iv) Use of estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information,



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actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Note no. 3 on critical accounting estimates, assumptions and judgments).

v) Current and 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 realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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 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 settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

The Company recognizes twelve months' period as its operating cycle.

2.2 Property, Plant and Equipment

Initial Recognition and Measurement

Property, Plant and Equipment is initially measured at cost of acquisition/construction including any costs directly attributable to bringing the



asset to the location and condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation / amortisation and accumulated impairment losses, if any.

Property, Plant and Equipment acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized.

If the cost of the replaced part or earlier inspection is not available, the estimated cost of similar new parts/inspection is used as an indication of what the cost of the existing part/ inspection component was when the item was acquired or inspection was carried out.

In the case of commissioned assets, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

Assets and systems common to more than one transmission system are capitalized on the basis of technical estimates/ assessments.

Transmission system assets are considered as ready for intended use after meeting the conditions for commercial operation as stipulated in Transmission Service Agreement (TSA) and capitalized accordingly.

The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken.

Expenditure on leveling, clearing and grading of land is capitalized as part of cost of the related buildings.

Spares parts whose cost is ₹5,00,000/- and above, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized.

Subsequent costs

Subsequent expenditure is recognized as an increase in carrying amount of assets when it is probable that future economic benefits deriving from the cost incurred will flow to the company and cost of the item can be measured reliably.

The cost of replacing part of an item of PPE is recognized in the carrying amount of the item if it is probable that future economic benefit embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day



servicing of property, plant and equipment are recognised in the Statement of Profit & Loss as incurred.

Derecognition

An item of Property, Plant and Equipment is derecognized when no future economic benefits are expected from their use or upon disposal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

2.3 Capital Work-In-Progress (CWIP)

Cost of material, erection charges and other expenses incurred for the construction of Property, Plant and Equipment are shown as CWIP based on progress of erection work till the date of capitalization.

Expenditure of office and Projects, attributable to construction of property, plant and equipment are identified and allocated on a systematic basis to the cost of the related assets.

Interest during construction and expenditure (net) allocated to construction as per policy above are kept as a separate item under CWIP and apportioned to the assets being capitalized in proportion to the closing balance of CWIP.

Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.

2.4 Intangible Assets and Intangible Assets under development

Intangible assets are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on already capitalized Intangible assets is capitalised when it increases the future economic benefits embodied in an existing asset and is amortised prospectively.

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognized as an intangible asset when the same is ready for its use.

Afforestation charges for acquiring right-of-way for laying transmission lines are accounted for as intangible assets on the date of capitalization of related transmission lines.



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Expenditure incurred, eligible for capitalization under the head Intangible Assets, are carried as "Intangible Assets under Development" till such assets are ready for their intended use.

Expenditure on research shall be recognised as an expense when it is incurred.

Expenditure on development shall be recognised as Intangible asset if it meets the eligibility criteria as per Ind AS 38 'Intangible Assets', otherwise it shall be recognised as an expense.

An item of Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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 and Loss when the asset is derecognised.

2.5 Depreciation / Amortisation

Property, Plant & Equipment

Depreciation/amortisation on the assets is provided on straight line method following the rates and methodology notified by the CERC for the purpose of recovery of tariff except for assets specified in the following paragraphs.

Leasehold land is fully amortized over lease period or life of the related plant whichever is lower in accordance with the rates and methodology specified in CERC Tariff Regulation. Leasehold land acquired on perpetual lease is not amortized.

Depreciation on spares parts, standby equipment and servicing equipment which are capitalized, is provided on straight line method from the date they are available for use over the remaining useful life of the related assets, following the rates and methodology notified by the CERC.

Depreciation on following assets is provided based on estimated useful life as per technical assessment.

| Particulars | Useful life |
|---------------------------------|-------------|
| a. Computers & Peripherals | 3 Years |
| b. Servers & Network Components | 5 years |

Residual value of above assets is considered as Nil.

Mobile phones are charged off in the year of purchase.

Fixed Assets costing ₹5,000/- or less, are fully depreciated in the year of acquisition.



Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively at the rates and methodology as specified by the CERC Tariff Regulations.

Depreciation on additions to/deductions from Property, Plant and Equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The residual value, useful lives and method of depreciation for assets are reviewed at each financial year - and adjusted prospectively, wherever required.

Intangible Assets

Cost of software capitalized as intangible asset is amortized over the period of legal right to use or 3 years, whichever is less with Nil residual value.

Afforestation charges are amortized over thirty five years from the date of capitalization of related transmission assets following the rates and methodology notified by Central Electricity Regulatory Commission (CERC) Tariff Regulations.

Amortisation on additions to/deductions from Intangible Assets during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The amortization period and the amortization method for an intangible asset are reviewed at each financial year-end and are accounted for as change in accounting estimates in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors.

2.6 Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised (net of income on temporary deployment of funds) as part of the cost of such assets till the assets are ready for the intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use.

Other borrowing costs are charged to revenue.

2.7 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.



The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, and deposits held at call with banks having a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.9 Inventories

Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.

Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.

Spares which do not meet the recognition criteria as Property, Plant and Equipment, including spare parts whose cost is less than ₹5,00,000/- are recorded as inventories.

Surplus materials as determined by the management are held for intended use and are included in the inventory.

The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.



2.10 Leases

i) As a Lessor

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 fulfillment of the 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.

A lease is classified at the inception date as a finance lease or an operating lease.

a) Finance leases

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is classified as a finance lease.

b) Operating leases

An operating lease is a lease other than a finance lease. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

For operating leases, the asset is capitalized as property, plant and equipment and depreciated over its economic life. Rental income from operating lease is recognized over the term of the arrangement.

ii) As a Lessee

Finance lease

Leases of property, plant and equipment where the company, as lessee has substantially all risks and rewards of ownership are classified as finance lease. On initial recognition, assets held under finance lease are recorded as property, plant and equipment and related liability is recognized under borrowings. At inception of the lease, finance leases are recorded at amount equal to fair value of leased asset or if lower the present value of minimum lease payments. The minimum lease payments made under finance leases are apportioned between the finance expense and reduction of the finance liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Payments made under operating leases are recognized as an expense over the lease term.



2.11 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

Classification

The Company classifies its financial assets in the following categories:

- at amortised cost,
- at fair value through other comprehensive income

The classification depends on the following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset

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, if any, that are attributable to the acquisition of the financial asset.

Subsequent measurement

Debt Instruments at Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Debt Instruments at Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI).

Equity investments

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The company may, on initial recognition, make an irrevocable election to present subsequent changes in the fair value in other comprehensive income (FVOCI) on an instrument by-instrument basis.



For equity instruments classified as at FVOCI, all fair value changes on the instrument, excluding dividends are recognized in the OCI. There is no recycling of the amounts from OCI to Profit or Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

De-recognition of financial assets

A financial asset is derecognized only when

The right to receive cash flows from the assets have expired, or

- The company has transferred the rights to receive cash flows from the financial asset, or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Impairment of financial assets:

For trade receivables, the company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For recognition of impairment loss on other financial assets and risk exposure, the company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Financial Liabilities

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company.

The Company's financial liabilities include loans & borrowings, trade and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable to the issue of financial liabilities. Financial liabilities



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are classified as subsequently measured at amortized cost. 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 effective interest rate (EIR). Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the EIR.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing 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 between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other income or finance cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.12 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency.



(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items are translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-Monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of initial recognition of the non-monetary prepayment asset or deferred income liability, or the date that related item is recognized in the financial statements, whichever is earlier. In case the transaction is recognized in stages, then transaction date is established for each stage.

Foreign exchange gains and losses (other than related to foreign currency loans outstanding) are presented in the statement of profit and loss on a net basis within other gains/(losses).

The Company has availed the exemption available in Ind AS 101, to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary liabilities outstanding as on March 31, 2016.

Exchange differences arising from foreign currency borrowing to the extent regarded as an adjustment to interest costs are treated as borrowing cost. Other exchange differences are recognized in the Statement of Profit and Loss.

2.13 Income Tax

Income tax expense represents the sum of current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case the tax is also recognised directly in equity or in other comprehensive income.

Current income tax

The Current Tax is based on taxable profit for the year under the tax laws enacted or subsequently enacted at the end of the reporting period in the countries where the company operate and generate taxable income.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the



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corresponding tax bases used in the computation of taxable profit and is accounted for using the Balance Sheet method. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

2.14 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer. The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 and Ind AS 11.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and value added taxes.

2.14.1 Revenue from Operations

Transmission Income is accounted for based on orders issued by CERC u/s 63 of Electricity Act 2003 for adoption of transmission charges.

The Transmission system incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees and in accordance with the Transmission Service Agreement (TSA) entered between the Transmission Service Provider and long term Transmission Customers.



2.14.2 Other Income

Surcharge recoverable from trade receivables, liquidated damages, warranty claims and interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.

Scrap other than steel scrap & conductor scrap are accounted for as and when sold.

Dividend income is recognized when right to receive payment is established.

Interest income is recognized, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realization.

Revenue from rentals and operating leases is recognized on an accrual basis in accordance with the substance of the relevant agreement.

2.15 Dividends

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognised directly in equity.

2.16 Provisions and Contingencies

a) 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. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.



b) Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised.

Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

2.17 Share capital and Other Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Self-insurance reserve is created @ 0.12% p.a. on Gross Block of Property, Plant and Equipment except assets covered under insurance as at the end of the year by appropriation of current year profit to mitigate future losses from un-insured risks and for taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers and equipment of AC substation. The Reserve created as above is shown as "Self Insurance Reserve" under 'Other Equity'.

2.18 Prior Period Items

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

2.19 Earnings per Share

Basic earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of equity and



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potential equity shares outstanding during the year, except where the result would be anti-dilutive.

Additionally, basic and diluted earnings per share are computed using the earnings amounts excluding the movements in Regulatory Deferral Account Balances.

2.20 Cash Flow Statement

Cash flow statement is prepared as per indirect method prescribed in the Ind AS 7 'Statement of Cash Flows'.

3. Critical Estimates and Judgments

The preparation of financial statements requires the use of accounting estimates which may significantly vary from the actual results. Management also needs to exercise judgment while applying the company's accounting policies.

The areas involving critical estimates or judgments are:

Revenue Recognition:

Transmission income is accounted for based on orders issued by the CERC under section 63 of Electricity Act for adoption of transmission charges. ~~Transmission income in respect of additional capital expenditure incurred after the date of commercial operation is accounted for based on expenditure incurred on year to year basis as per CERC tariff regulations.~~

Useful life of property, plant and equipment

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The Company reviews at the end of each reporting date the useful plant and equipment, other than the assets of transmission business which are governed by CERC Regulations, and are adjusted prospectively, if appropriate.

Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure



to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

Estimates and judgments are periodically evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.



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Note 4/Property, Plant and Equipment

(₹ in Lakh)

| Particulars | Cost | | | | Accumulated depreciation | | | Net Book Value | |
|------------------------------|----------------------|---------------------------|-------------|----------------------------|--------------------------|----------------------|---------------------------|-----------------------|-----------------------|
| | As at 1st April,2018 | Additions during the year | Disposal | Adjustment during the year | As at 31st March 2019 | As at 1st April,2018 | Additions during the year | As at 31st March 2019 | As at 31st March 2018 |
| Plant & Equipment | | | | | | | | | |
| Transmission Line | 7292.12 | 0.58 | 0.00 | 0.00 | 7292.70 | 577.01 | 385.10 | 962.11 | 6715.11 |
| Total | 7292.12 | 0.58 | 0.00 | 0.00 | 7292.70 | 577.01 | 385.10 | 962.11 | 6715.11 |
| Particulars | | | | | | | | | |
| | As at 1st April,2017 | Additions during the year | Disposal | Adjustment during the year | As at 31st March 2018 | As at 1st April,2017 | Additions during the year | As at 31st March 2018 | As at 31st March 2017 |
| Plant & Equipment | | | | | | | | | |
| Transmission Line | 7262.79 | 29.33 | 0.00 | 0.00 | 7292.12 | 191.21 | 385.80 | 577.01 | 7071.58 |
| Previous Year Total | 7262.79 | 29.33 | 0.00 | 0.00 | 7292.12 | 191.21 | 385.80 | 577.01 | 7071.58 |



POWERGRID UNCHAHAR TRANSMISSION LIMITED**Note 5/Capital Work-in-Progress**

(₹ in Lakh)

| Particulars | As at 1st April, 2018 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March 2019 | As at 31st March 2018 |
|-----------------------------------------------|-----------------------|---------------------------|-------------|-----------------------------|-----------------------|-----------------------|
| Plant & Equipment | | | | | | |
| Transmission Line | 0.00 | 0.58 | 0.00 | 0.58 | 0.00 | 0.00 |
| Expenditure during Construction (Net)-Note 23 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 0.00 | 0.58 | 0.00 | 0.58 | 0.00 | 0.00 |
| | | | | | | |
| | As at 1st April, 2017 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March 2018 | As at 31st March 2017 |
| Plant & Equipment | | | | | | |
| Transmission Line | 0.00 | (11.07) | 0.00 | (11.07) | 0.00 | 0.00 |
| Expenditure during Construction (Net)-Note 23 | 0.00 | 40.40 | 0.00 | 40.40 | 0.00 | 0.00 |
| Previous Year Total | 0.00 | 29.33 | 0.00 | 29.33 | 0.00 | 0.00 |



POWERGRID UNCHAHAR TRANSMISSION LIMITED

Note 6/Deferred tax Asset (Net)

| Particulars | (₹ in Lakh) | |
|---------------------------------------------------------|------------------------|------------------------|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| Deferred Tax Asset | | |
| Accumulated Losses | 197.92 | 562.89 |
| MAT Credit Entitlement | 407.94 | 153.45 |
| Less: Deferred Tax Liability | | |
| Depreciation difference on Property Plant and Equipment | 472.98 | 408.04 |
| Total | 132.88 | 308.40 |

Movement in Deferred Tax

| Particulars | (₹ in Lakh) | | |
|---------------------------------------|--------------------|---------------------------------------------------------|------------------------|
| | Accumulated Losses | Depreciation Difference In Property Plant and Equipment | MAT Credit Entitlement |
| As at 1st April 2018 | 562.89 | (408.04) | 153.45 |
| Charged/ (Credited) to Profit or Loss | 365.07 | 64.84 | (254.49) |
| As at 31st March, 2019 | 197.92 | (472.98) | 407.94 |

| Particulars | Accumulated Losses | Depreciation Difference In Property Plant and Equipment | MAT Credit Entitlement |
|---------------------------------------|--------------------|---------------------------------------------------------|------------------------|
| | | | |
| As at 1st April 2017 | 780.04 | (777.24) | - |
| Charged/ (Credited) to Profit or Loss | 217.05 | (369.20) | (153.45) |
| As at 31st March, 2018 | 562.89 | (408.04) | 153.45 |



POWERGRID UNCHAHAR TRANSMISSION LIMITED**Note 7/Other non-current Assets**

(Unsecured considered good unless otherwise stated)

(₹ in Lakh)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|-----------------------------------------|--------------------------|--------------------------|
| Others | | |
| Income Tax Paid In Advance (FY2016-17) | 0.00 | 58.00 |
| Advance tax and TDS | 478.27 | 140.26 |
| Deposit made with CDSL | 0.90 | 0.00 |
| TOTAL | 480.17 | 198.26 |
| Net off against Current Tax Liabilities | 472.23 | 140.26 |
| Closing Balance | 7.94 | 58.00 |



POWERGRID UNCHAHAR TRANSMISSION LIMITED**Note 8/Trade receivables**

(₹ in Lakh)

| Particulars | | As at 31st March 2019 | As at 31st March 2018 |
|------------------------------------------------|--------|--------------------------|--------------------------|
| Trade Receivable | | | |
| -Unsecured Considered Good | 304.60 | | 137.06 |
| -Considered Doubtful | 4.02 | | 0.00 |
| | | 308.62 | 137.06 |
| Less: Provision for doubtful trade receivables | | 4.02 | 0.00 |
| Total | | 304.60 | 137.06 |



POWERGRID UNCHAHAR TRANSMISSION LIMITED**Note 9/Cash and Cash Equivalents**

(₹ in Lakh)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|----------------------|--------------------------|--------------------------|
| Balance with banks- | | |
| -In Current accounts | 24.75 | 129.87 |
| Total | 24.75 | 129.87 |



POWERGRID UNCHAHAR TRANSMISSION LIMITED**Note 10/Other Current Financial Assets**

(Unsecured considered good unless otherwise stated)

(₹ in Lakh)

| Particulars | As at 31st March | As at 31st March |
|-------------------|------------------|------------------|
| | 2019 | 2018 |
| Unbilled Revenue* | 298.44 | 218.30 |
| Total | 298.44 | 218.30 |

Further notes:

*Unbilled revenue represent transmission charges and surcharge for the month of March 2019 amounting to ₹ 158.96 Lakhs and ₹ 1.31 Lakhs respectively (Previous year ₹148.19 lakhs and NIL) billed to beneficiaries in the subsequent month i.e. April 2019 and transmission incentive of ₹ 138.17 Lakhs for the period 21.12.2016 to 31.03.2019 to be billed in FY 2019-20 (previous year ₹ 70.11)



POWERGRID UNCHAHAAR TRANSMISSION LIMITED

Note 11/Equity Share capital

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|----------------------------------------------------------------------|------------------------|------------------------|
| Equity Share Capital | | |
| Authorised | | |
| 14000000 (Previous year 14000000) equity share of ₹ 10/- each | 1400.00 | 1400.00 |
| Issued, subscribed and paid up | | |
| 12961067 (Previous Year 12961067) equity shares of ₹ 10/-each at par | 1296.11 | 1296.11 |
| fully paid up | | |
| Total | 1296.11 | 1296.11 |

Further Notes:

1) Reconciliation of Number and amount of share capital outstanding at the beginning and at the end of the reporting period

| Particulars | For the year ended 31st March, 2019 | | For the year ended 31st March, 2018 | |
|-------------------------------------------------|-------------------------------------|-------------|-------------------------------------|-------------|
| | No. of Shares | (₹ in Lakh) | No. of Shares | (₹ in Lakh) |
| Shares outstanding at the beginning of the year | 12961067 | 1,296.11 | 12961067 | 1,296.11 |
| Addition during the year | - | - | - | - |
| Deletion during the year | - | - | - | - |
| Shares outstanding at the end of the year | 12961067 | 1,296.11 | 12961067 | 1,296.11 |

2) The Company has only one class of equity shares having a per value of ₹10/- per share.

3) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at meetings of the Shareholders.

4) Shareholders holding more than 5% equity shares of the Company

| Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|-------------------------------------------|------------------------|--------------|------------------------|--------------|
| | No. of Shares | % of holding | No. of Shares | % of holding |
| Power Grid Corporation of India Limited # | 12961067 | 100% | 12961067 | 100% |

Out of 12961067 Equity Shares (Previous Year 12961067 Equity Shares), 6 Equity Shares are held by Nominees of M/s Power Grid Corporation of India Limited on its behalf.



POWERGRID UNCHAHAR TRANSMISSION LIMITED**Note 12/Other Equity**

(₹ in Lakh)

| Particulars | | As at 31st March, 2019 | As at 31st March, 2018 |
|--------------------------------------------|--------|---------------------------|---------------------------|
| Self Insurance Reserve | | | |
| As per last balance sheet | 8.75 | | - |
| Addition during the year | 8.75 | | 8.75 |
| Deduction during the year | - | | - |
| Closing Balance | | 17.50 | 8.75 |
| Retained Earnings | | | |
| Balance at the beginning of the year | 656.09 | | (5.92) |
| Add : Net Profit for the period | 980.52 | | 904.76 |
| Less: Self Insurance Reserve | 8.75 | | 8.75 |
| Less: Final Dividend paid (FY 2017-18) | 207.38 | | - |
| Less: Tax on Dividend (FY 2017-18) | 42.62 | | - |
| Less: Interim Dividend paid (FY 2018-19) | 194.42 | | 194.42 |
| Less: Tax on Interim Dividend (FY 2018-19) | 39.96 | | 39.58 |
| Closing Balance | | 1,143.48 | 656.09 |
| Closing Balance | | 1,160.98 | 664.84 |



POWERGRID UNCHAHAR TRANSMISSION LIMITED**Note 13/ Borrowings**

(₹ in Lakh)

| Description | As at 31st March, 2018 | As at 31st March, 2018 |
|---------------------------------------------------------------------|------------------------|------------------------|
| Unsecured | | |
| Loan from Power Grid Corporation of India Limited (Holding Company) | 4232.01 | 4849.89 |
| TOTAL | 4232.01 | 4849.89 |

Note: i) The Inter corporate loan is provided by the holding company on cost to cost basis (Interest rate varying from 7.20% to 8.40% and converted into single rate of interest @ 8.2002% w.e.f. 01.04.2018)

ii) There has been no default in repayment of loan or payment of interest thereon during the year.



iii) Terms of repayment of loan:

Based on availability of funds after considering working capital requirement for following two months, retention payment against capex, if any and projected dividend (including dividend distribution tax), company will make monthly repayment of ICL.

[Signature]



POWERGRID UNCHAHAR TRANSMISSION LIMITED**Note 14/Trade Payables**

(₹ in Lakh)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---------------------------------------------------------------------|--------------------------|--------------------------|
| (i) total outstanding dues of Micro & Small Enterprises | 0.00 | 0.00 |
| (ii) total outstanding dues of other than Micro & Small Enterprises | | |
| a. For Goods and Services | 0.85 | 0.54 |
| b. Payable to POWERGRID (Related Party) | 9.25 | 0.00 |
| Total | 10.10 | 0.54 |

Further Notes:

Disclosure with regard to Micro and Small enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note No 28.



POWERGRID UNCHAHAR TRANSMISSION LIMITED**Note 15/Other Current Financial Liability**

(₹ in Lakh)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|-----------------------------------------------------------------------------|--------------------------|--------------------------|
| Current Maturities of Long term Borrowings | | |
| Unsecured Loan from Power Grid Corporation of India Ltd., (Holding Company) | 400.00 | 742.12 |
| Interest accrued but not due on Loan | 0.00 | 0.00 |
| Total | 400.00 | 742.12 |

Further Note:

There has been no default in repayment of loan or payment of interest thereon during the year.



POWERGRID UNCHAHAR TRANSMISSION LIMITED**Note 16/Other current liabilities**

(₹ in Lakh)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|----------------|--------------------------|--------------------------|
| Statutory dues | 0.00 | 0.05 |
| Total | 0.00 | 0.05 |



POWERGRID UNCHAHAR TRANSMISSION LIMITED**Note 17/Current Tax Liabilities (Net)**

(₹ in Lakh)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---------------------------------------|--------------------------|--------------------------|
| Taxation (Including interest on tax) | | |
| As per last balance sheet | 153.45 | 0.00 |
| Addition during the year | 318.78 | 153.45 |
| Total | 472.23 | 153.45 |
| Net off against Advance tax and TDS | 472.23 | 140.26 |
| Closing Balance | 0.00 | 13.19 |



POWERGRID UNCHAHAR TRANSMISSION LIMITED

Note 18/Revenue from operations

(₹ in Lakh)

| Particulars | For the Year ended 31 March 2019 | For the Year ended 31 March 2018 |
|------------------------------------------|-------------------------------------|----------------------------------------|
| Sale of Services Transmission Charges | 2330.16 | 1633.97 |
| Total | 2330.16 | 1633.97 |



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POWERGRID UNCHAHAR TRANSMISSION LIMITED**Note 19/Other income**

(₹ in Lakh)

| Particulars | For the Year ended | For the Year |
|-------------------------------------------------------------------|--------------------|---------------------|
| | 31 March 2019 | ended 31 March 2018 |
| Interest income on refund of income tax | 4.35 | 0.00 |
| Surcharge | 12.47 | 0.00 |
| Miscellaneous income | 0.00 | 0.11 |
| | 16.82 | 0.11 |
| Less: Transferred to Expenditure during Construction(Net)-Note 23 | 0.00 | 0.11 |
| Total | 16.82 | 0.00 |



POWERGRID UNCHAHAR TRANSMISSION LIMITED**Note 20/Finance costs**

(₹ in Lakh)

| Particulars | For the Year ended 31 March 2019 | For the Year ended 31 March 2018 |
|---------------------------------------------------------------------------------|----------------------------------|----------------------------------|
| Interest and finance charges on financial liabilities at amortised cost | | |
| Interest on Loan from Power Grid Corporation of India Limited (Holding Company) | 429.15 | 447.05 |
| Interest Others | 0.86 | 0.00 |
| Total | 430.01 | 447.05 |



POWERGRID UNCHAHAR TRANSMISSION LIMITED**Note 21/Depreciation and amortization expense**

(₹ in Lakh)

| Particulars | For the Year ended 31 March 2019 | For the Year ended 31 March 2018 |
|-----------------------------------------------|----------------------------------------|----------------------------------------|
| | | |
| Depreciation on Property, Plant and Equipment | 385.10 | 385.80 |
| Total | 385.10 | 385.80 |



POWERGRID UNCHAHAR TRANSMISSION LIMITED**Note 22/Other expenses**

(₹ in Lakh)

| Particulars | For the Year ended 31 March 2019 | For the Year ended 31 March 2018 |
|-------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Repair & Maintenance | | |
| Plant & Machinery | | |
| Transmission lines | 40.44 | 38.59 |
| System & Market Op. Charges | 0.58 | 0.30 |
| Professional charges(Including TA/DA) | 0.90 | 40.64 |
| Payments to Statutory Auditors | | |
| Audit Fees including GST/Service Tax | 0.94 | 0.89 |
| Tax Audit Fees | 0.12 | 0.12 |
| Out of pocket expenses | 0.00 | 0.10 |
| Printing and stationery | 0.00 | 0.03 |
| CERC petition & Other charges | 5.00 | 8.00 |
| Bank Charges | 0.01 | 0.05 |
| Rates and taxes | 0.00 | 0.30 |
| Exp on Corporate Social Responsibility | 4.98 | 0.00 |
| Other charges | 0.08 | 0.00 |
| Bad and Doubtful Debts | 4.02 | 0.00 |
| | 57.05 | 89.02 |
| Less: Transferred to Expenditure during Construction(Net)-Note 23 | 0.00 | 40.51 |
| Total | 57.05 | 48.51 |



POWERGRID UNCHAHAR TRANSMISSION LIMITED

Note 23/ Expenditure during Construction (Net)

(₹ in Lakh)

| Particulars | For the Year ended 31 March 2019 | For the Year ended 31 March 2018 |
|---------------------------------------------------------------------------------|----------------------------------|----------------------------------|
| A. Other Expenses | | |
| Professional charges | 0.00 | 40.51 |
| Total (A) | 0.00 | 40.51 |
| B. Finance Costs | | |
| Interest on Loan from Power Grid Corporation of India Limited (Holding Company) | 0.00 | 0.00 |
| Total (B) | 0.00 | 0.00 |
| C. Less: Other Income | | |
| Miscellaneous income | 0.00 | 0.11 |
| Total (C) | 0.00 | 0.11 |
| D. GRAND TOTAL (A+B-C) | 0.00 | 40.40 |



Notes to Financial Statements (Continued)

24. Party Balances and Confirmations

Balances of Trade Receivables and recoverable shown under Assets and Trade and Other Payables shown under Liabilities include balances subject to confirmation/reconciliation and consequential adjustments if any. However reconciliations are carried out on ongoing basis.

25. Auditors Remuneration

| S. No. | Particulars | FY 2018-19 Amount (₹ in Lakh) | FY 2017-18 Amount (₹ in Lakh) |
|--------|----------------------|-------------------------------------|-------------------------------------|
| 1 | Statutory Audit Fees | 0.80 | 0.76 |
| 2 | Tax Audit | 0.10 | 0.12 |
| 3 | Other Matters | - | - |
| 4 | GST/Service Tax | 0.16 | 0.13 |
| | Total | 1.06 | 1.01 |

26. Other Disclosures

a. Employee Benefits

The Company does not have any permanent employees. The personnel working for the company are from holding company on secondment basis and are working on time share basis. The employee cost (including retirement benefits such as Gratuity, Leave encashment, post-retirement benefits etc.) in respect of personnel working for the company are paid by holding company and holding company is raising the invoice to the Subsidiary company towards Consultancy charges for manpower as per the agreement Dt. 07-Feb-2017. Since there are no employees in the company, the obligation as per Ind-AS 19 does not arise. Accordingly, no provision is considered necessary for any retirement benefit like gratuity, leave salary, pension etc., in the books of the company.

b. Taxation

Current tax is reckoned based on the current year's income and tax payable thereon in accordance with the applicable tax rates as per the prevailing tax laws.

The company had made a tax provision of ₹318.78 Lakh (Previous Year ₹153.45 Lakh) for the year towards current Tax (Minimum Alternate Tax). In accordance with Ind-AS 12 on Accounting for Taxes on Income, the Company has computed Deferred Tax (Asset) amounting to ₹(132.88) Lakh (Previous Year ₹(308.40) Lakh on account of timing difference in relation to depreciation and accumulated losses carried forward.

c. Leases

Finance Lease: The Company has no finance leases.

Operating Lease: The Company has no operating leases.

d. Borrowing cost

Borrowing cost capitalised during the year is ₹ NIL (Previous year ₹NIL) in the respective carrying amount of Property, Plant and Equipment/Capital work in Progress (CWIP) as per Ind AS 23 'Borrowing Costs'.

e. Corporate Social Responsibilities (CSR)

As per section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules 2014 read with DPE guidelines no. F.No.15 (13)/2013-DPE (GM), the



company is required to spend, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in accordance with its CSR Policy. The details of CSR expenses for the year are as under.

(₹ in Lakh)

| | Particulars | For the year ended 31 st March, 2019 | For the year ended 31 st March, 2018 |
|----|-------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| A. | Amount Required to be spent during the year | 4.96 | NIL |
| B. | Amount spent on CSR – | | |
| | (i) On Construction/acquisition of Any Asset | NIL | NIL |
| | (ii) On purpose other than (i) above | 4.96 | NIL |
| C. | Shortfall/(Excess) amount appropriated to CSR Reserve | NIL | NIL |
| D. | Break-up of the amount spent on CSR | | |
| | Ecology and Environment Expenses | 4.96 | NIL |

E. Total amount of ₹4.96 Lakh (Previous year ₹NIL) has been spent in cash.

f. Revenue from operations include ₹336.13 Lakh for the period 01.10.2016 to 21.12.2016 which was disputed before Hon'ble Central Electricity Regulatory Commission, New Delhi (CERC) and has been recognized as revenue after the order passed by CERC in favour of the company.

27. Impact of application of Ind AS 115 Revenue from Contracts with Customers

Effective April 1, 2018, the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The company has applied Ind AS 115 retrospectively only to contracts that are not completed as at the date of initial application, with the cumulative effect of initial application recognised as an adjustment to the opening balance of General Reserve at April 1, 2018. In accordance with the transition guidance in Ind AS 115 has only been applied to contracts that are incomplete as at April 1, 2018.

The company's accounting policies for its revenue streams are disclosed in Note 2.14. The application of Ind AS 115 do not have any significant impact on the financial position and/or financial performance of the company. The amount of adjustment for each line item of financial statement affected by the application of Ind AS 115 is as given below.

Impacts on assets, liabilities and equity as at April 1, 2018

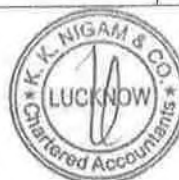
(₹ in Lakhs)

| | As previously reported | Ind AS 115 adjustments | As restated |
|------------------------------------|------------------------|------------------------|-------------|
| Contract assets (unbilled revenue) | 218.30 | NIL | 218.30 |
| Deferred tax (assets) | (308.40) | NIL | (308.40) |
| Contract liabilities | NIL | NIL | NIL |
| Other Equity – General Reserve | 664.84 | NIL | 664.84 |

Impacts on Statement of Profit and Loss for the year ended March, 2019

(₹ in Lakhs)

| | As previously reported | Ind AS 115 adjustments | As restated |
|------------------------|------------------------|------------------------|-------------|
| Revenue from Operation | 2330.16 | NIL | 2330.16 |
| Expenses: | | | |
| Finance Cost | 430.01 | NIL | 430.01 |
| Other Expenses | 57.05 | NIL | 57.05 |
| Profit Before tax | 1474.82 | NIL | 1474.82 |



| | | | |
|-------------|--------|-----|--------|
| Tax Expense | 494.30 | NIL | 494.30 |
| Profit | 980.52 | NIL | 980.52 |

Impacts on assets, liabilities and equity as at March 31, 2019

(₹ in Lakhs)

| | As previously reported | Ind AS adjustments | As restated |
|------------------------------------|------------------------|--------------------|-------------|
| Contract assets (unbilled revenue) | 298.44 | Nil | 298.44 |
| Deferred tax (assets) | (132.88) | Nil | (132.88) |
| Contract liabilities | NIL | NIL | NIL |
| Other Equity – General Reserve | 1160.98 | NIL | 1160.98 |

The following table discloses the movement in unbilled revenue during the year ended 31 March, 2019 and 31 March, 2018.

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---------------------------------------------|---------------------------|---------------------------|
| Balance at the beginning | 218.30 | 127.07 |
| Add: Revenue recognised during the period | 2342.63 | 1633.97 |
| Less: Invoiced during the period | 2262.49 | 1542.74 |
| Less: Impairment/reversal during the period | 0.00 | 0.00 |
| Add: Translation gain/(Loss) | 0.00 | 0.00 |
| Balance at the end | 298.44 | 218.30 |

The entity determines transaction price based on expected value method considering its past experiences of refunds or significant reversals in amount of revenue. In estimating significant financing component, management considers the financing element inbuilt in the transaction price based on imputed rate of return. Reconciliation of revenue recognized vis-a-vis revenue recognized in profit or loss statement is as follows-

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|-----------------------------------------------------------------------|---------------------------|---------------------------|
| Contracted price | 1939.29 | 1589.10 |
| Add/ (Less)- Discounts/ rebates provided to customer | (13.32) | (25.24) |
| Add/ (Less)- Performance bonus | 68.06 | 70.11 |
| Add/ (Less)- Adjustment for significant financing component-Surcharge | 12.47 | 0.00 |
| Add/ (Less)- Other adjustments-Amount recognized as per CERC order | 336.13 | 0.00 |
| Revenue recognized in profit or loss statement | 2342.63 | 1633.97 |

* The previous year figures have been reclassified to confirm to Ind-AS presentation requirements for the purpose of this note.

28. Based on information available with the company, there are no suppliers/service providers who are registered as micro, small or medium enterprise under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Information in respect of micro and small enterprises as required by Companies Act 2013 and MSMED Act, 2006 is given as under:



| Sr. No | Particulars | [₹ in Lakhs] | | | |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | | Trade Payables | | Others | |
| | | 31 st March, 2019 | 31 st March, 2018 | 31 st March, 2019 | 31 st March, 2018 |
| 1 | Principal amount and interest due thereon remaining unpaid to any supplier as at end of each accounting year: Principal Interest | Nil Nil | Nil Nil | Nil Nil | Nil Nil |
| 2 | The amount of Interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | Nil | Nil | Nil | Nil |
| 3 | 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 MSMED Act, 2006 | Nil | Nil | Nil | Nil |
| 4 | The amount of interest accrued and remaining unpaid at the end of each accounting year | Nil | Nil | Nil | Nil |
| 5 | 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 MSMED Act 2006 | Nil | Nil | Nil | Nil |

29.(i) Fair Value Measurements

(₹ in Lakh)

| Financial Instruments by category | 31st March, 2019 | | 31st March, 2018 | |
|------------------------------------|------------------|----------------|------------------|----------------|
| | FVOCI | Amortised cost | FVOCI | Amortised cost |
| Financial Assets | | | | |
| Trade Receivables | - | 304.60 | - | 137.06 |
| Cash & cash Equivalents | - | 24.75 | - | 129.87 |
| Other Current Financial Assets | - | 298.44 | - | 218.30 |
| Total Financial assets | | 627.79 | | 485.23 |
| Financial Liabilities | | | | |
| Borrowings | - | 4632.01 | - | 5592.01 |
| Trade Payables | - | 10.10 | - | 0.54 |
| Current Financial Liabilities | - | - | - | - |
| Total financial liabilities | | 4642.11 | | 5592.55 |

h
This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An Explanation of each level follows underneath the table.



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(₹ in Lakh)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed | Notes | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------------------------------------------------------------|-------|---------|---------|---------|---------|
| At 31 March 2019 | | - | - | - | - |
| Financial Assets | | | | | |
| Total Financial Assets | | | | | |
| Financial Liabilities | - | - | 4605.77 | - | 4605.77 |
| Borrowings | | | | | |
| Total financial liabilities | - | - | 4605.77 | - | 4605.77 |

(₹ in Lakh)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed | Notes | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------------------------------------------------------------|-------|---------|---------|---------|---------|
| At 31 March 2018 | | | | | |
| Financial Assets | | | | | |
| Total Financial Assets | | | | | |
| Financial Liabilities | | | 5859.98 | - | 5859.98 |
| Borrowings | | | | | |
| Total financial liabilities | | | 5859.98 | - | 5859.98 |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity Instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments



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- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2

(iii) Fair value of financial assets and liabilities measured at amortized cost

(₹ in Lakh)

| | 31 March 2019 | | 31 March 2018 | |
|------------------------------------|-----------------|----------------|-----------------|----------------|
| | Carrying Amount | Fair value | Carrying Amount | Fair value |
| Financial Assets | | | | |
| Total Financial Assets | | | | |
| Financial Liabilities | | | | |
| Borrowings | 4632.01 | 4605.77 | 5592.01 | 5859.98 |
| Total financial liabilities | 4632.01 | 4605.77 | 5592.01 | 5859.98 |

The carrying amounts of trade receivables, cash and cash equivalents, other current financial assets and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

30. Related party Transactions

(a) Holding Company

| | | Proportion of Ownership Interest | |
|-----------------------------------------|---------------------------------------------------------|----------------------------------|---------------|
| Name of entity | Place of business/country of incorporation/Relationship | 31-Mar-2019 | 31- Mar- 2018 |
| Power Grid Corporation of India Limited | India- Holding Company | 100% | 100% |

(b) List of Fellow Subsidiaries

| Name of entity | Place of business/country of incorporation | Proportion of Ownership Interest | |
|-------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------------|------------------|
| | | 31st March, 2019 | 31st March, 2018 |
| Powergrid NM Transmission Limited | India | NA | NA |
| Powergrid Vizag Transmission Limited | India | NA | NA |
| Powergrid Kala Amb Transmission Limited | India | NA | NA |
| Powergrid Jabalpur Transmission Limited | India | NA | NA |
| Powergrid Warora Transmission Limited | India | NA | NA |
| Powergrid Parli Transmission Limited | India | NA | NA |
| Powergrid Southern Interconnector Transmission Limited | India | NA | NA |
| Powergrid Vemagiri Transmission Limited | India | NA | NA |
| Powergrid Medinipur Jeerat Transmission Limited [erstwhile Medinipur Jeerat Transmission] | India | NA | NA |



| | | | |
|----------------------------------------------------------------------------------------------------------|-------|----|----|
| PowergridMithilanchal Transmission Limited(erstwhile ERSS XX) Transmission Limited] | India | NA | NA |
| Powergrid Varanasi Transmission Limited [erstwhile WR-NR Transmission Limited] | India | NA | NA |
| PowergridJawaharpur Firozabad Transmission Limited"(erstwhile Jawaharpur Firozabad Transmission Limited) | India | NA | NA |

*100% equity in PowergridJawaharpur Firozabad Transmission Limited acquired from REC Transmission Projects Company Limited on 21st December, 2018 by Power Grid Corporation of India Ltd.

(c) List of Fellow Joint Ventures

| Name of entity | Place of business/country of incorporation | Proportion of Ownership Interest | |
|-----------------------------------------------------|--------------------------------------------|----------------------------------|------------------|
| | | 31st March, 2019 | 31st March, 2018 |
| Powerlinks Transmission Limited | India | NA | NA |
| Torrent Power Grid Limited | India | NA | NA |
| JaypeePowergrid Limited | India | NA | NA |
| ParbatiKoldam Transmission Company Limited | India | NA | NA |
| Teestavalley Power Transmission Limited | India | NA | NA |
| North East Transmission Company Limited | India | NA | NA |
| National High Power Test Laboratory Private Limited | India | NA | NA |
| Bihar Grid Company Limited | India | NA | NA |
| KalingaVidyutPrasaran Nigam Private Limited# | India | NA | NA |
| Cross Border Power Transmission Company Limited | India | NA | NA |
| RINL Powergrid TLT Private Limited## | India | NA | NA |
| Power Transmission Company Nepal Ltd | Nepal | NA | NA |

POWERGRID's Board of Directors in its meeting held on 16th Aug 2017 accorded approval for initiating procedure for winding up/ removal of the name of Kalinga VidyutPrasaran Nigam Pvt. Ltd. under fast track exit made of Registrar of Companies (ROC).

POWERGRID's Board of Directors in its meeting held on 01st May 2018 accorded approval for initiating procedure for winding up/ removal of the name of RINL Powergrid TLT Private Limited.

(d) Key Management Personnel

| Name | Designation | Date of Appointment |
|-------------------------|---------------------|-----------------------------------------------------|
| Shri Deep Chandra Joshi | Director/Chairman | 07/05/2018 /Appointed as Chairman w.e.f. 22.01.2019 |
| Shri Pramod Kumar | Director | 11/05/2018 |
| Shri Rakesh Kumar Singh | Director | 02/08/2018 |
| Shri Ram Naresh Singh | Additional Director | 22/01/2019 |
| Shri Ravi. P. Singh | Chairman | 24/03/2014-Ceased to be Chairman w.e.f. 22.01.2019 |



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| | | |
|------------------------|-------------------|----------------------------------------------------|
| Shri D. K. Valecha | Director | 24/03/2014-Ceased to be Director w.e.f. 30.04.2018 |
| Shri S. Vailhilingam | Director | 11/03/2015-Ceased to be Director w.e.f. 30.04.2018 |
| Shri A. K. Rai | CEO | 03/08/2015-Ceased to be CEO w.e.f. 18.03.2019 |
| Shri Pankaj Sharma | CEO | 18/03/2019 |
| Shri Ajay Kumar Shukla | CFO | 25/05/2017 |
| Shri Shwetank Kumar | Company Secretary | 25/05/2017 |

Shri Atul Trivedi Director 15/03/2017 - ceased to be Director w.e.f. 31/07/2018

(e) Transactions with related parties

The following transactions occurred with related parties:

| Particulars | 31 March, 2019 | 31 March, 2018 |
|-----------------------------------------|----------------|----------------|
| Services received by the Company | | |
| Holding Company | | |
| Power Grid Corporation of India Ltd. | | |
| Consultancy Charges (Excl taxes) | 34.27 | 67.26 |
| Total | 34.27 | 67.26 |
| Infusion of equity | | |
| Holding Company | | |
| Power Grid Corporation of India Ltd. | | |
| Total | | |

(f) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

| Particulars | 31 March, 2019 | 31 March, 2018 |
|---------------------------------------------------------|----------------|----------------|
| Trade payables (purchases of goods and services) | | |
| Holding Company | | |
| Power Grid Corporation of India Ltd. | 9.25 | - |
| Total payables to related parties | 9.25 | - |

(g) Loans to/from related parties

| Particulars | 31 March, 2019 | 31 March, 2018 |
|--------------------------------------|----------------|----------------|
| Loans from Holding Company | | |
| Power Grid Corporation of India Ltd. | 4632.01 | 5592.01 |
| Total | 4632.01 | 5592.01 |

(h) Interest accrued on Loan

| Particulars | 31 March, 2019 | 31 March, 2018 |
|--------------------------------------|----------------|----------------|
| Holding | | |
| Power Grid Corporation of India Ltd. | NIL | NIL |
| Total | NIL | NIL |

(i) Interest on Loan

| Particulars | 31 March, 2019 | 31 March, 2018 |
|--------------------------------------|----------------|----------------|
| Holding | | |
| Power Grid Corporation of India Ltd. | 429.15 | 447.05 |
| Total | 429.15 | 447.05 |



31. Segment Information

Business Segment

The Board of Directors is the company's Chief operating decision maker who monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. One reportable segments have been identified on the basis of product/services. The company has a single reportable segment i.e., Power transmission network for transmission system.

The operations of the company are mainly carried out within the country and therefore there is no reportable geographical segment.

32. Capital and other Commitments

(₹ in Lakh)

| Particulars | As at March 31,2019 | As at March 31, 2018 |
|------------------------------------------------------------------------------------------------------------------|---------------------|----------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | NIL | NIL |

33. Contingent Liabilities and Contingent Assets

Contingent Liabilities

Claims against the Company not acknowledged as debts in respect of:

(i) **Disputed Income Tax/Sales Tax/Excise/Municipal Tax/Entry Tax Matters**
Disputed Tax Matters amounting to ₹ NIL (Previous Year ₹ NIL)

(ii) **Others**

Other contingent liabilities amounts to ₹ NIL (Previous Year ₹NIL)

34. Capital management

a) Risk Management

The company's objectives when managing capital are to

- maximize the shareholder value;
- safeguard its ability to continue as a going concern;
- maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the company's capital management, equity capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The company manages its capital structure and makes adjustments in light of changes in economic conditions, regulatory framework and requirements of financial covenants with lenders. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, regulate investments in new projects, return capital to shareholders or issue new shares.

b) The debt equity ratio of the company is as follows:

| | 31st March 2019 | 31st March 2018 |
|--------------------------------|-----------------|-----------------|
| Long term debt (₹ in Lakhs) | 4632.01 | 5592.01 |
| Equity (₹ in Lakhs) | 2457.09 | 1960.95 |
| Long term debt to Equity ratio | 1.89 : 1 | 2.85 : 1 |



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

b) Dividends

(₹ in Lakhs)

| Particulars | 31st March 2019 | 31st March 2018 |
|-----------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| (i) Equity Shares | | |
| Final dividend for the year ended 31st March, 2018 of ₹ 1.60 (31st March, 2017 – ₹ NIL) per fully paid share | 207.38 | NIL |
| Interim dividend for the year ended 31st March, 2019 of ₹ 1.50 (31st March, 2018 – ₹ 1.50) per fully paid share | 194.42 | 194.42 |

Dividend not recognized at the end of the reporting period

In addition to above dividend, the Board of Directors on 17.05.2019 recommended the payment of a final dividend of ₹ 2.00 per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing Annual general meeting.

35. Earnings per share

(in ₹)

| | | |
|--------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| a) Basic and diluted earnings per share attributable to the equity holders of the company | 31 March, 2019 | 31 March, 2018 |
| From Continuing Operations including movement in Regulatory Deferral Balances | 7.57 | 6.98 |
| From Continuing Operations excluding movement in Regulatory Deferral Balances | 7.57 | 6.98 |
| Total basic diluted earnings per share attributable to the equity holders of the company | 7.57 | 6.98 |

(₹ in Lakhs)

| | | |
|---------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| b) Reconciliation of earnings used as numerator in calculating earnings per share | 31 March, 2019 | 31 March, 2018 |
| Earnings attributable to the equity holders of the company including movement in Regulatory Deferral Balances | 980.52 | 904.76 |
| Earnings attributable to the equity holders of the company excluding movement in Regulatory Deferral Balances | 980.52 | 904.76 |
| Total Earnings attributable to the equity holders of the company | 980.52 | 904.76 |

| | | |
|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| c) Weighted average number of shares used as the denominator | 31 March, 2019 No. of shares | 31 March, 2018 No. of Shares |
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | 12961067 | 12961067 |
| Adjustments for calculation of diluted earnings per share | - | - |
| Total weighted average number of equity shares used as the denominator in calculating basic earnings per share | 12961067 | 12961067 |



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36. Financial Risk Management:

The Company's principal financial liabilities comprise loans and borrowings denominated in Indian rupees, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's capital investments and operations.

The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that are generated from its operations.

The Company's activities expose it to the following financial risks, namely,

- Credit risk,
- Liquidity risk,
- Market risk.

This note presents information regarding the company's exposure, objectives, policies and processes for measuring and managing these risks.

The management of financial risks by the Company is summarized below:-

a) Credit Risk

Credit risk is the risk that 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 on account of trade receivables.

A default on a financial asset is when the counterparty fails to make contractual payments within 3 years of when they fall due. This definition of default is determined considering the business environment in which the Company operates and other macro-economic factors.

Assets are written-off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in the statement of profit and loss.

(i) Trade Receivables

The Company primarily provides transmission facilities to inter-state transmission service customers (DICs) comprising mainly state utilities owned by State Governments. CERC tariff regulations allows payment against monthly bills towards transmission charges within a period of 60 days from the date of the bill and levy of charge on delayed payment beyond 60 days. A graded rebate is provided by the company for payment made within 60 days.

(ii) Other Financial Assets (excluding trade receivables)

• Cash and cash equivalents

The Company held cash and cash equivalents of ₹24.75 Lakh (31st March, 2018: ₹129.87 Lakh). The cash and cash equivalents are held with public sector banks and high rated private sector banks and do not have any significant credit risk.

Exposure to credit risk

| Particulars | (₹ in Lakh) | |
|----------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| | 31 st March, 2019 | 31 st March, 2018 |
| Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL) | | |
| Cash and cash equivalents | 24.75 | 129.87 |
| Other current financial assets | 298.44 | 218.30 |
| Total | 323.19 | 348.17 |
| Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL) | | |
| Trade receivables | 304.60 | 137.06 |



Ageing analysis of trade receivables

The Ageing analysis of trade receivables is as below:

| (₹ in Lakh) | | | | | | | |
|----------------------------------------------|---------|--------------------|---------------------|---------------------|----------------------|-----------------------------|--------|
| Ageing | Not due | 0-30 days past due | 31-60 days past due | 61-90 days past due | 91-120 days past due | More than 120 days past due | Total |
| Gross carrying amount as on 31st March, 2019 | - | 278.18 | 0.00 | 0.00 | 0.00 | 30.44 | 308.62 |
| Gross carrying amount as 31st March, 2018 | - | 45.94 | 60.27 | 13.61 | 17.24 | 0.00 | 137.06 |

b) Liquidity risk

Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company has access to a variety of sources of funding such as commercial paper, bank loans, bonds and external commercial borrowings and retains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position comprising the undrawn borrowing facilities below and cash and cash equivalents on the basis of expected cash flows.

The Company depends on both internal and external sources of liquidity to provide working capital and to fund capital expenditure.

Maturities of financial liabilities

The tables below analyses the company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amount disclosed in the table is the contractual undiscounted cash flows

| (₹ in Lakh) | | | | |
|-------------------------------------------------|----------------|-------------------|----------------|----------------|
| Contractual maturities of financial liabilities | Within a year | Between 1-5 years | Beyond 5 years | Total |
| 31 March 2019 | | | | |
| Borrowings (including interest outflows) | 751.12 | 2679.96 | 3738.98 | 7170.06 |
| Trade Payables | 10.10 | | | 10.10 |
| Total | 761.22 | 2679.96 | 3738.98 | 7180.16 |
| 31 March 2018 | | | | |
| Borrowings (including interest outflows) | 1200.66 | 4974.01 | 1083.44 | 7258.11 |
| Other financial liabilities | 0.54 | | | 0.54 |
| Total | 1201.20 | 4974.01 | 1083.44 | 7258.65 |

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:

- Currency risk
- Interest rate risk



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i) **Currency risk**

As on Reporting date the Company does not have any exposure to currency risk in respect of foreign currency denominated loans and borrowings and procurement of goods and services whose purchase consideration foreign currency.

ii) **Interest rate risk**

The Company is not exposed to any interest rate risk arising from long term borrowings since all the borrowings are with fixed interest rates.

37. Recent Accounting Pronouncements:

Ind AS 116 was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 19, 'Employee Benefits'

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

- Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- Any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- Separately recognise any changes in the asset ceiling through other comprehensive income.

These amendments will apply to any future plan amendments, curtailments, or settlements of the Company on or after 1 April 2019. The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendment to Ind AS 12, 'Income Taxes'

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 23, 'Borrowing Costs'

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Company is evaluating the requirements of the amendment and the effect on financial statements.



38. Disclosure as per Ind AS 12 'Income Taxes'

This note provides an analysis of the company's income tax expense, and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to The Company's tax positions.

(a) Income tax expense

(□ in Lakhs)

| Particulars | 31 March, 2019 | 31 March, 2018 |
|---------------------------------------------------|----------------|-----------------|
| <u>Current Tax</u> | | |
| Current tax on profits for the year | 318.78 | 153.45 |
| Total current tax expense | 318.78 | 153.45 |
| <u>Deferred Tax</u> | | |
| Origination and reversal of temporary differences | 175.52 | (305.60) |
| Total deferred tax expense/(benefit) | 175.52 | (305.60) |
| Income tax expense | 494.30 | (152.15) |

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

(□ in Lakhs)

| Particulars | 31 March, 2019 | 31 March, 2018 |
|-------------------------------------------------------------|----------------|-----------------|
| Profit before income tax expense | 1474.82 | 752.61 |
| Tax at the Indian tax rate of 29.12% (Previous Year 27.55%) | 429.47 | 207.36 |
| <u>Tax effect of:</u> | | |
| Non Deductible Tax items | 1.31 | - |
| Deferred Tax expense/(income) | 175.52 | (305.60) |
| MAT Adjustment | (112.00) | (53.91) |
| Income Tax expense | 494.30 | (152.15) |

(c) MAT Credit

As company have option to avail MAT credit in future against Income Tax payable and hence MAT paid during earlier and in current year are carried forward to the extent expected to avail the MAT credit in future.

For K.K. Nigam & Co.
Chartered Accountants

K K Nigam
Partner
Membership No.015067
ICAI FRN :004547C



For and on behalf of
Powergrid Unchahar Transmission Limited

D. C. Joshi
Chairman
DIN : 08097844

Pramod Kumar
Director
DIN : 08132119

Place: Lucknow
Date: 17.05.2019

A. K. Shukla
CFO

Shwetank Kumar
Company Secretary

Place :Gurugram
Date : 17.05.2019

POWERGRID KALA AMB TRANSMISSION LIMITED

Wholly Owned Subsidiary of Power Grid Corporation of India Limited

(CIN: U40106DL2013GOI256048)

ANNUAL REPORT (2018-19)

POWERGRID KALA AMB TRANSMISSION LIMITED

(A Wholly Owned Subsidiary of Power Grid Corporation of India Limited)

CIN: U40106DL2013GOI256048

Regd. Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016

Tel: 011-26560121; Fax: 011-26601081

DIRECTORS' REPORT

To,

Dear Members,

On behalf of the Board of Directors, I am delighted to present the 6th Annual Report on performance of the Company during the financial year ending March 31, 2019 together with the Audited Financial Statements.

State of the Company's Affairs

POWERGRID Kala Amb Transmission Limited (PKATL) (formerly NRSS XXXI (A) Transmission Limited) was acquired /taken over by POWERGRID on May 12, 2014 under Tariff Based Competitive bidding from REC Transmission Projects Company Limited (the Bid Process Co-ordinator) for establishment of Transmission System for Northern Region system Strengthening Scheme, NRSS-XXXI (Part-A). Consequent to such acquisition, PKATL became wholly owned subsidiary of POWERGRID. The transmission system comprising 400/220 kV GIS substation, 400 kV D/C LILO and Series Compensation is contemplated in the state of Himachal Pradesh. The Company has been granted transmission license by Central Electricity Regulatory Commission (CERC) in September, 2014. The project elements have been progressively commissioned on 12th July, 2017.

FINANCIAL PERFORMANCE

| Particulars | <i>Rs. In Lakh</i> | |
|---------------------------------|--------------------|----------------|
| | 2018-19 | 2017-18 |
| Revenue from Operations | 5725.98 | 3757.66 |
| Other Income | 304.50 | 18.93 |
| Total Income | 6030.48 | 3776.59 |
| Expenses | 4182.83 | 2714.96 |
| Profit before Tax | 1847.65 | 1061.63 |
| Profit after Tax | 1307.59 | 752.47 |
| Earnings Per Equity Share (Rs.) | | |
| Basic (in Rs.) | 2.21 | 4.02 |
| Diluted (in Rs.) | 2.21 | 4.02 |

SHARE CAPITAL

The Authorised and Paid up Capital as on 31st March, 2019 of the Company were 61 Crore.

DIVIDEND

Your Company has paid interim dividend of ₹0.68 per equity share amounting to ₹4.15 Crore in December 2018 and second interim dividend of ₹0.80 per equity share amounting to ₹4.88 Crore in March 2019. Aggregate interim dividend payout for the Fiscal 2019 amounts to ₹9.03 crore.

Reserves

The Company has transferred an amount of Rs. 37.88 Lakhs to Self-Insurance Reserve and retained ₹181.34 Lakh in the Retained Earnings. Retained Earnings as on 31.03.2019 stood at ₹895.61 Lakh.

Particulars of Loans, Guarantees or Investments made under section 186 of the Companies Act, 2013

Your Company has not given any loans, provided any guarantee or security to any other entity.

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related parties referred to Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, are given as ***Annexure- I*** to the Directors' Report.

Details of Significant & Material Orders passed by the regulators, courts, tribunals impacting the going concern status and company's operation in future

No significant / material orders passed by any authority during the Financial Year impacting the going concern status and Company's operation in future.

Deposits

Your Company has not accepted any deposit for the period under review.

Subsidiaries, Joint Ventures and Associate Companies

Your Company does not have any subsidiaries, joint ventures and associate companies.

Directors' Responsibility Statement

As required under section 134(3)(c) & 134(5) of the Companies Act, your Directors confirm that:

- a. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors had prepared the Annual Accounts on a going concern basis; and
- e. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go

Since no commercial activity was carried out by the Company, furnishing of information in respect of Conservation of Energy, Technology absorption and Foreign Exchange Earnings and out go under section 134(3) of the Companies Act, 2013 are not applicable.

Extract of Annual Return

The extract of Annual Return in Form MGT– 9 is enclosed at **Annexure - II** to this Report.

Board of Directors and Key Managerial Personnel

As on 31st March, 2019, the Board comprised four Directors viz. Shri D. C. Joshi, Shri. J. P. Singh, Smt. V. Susheela Devi and Shri Abhay Chaudhary.

There were some changes in the Board of Directors of the Company during the financial year 2018-19. Ms. Seema Gupta ceased to be Director of the Company w.e.f 18/10/2018. Shri Ravi P. Singh and Shri Abhay Choudhary were appointed as Director of the Company w.e.f 08/01/2019 and 22/01/2019 respectively. Shri Ravi P. Singh ceased to be Director of the Company 22/01/2019.

The Company has received a notice under section 160 of the Companies Act, 2013 from a member of the Company for appointment of Shri Abhay Chaudhary as Directors, liable to retire by rotation, in the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 2013 read with the Articles of Association of the Company, Shri. J. P. Singh, shall retire by rotation at the Annual General Meeting of your Company and being eligible, offers herself for re-appointment.

None of the Directors is disqualified from being appointed/re-appointed as Director.

As on 31st March, 2019, Shri S. K. Rai is Chief Financial Officer (CFO) and Shri Piyush R. Bhadreshvara is Company Secretary of the Company.

NUMBER OF MEETINGS OF THE BOARD

During the financial year ended 31st March, 2019, twelve (12) meetings of Board of Directors were held on 17.05.2018, 22.05.2018, 25.07.2018, 20.08.2018, 17.09.2018, 30.10.2018, 22.11.2018, 29.11.2018, 08.01.2019, 28.01.2019, 25.03.2019 and 29.03.2019. The detail of number of meetings attended by each Director during the financial year 2018-19 are as under:

| Name of Director | Designation | No. of Board Meetings which were entitled to attend during 2018-19 | No. of Board Meetings attendance during 2018-19 |
|----------------------------------------------------------------------------------|--------------------|---------------------------------------------------------------------------|--------------------------------------------------------|
| Shri D. C. Joshi (Chairman w.e.f. 22.01.2019) (Director w.e.f. 07.05.2018) | Chairman | 12 | 12 |
| Shri Ravi P. Singh (from 08.01.2019 to 22.01.2019) | Chairman | 01 | 01 |
| Smt. Seema Gupta (From 21.03.2018 to 18.10.2019) | Chairperson | 05 | 05 |
| Shri J. P. Singh | Director | 12 | 01 |
| Smt. V. Susheela Devi | Director | 12 | 10 |
| Shri Abhay Choudhary (W.e.f. 22.01.2019) | Director | 02 | 02 |

COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee of the Company has been constituted in line with the provisions of Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014. As on 31/03/2019, the Audit Committee comprised three members viz. Shri Abhay Choudhary, Shri D. C. Joshi and Shri J. P. Singh as its members with Shri Abhay Choudhary as Chairman.

During the financial year 2018-19, six (6) meetings of Audit committee were held on 22.05.2018, 20.08.2018, 30.10.2018, 22.11.2018, 28.01.2019 and 25.03.2019.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee (NRC) has been constituted in line with the requirement of the provisions of Section 178 of the Companies Act, 2013. As on 31/03/2019, the NRC comprised three members viz. Shri Abhay Choudhary, Shri D. C. Joshi and Smt. V. Susheela Devi as its members with Shri Abhay Choudhary as Chairman.

During the financial year 2018-19, one (1) meeting of the committee was held on 17.09.2018.

Corporate Social Responsibility Committee (CSR Committee)

The CSR Committee has been constituted in line with the requirement of the provisions of Section 135 of the Companies Act, 2013. As on 31.03.2019 the CSR Committee comprising three members viz. Shri D. C. Joshi, Shri J. P. Singh and Shri Abhay Choudhary as its members with Shri D. C. Joshi as Chairman.

During the financial year 2018-19, one (1) meetings of CSR Committee was held on 25.03.2019.

During the year, your Company contributed Rs. 7.08 lakh to clean Ganga Fund for participation in “Namami Gange”— an Integrated Conservation Mission for River Ganga under CSR initiative. Annual Report on your Company’s CSR activities is enclosed at **Annexure-III** of the Director’s Report.

Declaration by Independent Directors

Ministry of Corporate Affairs (MCA) vide notification dated 05th July 2017 had amended the Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 {said Rule 4} as per which the unlisted public companies in the nature of wholly owned subsidiaries are exempted from the requirement of appointing Independent Directors on their Board. Accordingly, POWERGRID Kala Amb Transmission Limited, being a Wholly Owned Subsidiary of Power Grid Corporation of India Limited is exempted from the requirement of appointing Independent Directors on their Board.

Performance Evaluation

Your Company, being wholly-owned Subsidiary of POWERGRID, is a Government Company. The Whole time Directors & senior officials of POWERGRID (the holding company) are nominated as Directors of your Company. POWERGRID, being a Government Company, the Directors so nominated by it in your Company, are being evaluated under a well laid down procedure for evaluation of CMD / Functional Directors by Administrative Ministry and for evaluation of senior officials by POWERGRID (the holding company).

Statutory Auditors

M/s Amit Jai & Co. Chartered Accountants, Jammu, was appointed by Comptroller and Auditor General (C&AG) of India as Statutory Auditor of the Company for the Financial Year 2018-19.

Statutory Auditors' Report

M/s Amit Jai & Co. Chartered Accountants, Statutory Auditors for Financial Year 2018-19 have given an unqualified report. The report is self-explanatory and does not require any further comments by the Board.

Details in respect of frauds reported by auditors other than those which are reportable to the Central Government

The Statutory Auditors of the Company have not reported any frauds to the Board of Directors under section 143(12) of the Companies Act, 2013, including rules made thereunder.

Comptroller and Auditor General's (C&AG) Comments

Comptroller and Auditor General of India have conducted a supplementary audit under section 143(6)(a) of the Companies Act, 2013 of the financial statements of the Company for the year ended 31st March, 2019. C&AG vide letter dated 29th July, 2019 has stated that on the basis of said supplementary audit nothing significant has come to their knowledge which would give rise to any comment upon or supplement to statutory auditors' report. Copy of letter dated 29th July, 2019 of NIL comments received from C&AG is placed at **Annexure-IV** to this report.

Secretarial Audit Report

Ms. Sunita Mathur, Practicing Company Secretaries has conducted Secretarial Audit of the Company for the financial year ended 31st March, 2019. The Secretarial Auditor is placed at **Annexure – V** to this report. The Secretarial Auditors have given an unqualified report. The report is self-explanatory and does not require any further comments by the Board.

Development & Implementation of Risk Management Policy

Your Company being a wholly owned subsidiary of POWERGRID is covered under the Risk Management Framework as being done in the holding company.

Particulars of Employees

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 of the Companies Act, 2013 & corresponding rules of Chapter XIII are exempted for Government Companies. As your Company is a Government Company, the information has not been included as a part of Directors' report.

Prevention of Sexual Harassment at Workplace

There was no incidence of Sexual Harassment during the Financial Year 2018-19.

Internal Financial Control Systems and their adequacy

Your Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March, 2019.

Right to Information

In compliance to 'Right to Information Act, 2005', an appropriate mechanism is in place in the Company for promoting transparency and accountability, wherein the Company has nominated Central Public Information Officer / Appellate Authorities to provide required information under the provisions of Act.

Acknowledgement

The Board extends its sincere thanks to the Ministry of Power, the Central Electricity Regulatory Commission, Power Grid Corporation of India Limited, the Comptroller & Auditor General of India and the Auditors of the Company.

For and on behalf of
POWERGRID Kala AMB Transmission Limited

Sd/-
(D. C. Joshi)
Chairman
DIN: 08097844

Date: 29th July, 2019

Place: Gurgaon

POWERGRID KALA AMB TRANSMISSION LIMITED**FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

| SL. No. | Particulars | Details |
|----------------|-------------------------------------------------------------------------------------------------------------------|----------------|
| a | Name (s) of the related party & nature of relationship | - |
| b | Nature of contracts/arrangements/transaction | - |
| c | Duration of the contracts/arrangements/transaction | - |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e | Justification for entering into such contracts or arrangements or transactions' | - |
| f | Date of approval by the Board | - |
| g | Amount paid as advances, if any | - |
| h | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| SL. No. | Particulars | Details |
|----------------|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a | Name (s) of the related party & nature of relationship | Power Grid Corporation of India Limited (POWERGRID) [holding company on and from 12.05.2014] |
| b | Nature of contracts/ arrangements/ transaction | Part (A) to take any security(ies) / guarantee(s) in connection with loan(s) and/or avail Inter corporate loan(s) on cost to cost basis, or a combination thereof, upto an amount of Rs. 300 crore from POWERGRID. Part (B) to avail all inputs and services as may be required by the Company from POWERGRID @ 5% of the actual project cost (excl. IDC and Consultancy Fee) plus service tax as applicable. |
| c | Duration of the contracts/ arrangements/trans action | Part (A) As mutually agreed. Part (B) Commissioning of the project including associated reconciliation activities. |
| d | Salient terms of the contracts or arrangements or transaction including | Refer (b) |

| | | |
|---|---------------------------------|-------------------------------------------------------|
| | the value, if any | |
| e | Date of approval by the Board | 31.07.2014 [for Part (A)] , 04.04.2016 [for Part (B)] |
| f | Amount paid as advances, if any | NIL |

For and on behalf of
POWERGRID Kala Amb Transmission Limited

Sd/-
(D. C. Joshi)
Chairman
DIN: 08097844

Date: 29th July, 2019
Place: Gurgaon

POWERGRID KALA AMB TRANSMISSION LIMITED

Form No.MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I.REGISTRATION AND OTHER DETAILS:

| | | |
|-------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| i. | CIN | U40106DL2013GOI256048 |
| ii. | Registration Date | 29 th July,2013 |
| iii. | Name of the Company | POWERGRID Kala Amb Transmission Limited [formerly NRSS XXXI (A) Transmission Limited] |
| iv. | Category/ Sub-Category of the Company | Company Limited by shares / Union Government Company |
| v. | Address of the Registered office and contact details | B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 Tel: 011-26560121.Fax:011-26601081 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | CDSL VENTURES LTD |

II.PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr.No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|---------------|--------------------------------------------------------|-----------------------------------------|-------------------------------------------|
| 1 | Transmission | 35107 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| | Name And Address Of The Company | CIN/GLN | Holding/ Subsidiary /Associate | %of shares held | Applicable Section |
|----|------------------------------------------|------------------------------|---------------------------------------|------------------------|---------------------------|
| 1. | POWER GRID CORPORATION OF INDIA LIMITED* | L40101DL1989GOI038121 | HOLDING COMPANY | 100% | 2(46) |

*HOLDING COMPANY ON & FROM 12.05.2014

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|----------------------------------|-------------------------------------------------|-------------|-------------|-------------------|-------------------------------------------|----------|-------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | - | 6 | 6* | 0.00 | 6 | - | 6* | 0.00 | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | 0 | 55999994 | 5,59,99,994 | 100.00 | 6,09,99,994 | - | 6,09,99,994 | 100.00 | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total (A)(1):- | 0 | 5,60,00,000 | 5,60,00,000 | 100.00 | 6,10,00,000 | - | 6,10,00,000 | 100.00 | - |
| 2) Foreign | | | | | | | | | |
| g) NRIs- Individuals | - | - | - | - | - | - | - | - | - |
| h) Other- Individuals | - | - | - | - | - | - | - | - | - |
| i) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| j) Banks / FI | - | - | - | - | - | - | - | - | - |
| k) Any Other.... | - | - | - | - | - | - | - | - | - |
| Sub-total (A)(2):- | - | - | - | - | - | - | - | - | - |
| B. Public Shareholding | - | - | - | - | - | - | - | - | - |
| 1. Institutions | - | - | - | - | - | - | - | - | - |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|-------------|-------------|-----|-------------|---|-------------|-----|---|
| Sub-total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non Institutions | - | - | - | - | - | - | - | - | - |
| a) Bodies Corp. (i) Indian (ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals (i) Individual shareholders holding nominal share capital upto Rs.1 lakh (ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others (Specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(2) | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| GrandTotal (A+B+C) | 0 | 5,60,00,000 | 5,60,00,000 | 100 | 6,10,00,000 | 0 | 6,10,00,000 | 100 | - |

Notes:

* 6 equity shares held by POWERGRID's nominees (Individuals) jointly with POWERGRID.

ii. Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|--------|-----------------------------------------------------|-------------------------------------------|----------------------------------|--------------------------------------------------|-------------------------------------|----------------------------------|--------------------------------------------------|------|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1. | POWER GRID CORPORATION OF INDIA LIMITED (POWERGRID) | 5,59,99,994 | 100.00 | - | 6,09,99,994 | 100.00 | - | 0.00 |

| | | | | | | | | |
|--------------|------------------------------------------------|------------|------|---|-------------|--------|---|------|
| 2. | Shri I.S. Jha, jointly with POWERGRID | 01 | 0.00 | - | 01 | 0.00 | - | 0.00 |
| 3. | Shri D.K. Valecha* jointly with POWERGRID | 01 | 0.00 | - | 00 | 0.00 | - | 0.00 |
| 4. | Shri S. Vaithilingam** jointly with POWERGRID | 01 | 0.00 | - | 00 | 0.00 | - | 0.00 |
| 5. | Shri D. C. Joshi* jointly with POWERGRID | 00 | 0.00 | - | 01 | 0.00 | - | 0.00 |
| 6. | Smt. V. Susheela Devi** jointly with POWERGRID | 00 | 0.00 | - | 01 | 0.00 | - | 0.00 |
| 7. | Smt. Seema Gupta jointly with POWERGRID | 01 | 0.00 | - | 01 | 0.00 | - | 0.00 |
| 8. | Shri Ravi P. Singh jointly with POWERGRID | 01 | 0.00 | - | 01 | 0.00 | - | 0.00 |
| 9. | Shri K.S.R. Murty jointly with POWERGRID* | 01 | 0.00 | - | 01 | 0.00 | - | 0.00 |
| Total | | 5,60,00,00 | 100 | - | 6,10,00,000 | 100.00 | 0 | 0.00 |

*01 Equity share held by Shri D. K. Valecha (jointly with POWERGRID) transferred to Shri D. C. Joshi (jointly with POWERGRID) on 17.05.2018

**01 Equity share held by Shri S. Vaithilingam (jointly with POWERGRID) transferred to Smt. V. Susheela Devi (jointly with POWERGRID) on 17.05.2018

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 56000000 | 100 | 56000000 | 100 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 25.07.2018 – Allotment of 50,00,000 Equity Shares to Power Grid Corporation of India Limited. | | | |

| | | | | | |
|--|------------------------|----------|-----|----------|-----|
| | At the End of the year | 61000000 | 100 | 61000000 | 100 |
|--|------------------------|----------|-----|----------|-----|

iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Top ten shareholders | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Directors and KMP | | | | |
| | For each of Directors | | | | |
| 1 | Shri D. C. Joshi, Chairman | | | | |
| | At the beginning of the year | 00 | 0.00 | 01* | 0.00 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 00 | 0.00 | 01* | 0.00 |
| 2 | Shri J. P. Singh, Director | | | | |
| | At the beginning of the year | 00 | 0.00 | 00 | 0.00 |

| | | | | | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|------|-----|------|
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| | At the End of the year | 00 | 0.00 | 00 | 0.00 |
| 3 | Smt. V. Susheela Devi, Director | | | | |
| | At the beginning of the year | 00 | 0.00 | 01* | 0.00 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| | At the End of the year | 00 | 0.00 | 01* | 0.00 |
| 4 | Shri Abhay Choudhary, Director | | | | |
| | At the beginning of the year | 00 | 0.00 | 00 | 0.00 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| | At the End of the year | 00 | 0.00 | 00 | 0.00 |

* Jointly with POWERGRID

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. In Lakh)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|-----------------------------------------------------|-------------------------------------------------|----------------------------|-----------------|-------------------------------|
| Indebtedness at the beginning of the financial year | - | | - | |
| i) Principal Amount | | 24684.08 | | 24684.08 |
| ii) Interest due but not paid | | Nil | | Nil |

| | | | | |
|--------------------------------------------------|---|----------|---|----------|
| iii) Interest accrued but not due | | 9.38 | | 9.38 |
| Total (i+ii+iii) | - | 24693.46 | - | 24693.46 |
| Change in Indebtedness during the financial year | - | | - | |
| - Addition | | | | |
| - Reduction | | 2165.46 | | 2165.46 |
| Net Change | - | 2165.46 | - | 2165.46 |
| Indebtedness at the end of the financial year | - | | - | |
| i) Principal Amount | | 22528 | | 22528 |
| ii) Interest due but not paid | | - | | - |
| iii) Interest accrued but not due | | Nil | | Nil |
| Total (i+ii+iii) | - | 22528 | - | 22528 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: [Not Applicable]

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---|---|---|--------------|
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary Under section 17(3) Income-tax Act, 1961 | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission - as % of profit - Others, specify... | - | - | - | - | - |
| 5. | Others, please specify | - | - | - | - | - |
| 6. | Total(A) | - | - | - | - | - |
| | Ceiling as per the Act | - | - | - | - | - |

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | | |
|--|--|--|--|--|--|--|

B. Remuneration to other directors: (NOT APPLICABLE)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------|---|---|---|--------------|
| | <u>Independent Directors</u> • Fee for attending board committee meetings • Commission • Others, please specify | - | - | - | - | - |
| | Total(1) | - | - | - | - | - |
| | <u>Other Non-Executive Directors</u> • Fee for attending board committee meetings • Commission • Others, please specify | - | - | - | - | - |
| | Total (2) | - | - | - | - | - |
| | Total (B)=(1+2) | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - |
| | Overall Ceiling as per the Act | - | - | - | - | - |

C. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD: (Not Applicable)

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------|-----|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as% of profit - others, specify... | - | - | - | - |

| | | | | | |
|----|------------------------|---|---|---|---|
| | | | | | |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total | - | - | - | - |

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD /NCLT/Court] | Appeal made. If any(give details) |
|-------------------------------------|------------------------------|-------------------|----------------------------------------------------------|----------------------------|-----------------------------------|
| A. Company | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| B. Directors | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| C. Other Officers In Default | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |

For and on behalf of
POWERGRID Kala Amb Transmission Limited

Sd/-
(D. C. Joshi)
Chairman
DIN: 08097844

Date: 29th July, 2019
Place: Gurgaon

Annual Report on Corporate Social Responsibility Activities

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**

Your Company has adopted the CSR policy of its holding company viz. POWERGRID. CSR Policy of POWERGRID is formulated keeping in view the requirements of the Companies Act, 2013 and the Department of Public Enterprises. The activities proposed to be undertaken under CSR shall include all the activities mentioned in Schedule VII of Section 135 (3) (a) of the Company's Act, 2013.

The Policy is available on http://www.powergridindia.com/sites/default/files/CSR_Policy_2015_0.pdf.

2. **Composition of CSR Committee:**

As on 31.03.2019, the CSR Committee comprised the following members:

- | | | |
|-----------------------------------|---|---------------------------|
| a. Shri D. C. Joshi, Chairman | : | Chairman of the Committee |
| b. Shri Abhay Choudhary, Director | : | Member |
| c. Shri J. P. Singh, Director | : | Member |

3. **Average Net Profit of the Company for last three financial years: Rs. 353.88 lakh.**

4. **Prescribed CSR expenditure:**

As per requirement of the Companies Act, 2013, your Company is required to spend 2% of the average net profit of the company made during three immediately preceding financial years in CSR activities. As the average net profit (loss) of the Company for three immediately preceding financial years was Rs. 353.88 lakh, the Company is required to spend Rs.7.08 lakh on CSR activities in the FY 2018-19.

5. **Details of CSR spent during financial year:**

- Total amount to be spent for financial year: Rs.7.08 lakh
- Amount unspent, if any: NIL
- Manner in which the amount spent during financial year.

| S.No. | CSR Projects or activity identified | Sector in which the project is covered | Local Area or other | District, State | Amount Outlay (Rs. lakh) | Amount spent on the project during the previous years (Rs. lakh) | Amount spent on the project or programme during 2018-19 (Rs. lakh) | Cummulative expenditure upto the reporting period (Rs. lakh) | Amount spent: Direct or through implementing Agency (Name) (Rs. lakh) |
|-------|-------------------------------------|----------------------------------------|---------------------|-----------------|--------------------------|------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------------|
|-------|-------------------------------------|----------------------------------------|---------------------|-----------------|--------------------------|------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------------|

| | | | | | | | | | |
|---|------------------------------------------------------------------------------------------------------------------------|----------------|-----------|--------------|------|----|------|------|---------------------|
| 1 | Participati on in “Namami Gange”– an Integrated Conservat ion Mission for River Ganga | Sanita tion | Othe r | New Delhi | 7.08 | NA | 7.08 | 7.08 | Clean Ganga Fund |
|---|------------------------------------------------------------------------------------------------------------------------|----------------|-----------|--------------|------|----|------|------|---------------------|

6. It is to state that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Sd/-
(Chairman – CSR Committee)



भारतीय लेखापरीक्षा और लेखा विभाग

कार्यालय

प्रधान निदेशक, वाणिज्यिक लेखा परीक्षा

एवं पदेन सदस्य लेखा परीक्षा बोर्ड-III

नई दिल्ली

Indian Audit & Accounts Department

OFFICE OF THE

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT

& EX-OFFICIO MEMBER, AUDIT BOARD-III

NEW DELHI

दिनांक/Dated: 29/07/2019

सेवा में,

अध्यक्ष,

पावरग्रिड काला अम्ब ट्रांसमिशन लिमिटेड

नई दिल्ली

महोदय,

विषय:- 31 मार्च 2019 को समाप्त वर्ष के लिये पावरग्रिड काला अम्ब ट्रांसमिशन लिमिटेड, नई दिल्ली, के लेखाओं पर कम्पनी अधिनियम 2013 की धारा 143(6)(b) के अन्तर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

मैं, पावरग्रिड काला अम्ब ट्रांसमिशन लिमिटेड, नई दिल्ली, के 31 मार्च 2019 को समाप्त वर्ष के लेखाओं पर कम्पनी अधिनियम 2013 की धारा 143(6)(b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अग्रेषित कर रही हूँ। कृपया इस पत्र की संलग्नकों सहित प्राप्ति की पावती भेजी जाए।

संलग्नक: यथोपरि

भवदीया,

(रिना अकोइजम)

प्रधान निदेशक

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF POWERGRID KALA AMB TRANSMISSION LIMITED FOR THE
YEAR ENDED 31 MARCH 2019**

The preparation of financial statements of POWERGRID Kala Amb Transmission Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 05.07.2019 which supersedes their earlier Audit Report dated 22.05.2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of POWERGRID Kala Amb Transmission Limited for the year ended 31 March 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

In view of the revision(s) made in the statutory auditor's report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India



(Rina Akoijam)

**Principal Director of Commercial Audit &
Ex-officio Member, Audit Board – III,
New Delhi**

Place: New Delhi

Date: 29/07/2019



Form No. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,

The Members,

POWERGRID KALA AMB TRANSMISSION LIMITED

B-9, Qutab Institutional Area,

Katwaria Sarai, New Delhi - 110016

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **POWERGRID KALA AMB TRANSMISSION LIMITED** [CIN:U40106DL2013GOI256048] (hereinafter called the company). Wholly owned subsidiary company of POWER GRID CORPORATION OF INDIA LIMITED (a Government of India Enterprise) . Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;





Sunita Mathur
Practicing Company Secretary

As confirmed and certified by the management, following law is specifically applicable to the Company based on the Sectors /Businesses:

(a) The Electricity Act, 2003 and Rules and Regulations made there under.

We have also examined compliance with the applicable clauses/Regulations of the following:

1) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above

We further report that,


The Board of Directors is duly constituted with proper balance of Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through while the dissenting members views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines

Place: New Delhi
Date: May 7th, 2019


Sunita Mathur
Company Secretary in Practice
FCS No. 1743
C P No.: 741



Note: This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.



Annexure-A

To,

The Members,

POWERGRID KALA AMB TRNSMISSION LIMITED

B-9, Qutab Institutional Area,

Katwaria Sarai, New Delhi - 110016

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company.
Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company

Place: New Delhi
Date: May 7th, 2019


Sunita Mathur
Company Secretary in Practice
FCS No. 1743
C P No.: 741



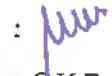
POWERGRID Kala Amb Transmission Limited
(A 100% Subsidiary of Power Grid Corporation of India Ltd.)
Corporate Office: - 400/220 KV Sub-Station POWERGRID, Panchkula-134118

Ref: PKTL/F&A/18-19/

Dated :- 22.05.2019

CERTIFICATE

This is to certify that, all the provisions relating to various Tax Laws, Companies Act and other laws as may be applicable from time to time have been complied with for the Financial Year 2018-19 in respect of the Company

Signature : 
Name : S K Rai
Designation : CFO
Date : 22.05.2019

POWERGRID Kala Amb Transmission Limited
(A 100% Subsidiary of Power Grid Corporation of India Ltd.)
Corporate Office: - 400/220 KV Sub-Station POWERGRID, Panchkula-134118

Ref: PKTL/F&A/18-19/

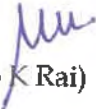
Dated :- 22.05.2019

CERTIFICATE

This is to certify that, Financial Result of M/s POWERGRID Kala Amb Transmission Limited for the Financial Year ended 31st March 2019, does not contain any false or misleading statement or figure and do not omit any material fact which may make the statement or figures contained therein misleading.



(D C Joshi)
Chairperson



(S K Rai)
CFO

POWERGRID Kala Amb Transmission Limited
(A 100% Subsidiary of Power Grid Corporation of India Ltd.)
Corporate Office: - 400/220 KV Sub-Station POWERGRID, Panchkula-134118

Ref: PKTL/F&A/18-19/

Dated :- 22.05.2019

COMPLIANCE CERTIFICATE

The Annual Accounts for the Financial Year 2018-19 have been prepared keeping in view the provisions of Section 134(5) of the Companies Act, 2013 relating to Director's Responsibilities Statement i.e.

- i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) The Accounting Policies of the Company have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for Safeguarding the Assets of the Company and for Preventing and Detecting Fraud and Other Irregularities;
- iv) The Annual Accounts have been Prepared on a going concern basis.
- v) The laid down Internal Financial Controls^(#) have been followed and such Internal Financial Controls are adequate and are operating effectively.
- vi) Proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems are adequate and operating effectively

(CFO) 

S K Rai

Sr. DGM(F&A)

Date : 22.05.2019

Place : Gurugram

(#) Explanation: For the Purposes of this clause, the term "internal financial controls" means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to 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.

POWERGRID KALA AMB TRANSMISSION LIMITED

Balance Sheet as at 31st March, 2019

(₹ in Lakh)

| Particulars | Note No | As at 31st March, 2019 | As at 31st March, 2018 |
|-------------------------------------|---------|------------------------|------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, Plant and Equipment | 4 | 29,064.08 | 30,385.65 |
| Capital work-in-progress | 5 | - | - |
| Other Intangible assets | 6 | 37.68 | 40.06 |
| Other non-current assets | 7 | 29.52 | 36.41 |
| | | 29,131.28 | 30,462.12 |
| Current assets | | | |
| Financial Assets | | | |
| Trade Receivables | 8 | 223.23 | 2,314.33 |
| Cash and cash equivalents | 9 | 7.08 | 1.00 |
| Other current financial assets | 10 | 845.23 | 442.92 |
| | | 1,075.54 | 2,758.25 |
| Total Assets | | 30,206.83 | 33,220.37 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share capital | 11 | 6,100.00 | 5,600.00 |
| Other Equity | 12 | 971.40 | 752.19 |
| | | 7,071.40 | 6,352.19 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial Liabilities | | | |
| Borrowings | 13 | 19,528.00 | 24,684.08 |
| Deferred Tax | 14 | 224.50 | 82.59 |
| | | 19,752.50 | 24,766.67 |
| Current liabilities | | | |
| Financial Liabilities | | | |
| Other current financial liability | 15 | 3,368.53 | 2,096.67 |
| Other current liabilities | 16 | 14.39 | 4.84 |
| | | 3,382.92 | 2,101.51 |
| Total Equity and Liabilities | | 30,206.83 | 33,220.37 |

The accompanying notes (1 to 39) form the integral part of financial statements.

As per our report of even date

For Amit Jai & Co

Firm Regn. No. 021613N

(CA Amit Gupta)

Partner

M. No. 098478

Place: Jammu

Date:



For and on behalf of the Board of Directors

Chyae

D C Joshi
Chairman
DIN: 08097844

V. Susheela Devi

V Susheela Devi
Director
DIN: 07828528

SKB

S K Rai
CFO

PB

Piyush Bhadreshvara
Company Secretary

Place : Gurugram
Date: 22.05.2019

Place : Gurugram
Date: 22.05.2019

POWERGRID KALA AMB TRANSMISSION LIMITED

Statement of Profit and Loss for the period ended 31st March , 2019

| (₹ in Lakh) | | | |
|---------------------------------------------------|----------|-------------------------------------|-------------------------------------|
| Particulars | Note No. | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
| Revenue From Operations | 17 | 5,725.98 | 3,757.66 |
| Other Income | 18 | 304.50 | 18.93 |
| Total Income | | 6,030.48 | 3,776.59 |
| EXPENSES | | | |
| Employee benefits expense | | - | - |
| Finance costs | 19 | 1,847.18 | 1,381.49 |
| Depreciation and amortization expense | 20 | 1,639.20 | 1,167.10 |
| Other expenses | 21 | 696.45 | 166.37 |
| Total expenses | | 4,182.83 | 2,714.96 |
| Profit/(loss) before tax | | 1,847.65 | 1,061.63 |
| Tax expense: | | | |
| Current tax | | 398.15 | 226.57 |
| Deferred tax | | 141.91 | 82.59 |
| | | 540.06 | 309.16 |
| Profit (Loss) for the period | | 1,307.59 | 752.47 |
| Other Comprehensive Income | | | |
| Total Comprehensive Income for the period | | 1,307.59 | 752.47 |
| Earnings per equity share (Par Value ₹ 10/- each) | | | |
| Basic (in ₹) | | 2.21 | 4.02 |
| Diluted (in ₹) | | 2.21 | 4.02 |

The accompanying notes (1 to 39) form the integral part of financial statements.

As per our report of even date
For Amit Jai & Co
Firm Regn. No. 021613N


(CA Amit Gupta)

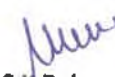
Partner
M. No. 098478

Place: Jammu
Date:



For and on behalf of the Board of Directors


D C Joshi
Chairman
DIN: 08097844


S K Rai
CFO

Place : Gurugram
Date:22.05.2019


V Susheela Devi
Director
DIN: 07828528


Piyush Bhadreshvara
Company Secretary

Place :Gurugram
Date:22.05.2019

POWERGRID KALA AMB TRANSMISSION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH , 2019

| Particulars | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
|-------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| A. Cash Flow from Operating Activities: | | |
| Net profit/Loss before tax | 1,847.65 | 1,061.63 |
| Adjustment for : | | |
| Depreciation & amortization expenses | 1,639.20 | 1,167.10 |
| Finance costs | 1,847.18 | 1,381.49 |
| | 3,486.38 | 2,548.59 |
| Operating profit before Changes in Assets and Liabilities | 5,334.03 | 3,610.22 |
| Adjsutments for change in assets and liability | | |
| Change in non current assets | (1.50) | 79.07 |
| Change in current financial assets | 1,688.79 | (2,704.67) |
| Change in other current assets | - | 88.25 |
| Change in other Non-Current Financial Liabilities | - | (718.13) |
| Change in other Current Financial Liabilities | (1,718.76) | 1,160.24 |
| Change in other Current Liabilities | 9.55 | (119.84) |
| | (21.92) | (2,215.08) |
| Cash generated from operations | 5,312.11 | 1,395.14 |
| Less : Direct taxes paid | (391.63) | (250.80) |
| Net cash from operating activities | 4,920.48 | 1,144.34 |
| B. Cash Flow from Investing Activities: | | |
| - Property Plant & Equipment and Capital Work in Progress | (313.38) | (9,037.21) |
| - Advances for Capital Expenditure | | |
| Net cash used in investing activities. | (313.38) | (9,037.21) |
| C. Cash Flow from Financing Activities: | | |
| - Equity Share capital-Raised during the year | 500.00 | 5,495.00 |
| - Loan Raised during the Year | | 4,225.46 |
| - Loan Repaid during the Year | (2,156.08) | |
| - Interest and finance cost paid | (1,856.56) | (1,829.89) |
| -Dividend Paid | (902.80) | |
| -Dividend Tax Paid | (185.57) | |
| Net cash from financing activities | (4,601.01) | 7,890.57 |
| D. Net change in cash & cash equivalents (A+B+C) | 6.09 | (2.30) |
| E. Cash and Cash Equivalents at the beginning of the period | 1.00 | 3.30 |
| F. Cash and Cash Equivalents at the end of the period (D+E)(Note no 9) | 7.08 | 1.00 |

The accompanying notes (1 to 39) form the Integral part of financial statements.

Note :

i) Cash and Cash equivalents consist of cheques, Drafts, Stamps in Hands, balances with banks and deposits with original maturity of upto three months.

ii) Previous year figures have been re-grouped/re-arranged wherever necessary.

As per our report of even date

For Amit Jai & Co

Firm Regn. No. 021613N

(CA Amit Gupta)

Partner

M. No. 098478

Place: Jammu

Date:



For and on behalf of the Board of Directors

D C Joshi

Chairman

DIN: 08097844

S K Rai

CFO

Place : Gurugram

Date:22.05.2019

V Susheela Devi

Director

DIN: 07828528

Piyush Bhadreshvara
Company Secretary

Place :Gurugram

Date:22.05.2019

STATEMENT OF CHANGES IN EQUITY
POWERGRID KALA AMB TRANSMISSION LIMITED

Statement of Changes in Equity for the year ended 31st March 2019

A. Equity Share Capital

| | (₹ in Lakh) |
|---------------------------------|-------------|
| As at 31st March, 2017 | 105.00 |
| Changes in equity share capital | 5,495.00 |
| As at 31st March, 2018 | 5,600.00 |
| Changes in equity share capital | 500.00 |
| As at 31st March, 2019 | 6,100.00 |

B. Other Equity

| | Reserves and Surplus | | (₹ in Lakh) |
|-----------------------------------------|------------------------|-------------------|-------------|
| | Self Insurance Reserve | Retained Earnings | Total |
| Balance at 1st April, 2017 | | (0.28) | (0.28) |
| Total Comprehensive Income for the year | | 752.47 | 752.47 |
| Transfer to Self Insurance Reserve | 37.91 | (37.91) | - |
| Balance at 31st March, 2018 | 37.91 | 714.28 | 752.19 |
| Balance at 1st April, 2018 | 37.91 | 714.28 | 752.19 |
| Total Comprehensive Income for the year | | 1,307.59 | 1,307.59 |
| Transfer to Self Insurance Reserve | 37.88 | (37.88) | - |
| Interim dividend paid | | (902.80) | (902.80) |
| Tax on Interim Dividend | | (185.57) | (185.57) |
| Balance at 31st March, 2019 | 75.79 | 895.61 | 971.40 |

The accompanying notes (1 to 39) form the integral part of financial statements.

Refer to Note No. 12 for nature and movement of reserve and surplus

As per our report of even date

For Amit Jai & Co

Firm Regn. No. 021613N

(CA Amit Gupta)

Partner

M. No. 098478

Place: Jammu

Date:



For and on behalf of Powergrid Kala Amb Transmission Limited

[Signature]

D C Joshi
Chairman
DIN: 08097844

[Signature]

V Susheela Devi
Director
DIN: 07828528

[Signature]

S K Rai
CFO

[Signature]

Piyush Bhadreshvara
Company Secretary

Place : Gurugram
Date: 22.05.2019

Place : Gurugram
Date: 22.05.2019

POWERGRID KALA AMB TRANSMISSION LIMITED

Notes to Financial Statements

Note 1. Corporate and General Information

Powergrid Kala Amb Transmission Limited ("the Company") is a company domiciled and incorporated in India under the provisions of Companies Act and is wholly owned subsidiary of M/s Power Grid Corporation of India Limited. The registered office of the Company is situated at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi – 110 016.

The company is engaged in the business of power transmission system network, construction, operation and maintenance of transmission lines and other related allied activities.

The financial statement of the company for the year ended March 31, 2019 were approved for issue by the Board of Directors on 22nd May, 2019.

Note 2. Significant Accounting Policies FY 2018-19

2.1 Basis of Preparation

i) Compliance with Ind AS

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013(the Act), Companies (Indian Accounting Standards) Rules, 2015, the relevant provisions of Companies Act, 2013 (to the extent notified), the Companies Act, 1956 and the provisions of the Electricity Act, 2003 to the extent applicable and as amended thereafter.



ii) Basis of Measurement

The financial statements have been prepared on accrual basis and under the historical cost convention except following which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer Note no. 2.11 for accounting policy regarding financial instruments),
- Defined benefit plans – plan assets measured at fair value

(iii) Functional and Presentation Currency

The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency and all amounts are rounded to the nearest lakhs and two decimals thereof, except as stated otherwise.



iv) Use of Estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer note 3 on critical accounting estimates, assumptions and judgments).

v) Current and 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 realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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 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 settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

The Company recognizes twelve months period as its operating cycle.



2.2 Property, Plant and Equipment

Initial Recognition and Measurement

Property, Plant and Equipment is initially measured at cost of acquisition/construction including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation / amortisation and accumulated impairment losses, if any.

Property, Plant and Equipment acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized.

If the cost of the replaced part or earlier inspection is not available, the estimated cost of similar new parts/inspection is used as an indication of what the cost of the existing part/ inspection component was when the item was acquired or inspection was carried out.

In the case of commissioned assets, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

Assets and systems common to more than one transmission system are capitalized on the basis of technical estimates/ assessments.

Transmission system assets are considered as ready for intended use after meeting the conditions for commercial operation as stipulated in Transmission Service Agreement (TSA) and capitalized accordingly.

The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken.

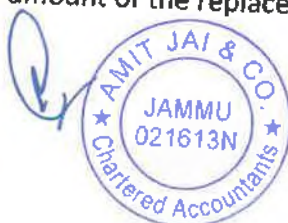
Expenditure on leveling, clearing and grading of land is capitalized as part of cost of the related buildings.

Spares parts whose cost is ₹5,00,000/- and above, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized.

Subsequent costs

Subsequent expenditure is recognized as an increase in carrying amount of assets when it is probable that future economic benefits deriving from the cost incurred will flow to the company and cost of the item can be measured reliably.

The cost of replacing part of an item of PPE is recognized in the carrying amount of the item if it is probable that future economic benefit embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs



of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit & Loss as incurred.

De-recognition

An item of Property, Plant and Equipment is derecognized when no future economic benefits are expected from their use or upon disposal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss on the date of disposal or retirement.

2.3 Capital Work-In-Progress (CWIP)

The Company had opted to consider the carrying value of Intangible Assets as per previous GAAP on the date of transition to Ind AS (1st April, 2015) to be the deemed cost as per Ind AS 101 'First time Adoption of Indian Accounting Standards'.

Cost of material, erection charges and other expenses incurred for the construction of Property, Plant and Equipment are shown as CWIP based on progress of erection work till the date of capitalization.

Expenditure of Offices and Projects, attributable to construction of property, plant and equipment are identified and allocated on a systematic basis to the cost of the related assets.

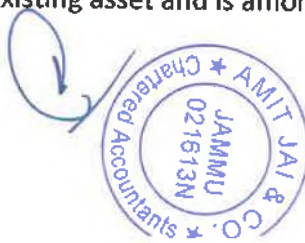
Interest during construction and expenditure (net) allocated to construction as per policy above are kept as a separate item under CWIP and apportioned to the assets being capitalized in proportion to the closing balance of CWIP.

Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.

2.4 Intangible Assets and Intangible Assets under development

Intangible assets are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Subsequent expenditure on already capitalized Intangible Assets is capitalized when it increases the future economic benefits embodied in an existing asset and is amortized prospectively.



The cost of software(which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognized as an intangible asset when the same is ready for its use.

Afforestation charges for acquiring right-of-way for laying transmission lines are accounted for as intangible assets on the date of capitalization of related transmission lines.

Expenditure incurred, eligible for capitalization under the head Intangible Assets, are carried as "Intangible Assets under Development" till such assets are ready for their intended use.

Expenditure on research shall be recognised as an expense when it is incurred.

Expenditure on development shall be recognised as Intangible asset if it meets the eligibility criteria as per Ind AS 38 'Intangible Assets', otherwise it shall be recognised as an expense.

An item of Intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is de-recognized.

2.5 Depreciation / Amortization

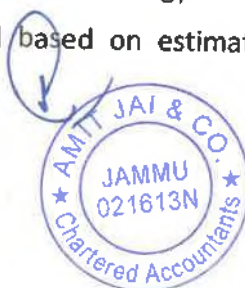
Property, Plant and Equipment

Depreciation/amortization on the assets is provided on straight line method following the rates and methodology notified by the CERC for the purpose of recovery of tariff except for assets specified in the following paragraphs.

Leasehold land is fully amortized over lease period or life of the related plant whichever is lower in accordance with the rates and methodology specified in CERC Tariff Regulation. Leasehold land acquired on perpetual lease is not amortized.

Depreciation on spares parts, standby equipment and servicing equipment which are capitalized, is provided on straight line method from the date they are available for use over the remaining useful life of the related assets, following the rates and methodology notified by the CERC.

Depreciation on following assets is provided based on estimated useful life as per technical assessment.



| Particulars | Useful life |
|---------------------------------|-------------|
| a. Computers & Peripherals | 3 years |
| b. Servers & Network Components | 5 years |

Residual value of above assets is considered as Nil.

Mobile phones are charged off in the year of purchase.

Fixed Assets costing ₹ 5,000/- or less, are fully depreciated in the year of acquisition.

Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively at the rates and methodology as specified by CERC tariff regulations.

Depreciation on additions to/deductions from Property, Plant and Equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed

The residual values, useful lives and methods of depreciation for are reviewed at each financial year end and adjusted prospectively, wherever required.

Intangible Assets

Cost of software capitalized as intangible asset is amortized over the period of legal right to use or 3 years, whichever is less with nil residual value.

Afforestation charges are amortized over thirty five years from the date of capitalization of related transmission assets following the rates and methodology notified by Central Electricity Regulatory Commission (CERC) Tariff Regulations.

Amortisation on additions to/deductions from Intangible Assets during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The amortization period and the amortization method for an intangible asset are reviewed at each financial year-end and are accounted for as change in accounting estimates in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors

2.6 Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized (net of income on temporarily deployment of funds) as part of the cost of such assets till the assets are ready for the intended use. Other borrowing costs are charged to revenue.



2.7 Impairment of non-financial assets, other than inventories

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, and deposits held at call with banks having a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.9 Inventories

Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.



Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.

Spares which do not meet the recognition criteria as Property, Plant and Equipment including spare parts whose cost is less than ₹5,00,000/- are recorded as inventories.

Surplus materials as determined by the management are held for intended use and are included in the inventory.

The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

2.10 Leases

i) As a Lessor

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 fulfillment of the 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.

A lease is classified at the inception date as a finance lease or an operating lease.

a) Finance lease

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is classified as a finance lease.

b) Operating lease

An operating lease is a lease other than a finance lease. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

For operating leases, the asset is capitalized as property, plant and equipment and depreciated over its economic life. Rental income from operating lease is recognized over the term of the arrangement.

ii) As a Lessee

a) Finance lease

Leases of property, plant and equipment where the company, as lessee has substantially all risks and rewards of ownership are classified as finance lease. On initial recognition, assets



held under finance lease are recorded as property, plant and equipment and related liability is recognized under borrowings. At inception of the lease, finance leases are recorded at amount equal to fair value of leased asset or if lower the present value of minimum lease payments. The minimum lease payments made under finance leases are apportioned between the finance expense and reduction of the finance liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

b) Operating leases

Payments made under operating leases are recognized as an expense over the lease term.

2.11 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

Financial assets of the Company comprise cash and cash equivalents, bank balances, loans to employees, advances to employees, security deposit, claims recoverable etc.

Classification

The Company classifies its financial assets in the following categories:

- at amortised cost,
- at fair value through other comprehensive income

The classification depends on the following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs, if any, that are attributable to the acquisition of the financial asset.

Subsequent measurement

Debt Instruments at Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.



Debt Instruments at Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI).

Equity investments

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The company may, on initial recognition, make an irrevocable election to present subsequent changes in the fair value in other comprehensive income (FVOCI) on an instrument by-instrument basis.

For equity instruments classified as at FVOCI, all fair value changes on the instrument, excluding dividends are recognized in the OCI. There is no recycling of the amounts from OCI to Profit or Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

De-recognition of financial assets

A financial asset is derecognized only when

- The rights to receive cash flows from the asset have expired, or
- The company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Impairment of financial assets:

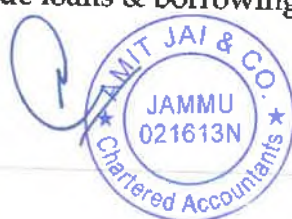
For trade receivables, the company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For recognition of impairment loss on other financial assets and risk exposure, the company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Financial Liabilities

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company.

The Company's financial liabilities include loans & borrowings, trade and other payables.



Classification, initial recognition and measurement

Financial liabilities are recognized initially at fair value minus transaction costs that are directly attributable to the issue of financial liabilities. Financial liabilities are classified as subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the Statement of Profit and Loss over the period of the borrowings using the EIR.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit or Loss when the liabilities are derecognized as well as through the EIR amortization process.

The EIR amortization is included as finance costs in the statement of profit and loss.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing 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 between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other income or finance cost.

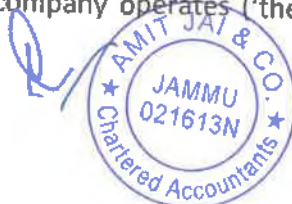
Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.12 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The



financial statements are presented in Indian Rupees (Rupees or "₹"), which is the company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items are translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-Monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of initial recognition of the non-monetary prepayment asset or deferred income liability, or the date that related item is recognized in the financial statements, whichever is earlier. In case the transaction is recognized in stages, then transaction date is established for each stage.

The company has availed the exemption available in Ind AS 101, to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary liabilities outstanding as on March 31, 2016.

Exchange differences arising from foreign currency borrowing to the extent regarded as an adjustment to interest costs are treated as borrowing cost. Other exchange differences are recognized in the statement of profit and loss.

2.13 Income Tax

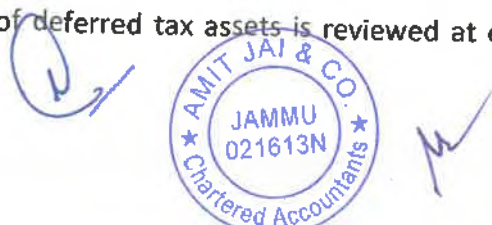
Income tax expense represents the sum of current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case the tax is also recognised directly in equity or in other comprehensive income.

Current income tax

The current tax is based on taxable profit for the year under the tax laws enacted and applicable to the reporting period in the countries where the company operates and generates taxable income.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each balance



sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

2.14 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer. The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 and Ind AS 11.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are net of returns, trade allowances, rebates, GST and Value added taxes.

2.14.1 Revenue from Operations

Transmission

Transmission Income is accounted for based on orders issued by the CERC u/s 63 of Electricity Act, 2003 for the adoption of transmission charges.

The Transmission system incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees and in accordance with Transmission Service Agreement (TSA) entered between the Transmission Service Provider and Long-Term Transmission Customers.

2.14.2 Other Income

Interest income is recognized, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

Surcharge recoverable from trade receivables, liquidated damages, warranty claims and interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.

Scrap other than steel scrap & conductor scrap are accounted for as and when sold.



Dividend income is recognized when right to receive payment is established.

Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realization.

Revenue from rentals and operating leases is recognized on an accrual basis in accordance with the substance of the relevant agreement.

2.15 Dividends

Annual dividend distribution to the shareholders is recognized as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognized on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognized directly in equity.

2.16 Provisions and Contingencies

a) Provisions

Provisions are recognized 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. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

b) Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognized.

Contingent liabilities are disclosed on the basis of judgement of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimates.



2.17 Share capital and Other Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Self-Insurance Reserve is created @ 0.12% p.a. on Gross Block of Property, Plant and Equipments except assets covered under insurance as at the end of the year by appropriated of Current Year Profit to mitigate future losses from un-insured risk and for taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers and equipment of AC substation. The Reserve created as above is shown as "Self Insurance Reserve" under 'Other Equity'.

2.18 Prior Period Items

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

2.19 Earnings per Share

Basic earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the net profit for the year attributable to the shareholders and weighted average number of equity and potential equity shares outstanding during the year, except where the result would be anti-dilutive.

Additionally, basic and diluted earnings per share are computed using the earnings amounts excluding the movements in regulatory deferral account balances.

2.20 Statement of Cash Flows

Statement of Cash Flows is prepared as per indirect method prescribed in the Ind AS-7 "Statement of Cash Flows".



Note 3. Critical estimates and Judgments

The preparation of financial statements requires the use of accounting estimates which may significantly vary from the actual results. Management also needs to exercise judgment while applying the company's accounting policies.

The areas involving critical estimates or judgments

1. Revenue Recognition

Transmission income is accounted for based on orders issued by the CERC under section 63 of Electricity Act for adoption of transmission charges. Transmission income in respect of additional capital expenditure incurred after the date of commercial operation is accounted for based on expenditure incurred on year to year basis as per CERC tariff regulations.

2. Useful life of property, plant and equipment

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

3. Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter

Estimates and judgments are periodically evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.



POWERGRID KALA AMB TRANSMISSION LIMITED
Note 4 / Property, Plant and Equipment

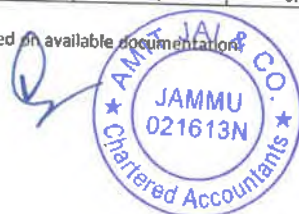
| Particulars | Gross Block | | | | | Accumulated depreciation | | | | | Net Book Value | |
|-------------------------------------------------------|-----------------------|---------------------------|-----------------|----------------------------|------------------------|--------------------------|---------------------------|-----------------|----------------------------|------------------------|------------------------|------------------------|
| | As at 1st April, 2018 | Additions during the year | Sale / Disposal | Adjustment during the year | As at 31st March, 2019 | As at 1st April, 2018 | Additions during the year | Sale / Disposal | Adjustment during the year | As at 31st March, 2019 | As at 31st March, 2019 | As at 31st March, 2018 |
| Freehold Land | 299.38 | - | - | - | 299.38 | - | - | - | - | - | 299.38 | 299.38 |
| Buildings | | | | | | | | | | | | |
| a) Sub-Stations & Office | 1,457.76 | 7.69 | - | - | 1,465.45 | 35.08 | 48.95 | - | - | - | - | - |
| Water Supply Drainage & Sewerage | 88.24 | - | - | - | 88.24 | 0.16 | 2.95 | - | - | 84.04 | 1,381.41 | 1,422.67 |
| Plant & Equipment | | | | | | | | | | | | |
| a) Transmission | 953.06 | 54.78 | - | - | 1,007.84 | 36.26 | 53.21 | - | - | - | 85.13 | 88.09 |
| b) Substation | 28,707.58 | 251.82 | - | - | 28,959.40 | 1,092.18 | 1,529.06 | - | - | 89.47 | 918.37 | 916.80 |
| Furniture Fixtures | 16.92 | - | - | - | 16.92 | 0.67 | 1.07 | - | - | 2,621.23 | 26,338.17 | 27,615.41 |
| Office equipment | 1.18 | 0.93 | - | - | 2.11 | 0.07 | 0.10 | - | - | 1.74 | 15.18 | 16.25 |
| Electronic Data Processing & Word Processing Machines | 0.13 | - | - | - | 0.13 | 0.08 | 0.04 | - | - | 0.17 | 1.95 | 1.11 |
| Electrical Installation | 26.92 | 0.02 | - | - | 26.94 | 1.02 | 1.42 | - | - | 0.12 | 0.01 | 0.05 |
| Grand Total | 31551.18 | 315.24 | - | - | 31,866.41 | 1,165.52 | 1,636.80 | - | - | 2,802.33 | 29064.08 | 30385.65 |
| Previous Year Total | 299.94 | 31,251.24 | - | - | 31,551.18 | 0.04 | 1,165.48 | - | - | 1,165.52 | 30,385.65 | 299.89 |

The company owns 4.079 hectare (4.079 hectare as on 31.03.2018) of freehold land amounting to ₹ 299.38 lakh based on available documentation.

POWERGRID KALA AMB TRANSMISSION LIMITED
Note 4 / Property, Plant and Equipment

| Particulars | Gross Block | | | | | Accumulated depreciation | | | | | Net Book Value | |
|-------------------------------------------------------|-----------------------|---------------------------|-----------------|----------------------------|------------------------|--------------------------|---------------------------|-----------------|----------------------------|------------------------|------------------------|------------------------|
| | As at 1st April, 2017 | Additions during the year | Sale / Disposal | Adjustment during the year | As at 31st March, 2018 | As at 1st April, 2017 | Additions during the year | Sale / Disposal | Adjustment during the year | As at 31st March, 2018 | As at 31st March, 2018 | As at 31st March, 2017 |
| Freehold Land | 299.38 | - | - | - | 299.38 | - | - | - | - | - | 299.38 | 299.38 |
| Buildings | | | | | | | | | | | | |
| a) Sub-Stations & Office | - | 1,457.76 | - | - | 1,457.76 | - | 35.08 | - | - | - | - | - |
| Water Supply Drainage & Sewerage | - | 88.25 | - | - | 88.25 | - | 0.16 | - | - | 35.08 | 1,422.67 | - |
| Plant & Equipment | | | | | | | | | | | | |
| a) Transmission | - | 953.06 | - | - | 953.06 | - | - | - | - | 0.16 | 88.09 | - |
| b) Substation | - | 28,707.58 | - | - | 28,707.58 | - | 36.26 | - | - | - | - | - |
| Furniture Fixtures | - | 16.92 | - | - | 16.92 | - | 1,092.18 | - | - | 36.26 | 916.80 | - |
| Office equipment | 0.43 | 0.76 | - | - | 1.18 | - | 0.67 | - | - | 1,092.18 | 27,615.41 | - |
| Electronic Data Processing & Word Processing Machines | 0.13 | - | - | - | 0.13 | - | 0.07 | - | - | 0.67 | 16.25 | - |
| Electrical Installation | - | 26.92 | - | - | 26.92 | 0.04 | 0.04 | - | - | 0.07 | 1.11 | 0.42 |
| Grand Total | 299.94 | 31251.24 | - | - | 31,551.18 | 0.04 | 1165.48 | - | - | 1165.52 | 30385.65 | 299.89 |

The company owns 4.079 hectare (4.079 hectare as on 31.03.2017) of freehold land amounting to ₹ 299.38 lakh based on available documentation.



POWERGRID KALA AMB TRANSMISSION LIMITED

Note 5 / Capital work in progress

| Particulars | | | | | | (₹ in Lakh) |
|-------------------------------------------------------|----------------------|---------------------------|-------------|-----------------------------|-----------------------|-----------------------|
| | As at 1st April,2018 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March,2019 | As at 31st March,2018 |
| Land | - | - | - | - | - | - |
| Development of land | - | - | - | - | - | - |
| Buildings | - | - | - | - | - | - |
| a) Sub-Stations & Office | - | 7.69 | - | 7.69 | - | - |
| Plant & Equipments (including associated civil works) | - | - | - | - | - | - |
| a) Transmission | - | 54.19 | - | 54.19 | - | - |
| b) Sub-Station | - | 241.69 | - | 241.69 | - | - |
| Expenditure pending allocation | - | - | - | - | - | - |
| Expenditure during construction period(net)(Note 24) | - | 18.45 | - | 18.45 | - | - |
| Construction Stores (Net of Provision) | - | 322.02 | - | 322.02 | - | - |
| Grand Total | - | 19.62 | 19.62 | - | - | - |
| | - | 341.64 | 19.62 | 322.02 | - | - |

Note 5 / Capital work in progress

| Particulars | | | | | | (₹ in Lakh) |
|-------------------------------------------------------|----------------------|---------------------------|-------------|-----------------------------|-----------------------|-----------------------|
| | As at 1st April,2017 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March,2018 | As at 31st March,2017 |
| Land | - | - | - | - | - | - |
| Development of land | - | - | - | - | - | - |
| Plant & Equipments (including associated civil works) | - | - | - | - | - | - |
| a) Transmission | 159.77 | 699.75 | - | 859.52 | - | 159.77 |
| b) Sub-Station | 1,473.94 | 25,814.77 | - | 27,288.71 | - | 1,473.94 |
| Expenditure pending allocation | - | - | - | - | - | - |
| Expenditure during construction period(net)(Note 24) | 2,077.44 | 960.63 | - | 3,038.07 | - | 2,077.44 |
| Construction Stores (Net of Provision) | 3,711.15 | 27,475.15 | - | 31,186.30 | - | 3,711.15 |
| Grand Total | 17,140.95 | 7,053.24 | 24,194.19 | - | - | 17,140.95 |
| | 20,852.10 | 34,528.39 | 24,194.19 | 31,186.30 | - | 20,852.10 |



POWERGRID KALA AMB TRANSMISSION LIMITED

Note 5/Capital work in progress (Details of Construction stores)

(At cost)

| Particulars | (₹ in Lakh) | |
|-----------------------------------------------------|---------------------------|---------------------------|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| Construction Stores | | |
| Towers | | |
| Conductors | | |
| Other Line Materials | - | - |
| Sub-Station Equipments | - | - |
| High Voltage Direct Current (HVDC) Equipments | - | - |
| Unified Load Despatch (ULDC) Materials | | |
| Others | | |
| Less: Provision for shortages and obsolete material | | |
| TOTAL | | |
| Construction Stores include: | | |
| Material with Contractors | | |
| Towers | | |
| Conductors | | |
| Other Line Materials | | |
| Sub-Station Equipments | - | - |
| High Voltage Direct Current (HVDC) Equipments | - | - |
| Unified Load Despatch (ULDC) Materials | - | - |
| Others | - | - |
| Total | | |
| Grand total | | |



POWERGRID KALA AMB TRANSMISSION LIMITED

Note 6 / Intangible Assets

| Particulars | Gross Block | | | | | Accumulated depreciation | | | | | Net Book Value | |
|-------------------------------------|-----------------------|---------------------------|-----------------|----------------------------|------------------------|--------------------------|---------------------------|-----------------|----------------------------|------------------------|------------------------|------------------------|
| | As at 1st April, 2018 | Additions during the year | Sale / Disposal | Adjustment during the year | As at 31st March, 2019 | As at 1st April, 2018 | Additions during the year | Sale / Disposal | Adjustment during the year | As at 31st March, 2019 | As at 31st March, 2019 | As at 31st March, 2018 |
| Electronic Data Processing Software | 0.71 | - | - | - | 0.71 | 0.06 | 0.24 | - | - | 0.30 | 0.41 | 0.65 |
| Right of Way-Afforestation Expenses | 40.97 | 0.02 | - | - | 40.99 | 1.56 | 2.16 | - | - | 3.72 | 37.27 | 39.41 |
| Grand Total | 41.68 | 0.02 | - | - | 41.70 | 1.62 | 2.40 | - | - | 4.02 | 37.68 | 40.06 |
| Previous Year Total | - | 41.68 | - | - | 41.68 | - | 1.62 | - | - | 1.62 | 40.06 | - |

Note :

There is no intangible asset under development for CY 18-19 and PY 17-18

Note 6 / Intangible Assets

| Particulars | Gross Block | | | | | Accumulated depreciation | | | | | Net Book Value | |
|-------------------------------------|-----------------------|---------------------------|-----------------|----------------------------|------------------------|--------------------------|---------------------------|-----------------|----------------------------|------------------------|------------------------|------------------------|
| | As at 1st April, 2017 | Additions during the year | Sale / Disposal | Adjustment during the year | As at 31st March, 2018 | As at 1st April, 2017 | Additions during the year | Sale / Disposal | Adjustment during the year | As at 31st March, 2018 | As at 31st March, 2018 | As at 31st March, 2017 |
| Electronic Data Processing Software | - | 0.71 | - | - | 0.71 | - | 0.06 | - | - | 0.06 | 0.65 | - |
| Right of Way-Afforestation Expenses | - | 40.97 | - | - | 40.97 | - | 1.56 | - | - | 1.56 | 39.41 | - |
| Grand Total | - | 41.68 | - | - | 41.68 | - | 1.62 | - | - | 1.62 | 40.06 | - |
| Previous Year Total | - | - | - | - | - | - | - | - | - | - | - | - |



POWERGRID KALA AMB TRANSMISSION LIMITED**Note 7 / Other non-current Assets**

(Unsecured considered good unless otherwise stated)

| Particulars | (₹ in Lakh) | |
|---------------------------------------------------------------------|-----------------------|-----------------------|
| | As at 31st March,2019 | As at 31st March,2018 |
| 1) Advances for Capital Expenditure | | |
| Against bank guarantees | 9.99 | 11.86 |
| 2) Advances for other than Capital Expenditure | | |
| Advances recoverable in cash or in kind or for value to be received | | |
| Balance with Customs Port Trust and other authorities | 1.82 | 0.32 |
| 2) Others | | |
| Advance tax and Tax deducted at source | 415.86 | |
| Less: Provision for taxation | <u>398.15</u> | 24.23 |
| TOTAL | <u>29.52</u> | <u>36.41</u> |



POWERGRID KALA AMB TRANSMISSION LIMITED

Note 8 / Trade Receivables

| Particulars | (₹ in Lakh) | |
|---------------------------|-----------------------|-----------------------|
| | As at 31st March,2019 | As at 31st March,2018 |
| Trade receivables | | |
| Unsecured Considered good | 223.23 | 2,314.33 |
| TOTAL | 223.23 | 2,314.33 |



POWERGRID KALA AMB TRANSMISSION LIMITED

Note 9 / Cash and Cash Equivalents

(₹ in Lakh)

Particulars

Balance with banks-

-In Current accounts

Total

As at 31st March, 2019 As at 31st March, 2018

7.08 1.00

7.08 1.00



POWERGRID KALA AMB TRANSMISSION LIMITED

Note 10 / Other Current Financial Assets

(Unsecured considered good unless otherwise stated)

| Particulars | (₹ in Lakh) | |
|------------------|-----------------------|-----------------------|
| | As at 31st March,2019 | As at 31st March,2018 |
| Unbilled Revenue | 845.23 | 442.92 |
| Total | 845.23 | 442.92 |

Note: Unbilled revenue includes transmission charges upto the month of March in the financial year amounting to ₹ 845.23 lakhs (31st March, 2018 ₹ 442.92) billed to beneficiaries in the month of April of subsequent financial year. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Company recognizes revenue when it transfers control over a product or service to a customer.



POWERGRID KALA AMB TRANSMISSION LIMITED

Note 11 / Equity Share capital

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|------------------------------------------------------------------------------------|-----------------------|-----------------------|
| Equity Share Capital | | |
| Authorised | | |
| 61000000 (Previous Year 56000000) equity shares of ₹ 10/- each at par | 6,100.00 | 5,600.00 |
| Issued, subscribed and paid up | | |
| 61000000 (Previous Year 56000000) equity shares of ₹ 10/-each at par fully paid up | 6,100.00 | 5,600.00 |
| Total | 6,100.00 | 5,600.00 |
| Further Notes: | | |

1) Reconciliation of Number and amount of share capital outstanding at the beginning and at the end of the reporting period

| Particulars | As at 31st March, 2019 | | As at 31st March,2018 | |
|-------------------------------------------------|------------------------|-------------|-----------------------|-------------|
| | No. of Shares | (₹ In Lakh) | No. of Shares | (₹ in Lakh) |
| Shares outstanding at the beginning of the year | 56000000 | 5,600.00 | 1050000 | 105.00 |
| Shares Issued during the year | 5000000 | 500.00 | 54950000 | 5,495.00 |
| Shares outstanding at the end of the year | 61000000 | 6,100.00 | 56000000 | 5,600.00 |

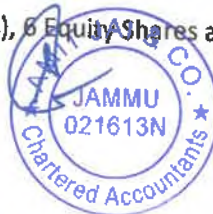
2) The Company has only one class of equity shares having a par value of ₹ 10/- per share.

3) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at meetings of the Shareholders.

4) Shareholders holding more than 5% equity shares of the Company

| Particulars | As at 31st March, 2019 | | As at 31st March,2018 | |
|--------------------------------------------------------|------------------------|--------------|-----------------------|--------------|
| | No.of Shares # | % of holding | No.of Shares # | % of holding |
| Power Grid Corporation of India Ltd. (Holding Company) | 61000000 | 100% | 56000000 | 100% |

Out of 61000000 Equity Shares (Previous Year 56000000 Equity Shares), 6 Equity Shares are held by Nominees of M/s Power Grid Corporation of India Limited on its behalf.



POWERGRID KALA AMB TRANSMISSION LIMITED
Note 12 / Other Equity

| | | (₹ in Lakh) | |
|----------------------------------------------------|----------|-----------------------|-----------------------|
| Particulars | | As at 31st March,2019 | As at 31st March,2018 |
| Reserves and Surplus | | | |
| Self Insurance Reserve | | | |
| -Balance at the Beginning of the Year 01.04.2018 | | | |
| -Additions during the Year 18-19 | 37.91 | | |
| -Deductions during the Year 18-19 | 37.88 | | |
| -Balance at the end of the Year 31.03.2019 | - | 75.79 | 37.91 |
| Retained Earnings | | | |
| As per last balance sheet | | | |
| Add : Additions | 714.28 | | |
| Profit after tax as per Statement of Profit & Loss | | | |
| Less: Appropriations | 1,307.59 | | |
| Self Insurance Reserve | | | |
| Interim dividend paid | 37.88 | | |
| Tax on interim Dividend | 902.80 | | |
| Closing Balance | 185.57 | 895.61 | 714.28 |
| TOTAL | | 971.40 | 752.19 |



Note: Self-Insurance Reserve is created @ 0.12% p.a. on Gross Block of Property, Plant and Equipments except assets covered under insurance as at the end of the year by appropriated of Current Year Profit to mitigate future losses from un-insured risk and for taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers and equipment of AC substation. The Reserve created as above is shown as "Self Insurance Reserve" under 'Other Equity'.

POWERGRID KALA AMB TRANSMISSION LIMITED

Note 13 / Borrowings

| Description | (₹ in Lakh) | |
|------------------------------------------------------------------|-----------------------|-----------------------|
| | As at 31st March,2019 | As at 31st March,2018 |
| Unsecured | | |
| Loan from Power Grid Corporation of India Ltd. (Holding Company) | 19,528.00 | 24,684.08 |
| TOTAL | 19,528.00 | 24,684.08 |

Note :

Inter Corporate loan is provided by the holding company i.e. Power Grid Corporation of India Ltd on cost to cost basis (Interest rate varying from 7.20% to 8.40%) & converted into Single rate of interest at 7.7057% wef 30.03.2018 which is repayable as per terms & condition of repayment. The company has not made default in repayment of its dues.

Inter Corporate Loan is taken from Holding Company i.e. Power Grid Corporation of India Limited against which related party discloser has been given in note no 28



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POWERGRID KALA AMB TRANSMISSION LIMITED
Note 14 / Deferred Tax Liabilities (Net)

| Particulars | (₹ In Lakh) | |
|------------------------------------------------------|------------------------|------------------------|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| Deferred Tax Liability | | |
| Difference in book depreciation and tax depreciation | 3,282.32 | 2,819.43 |
| Deferred Tax Liability (A) | 3,282.32 | 2,819.43 |
| Deferred Tax Assets | | |
| Unused Tax Losses(Income Tax loss) | 2,433.10 | 2,510.27 |
| Unused Tax Credit(MAT Credit Entitlement) | 624.72 | 226.57 |
| Deferred Tax Assets (B) | 3,057.82 | 2,736.84 |
| Deferred Tax Liability(Net)(A-B) | 224.50 | 82.59 |

Movement In Deferred Tax Liability (₹ in Lakh)

| Particulars | Property, Plant & Equipment | Total |
|---------------------------------|-----------------------------|-----------------|
| As on 1st April 2017 | | |
| Charged /(Credited) | - | - |
| - to Profit or loss | 2,819.43 | 2,819.43 |
| - to other comprehensive income | | |
| As at 31st March 2018 | 2,819.43 | 2,819.43 |
| Charged /(Credited) | | |
| - to Profit or loss | 462.88 | 462.88 |
| - to other comprehensive income | | |
| As at 31st March 2019 | 3,282.32 | 3,282.32 |

Movement In Deferred Tax Assets (₹ In Lakh)

| Particulars | Unused Tax Losses | MAT Credit | Total |
|---------------------------------|-------------------|---------------|-----------------|
| As on 1st April 2017 | | | |
| Charged /(Credited) | | | |
| - to Profit or loss | 2,510.27 | 226.57 | 2,736.84 |
| - to other comprehensive income | | | |
| As at 31st March 2018 | 2,510.27 | 226.57 | 2,736.84 |
| Charged /(Credited) | | | |
| - to Profit or loss | (77.17) | 398.15 | 320.97 |
| - to other comprehensive income | | | |
| As at 31st March 2019 | 2,433.10 | 624.72 | 3,057.81 |

Amount taken to statement of Profit and Loss

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---------------------------------------------------------|-----------------------|-----------------------|
| Increase/(Decrease) in Deferred Tax Liabilities | 462.88 | 2,819.43 |
| (Increase)/Decrease in Deferred Tax Assets | (320.97) | (2,736.84) |
| Net Amount Taken to Statement of Profit and Loss | 141.91 | 82.59 |

Movement In Deferred Tax Asset

| Particulars | (₹ In Lakh) |
|------------------------------|-----------------|
| Net loss carry forward | |
| As at 1st April 2018 | 2,510.27 |
| Charged /Credited to P&L | (77.17) |
| As at 31st March 2019 | 2,433.10 |

Movement In Deferred Tax Liability

| Particulars | (₹ in Lakh) |
|------------------------------|-----------------|
| Property, Plant & Equipment | |
| As at 1st April 2018 | 2,819.43 |
| Charged /Credited to P&L | 462.88 |
| As at 31st March 2019 | 3,282.32 |



POWERGRID KALA AMB TRANSMISSION LIMITED**Note 15 / Other Current Financial Liability**

| Particulars | (₹ in Lakh) | |
|-------------------------------------------------------------------|-----------------------|-----------------------|
| | As at 31st March,2019 | As at 31st March,2018 |
| A) Current maturities of long term borrowings | | |
| Loan From M/s Power Grid Corporation of India Ltd. (Holding Co.) | 3,000.00 | - |
| B) Interest accrued but not due on borrowings from | | |
| Loan from Power Grid Corporation of India Ltd. (Holding Company) | - | 9.38 |
| C) Others | | |
| Dues for capital expenditure | 16.82 | 572.12 |
| Deposits/Retention money from contractors and others. | 351.71 | 1,406.74 |
| Payable to Power Grid Corporation of India Ltd (Holding Company) | - | 108.43 |
| Total | 368.53 | 2,087.29 |
| | 3,368.53 | 2,096.67 |

Note :

Details of amount payable to related parties are provided in note 28



POWERGRID KALA AMB TRANSMISSION LIMITED

Note 16 / Other current liabilities

| Particulars | (₹ in Lakh) | |
|----------------|------------------------|------------------------|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| Statutory dues | 14.39 | 4.84 |
| Total | 14.39 | 4.84 |



POWERGRID KALA AMB TRANSMISSION LIMITED
Note 17/Revenue from operations

| Particulars | (₹ in Lakh) | |
|----------------------|---------------------------------------|---------------------------------------|
| | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
| Sales of services | | |
| Transmission Charges | 5,725.98 | 3,757.66 |
| Total | <u>5,725.98</u> | <u>3,757.66</u> |

Note:Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer.Revenue & surcharges of Rs.7.31 Lacs has not been recognised during the year due to uncertainty of collection of consideration in line with Ind AS 115 'Revenue from Contracts with Customers'.



POWERGRID KALA AMB TRANSMISSION LIMITED

Note 18 / Other income

(₹ in Lakh)

| Particulars | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
|-------------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| Miscellaneous income | 2.24 | 18.93 |
| Surcharge | 302.26 | - |
| Fair Value gain on initial recognition of Financial liability | | |
| Total | 304.50 | 18.93 |
| Less:Income transferred to expenditure during construction(Net)-Note 24 | - | - |
| TOTAL | 304.50 | 18.93 |

Note :

1. Miscellaneous income represents Sale of Scrap

2. Revenue & surcharges of Rs.7.31 Lacs has not been recognised during the year due to uncertainty of collection of consideration in line with Ind AS 115 'Revenue from Contracts with Customers'.



POWERGRID KALA AMB TRANSMISSION LIMITED

Note 19 / Finance costs

| Particulars | (₹ in Lakh) | |
|----------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
| i) Interest and finance charges on financial liabilities at amortised cost | | |
| Loan from Power Grid Corporation of India Ltd. (Holding Company) | 1,847.18 | 1,745.17 |
| ii) Unwinding of discount on financial liabilities | - | 93.06 |
| Total | 1,847.18 | 1,838.23 |
| Less: Transferred to Expenditure during Construction(Net)-Note 22 | - | 456.74 |
| TOTAL | 1,847.18 | 1,381.49 |

Note :

Finance costs include Interest on loan received from Holding Company i.e. Powergrid against which related party discloser has been given in note no 28



POWERGRID KALA AMB TRANSMISSION LIMITED

Note 20 / Depreciation and amortization expense

| Particulars | (₹ in Lakh) | |
|-----------------------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
| Depreciation of Property, Plant and Equipment | 1,636.80 | 1,165.48 |
| Amortization of Intangible assets | 2.40 | 1.62 |
| TOTAL | 1,639.20 | 1,167.10 |



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POWERGRID KALA AMB TRANSMISSION LIMITED

Note 21 / Other expenses

| Particulars | (₹ in Lakh) | |
|----------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
| Repair & Maintenance (Building, P&M & Substation) | 3.77 | 2.51 |
| System and Market Operation Charges | 0.02 | 0.01 |
| Power charges | - | 31.70 |
| Water Charges | - | 0.15 |
| Professional charges | 20.34 | 463.58 |
| Consultancy Expenses | 669.33 | 28.40 |
| Statutory Audit Fees | 1.51 | 0.74 |
| Statutory Auditor's out of pocket expenses | 0.42 | 0.18 |
| Printing and stationery | - | 0.02 |
| Brokerage & Commission | 0.07 | 0.34 |
| Capital Exp on asset on owned by company | - | 78.54 |
| CERC petition & Other charges | 6.36 | 15.00 |
| Rates and taxes | 6.00 | 49.00 |
| License Fees to DOT | - | 0.10 |
| Expense on Corporate Social Responsibility | 7.08 | - |
| Total | 714.90 | 670.27 |
| Less:Transferred to Expenditure during Construction(Net)- Note 22 | 18.45 | 503.90 |
| TOTAL | 696.45 | 166.37 |



POWERGRID KALA AMB TRANSMISSION LIMITED
Note 22 / Expenditure during Construction (Net)

(₹ in Lakh)

| Particulars | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
|-----------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| A. Other Expenses | | |
| Power charges | - | 15.14 |
| Professional charges (Including TA/DA) | 18.45 | 450.22 |
| Payment to Auditors | - | 0.18 |
| Printing and stationery | - | 0.02 |
| Miscellaneous expenses | - | 11.34 |
| Rates and taxes | - | 27.00 |
| Total (A) | 18.45 | 503.90 |
| B. Depreciation/Amortisation | | |
| C. Finance Costs | | |
| Interest on Loan from Power Grid Corporation of India Ltd. (Holding Co.) | - | 456.74 |
| Unwinding of discount on financial liabilities | - | |
| Total (C) | - | 456.74 |
| D. Less: Other Income | | |
| Fair Value gain on initial recognition of Financial liability | | |
| Total (D) | | |
| GRAND TOTAL (A+B+C-D) | 18.45 | 960.63 |



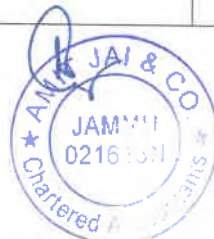
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- 23: Balances of Advances for Capital Expenditure Shown under Other Non-Current Assets (Note-7) & Dues for Capital Expenditure Shown include balances subject to confirmation/reconciliation and consequential adjustments if any. However, reconciliations are carried out on ongoing basis and Balance Confirmation are carried out on balances as on 31st March 2019.

In the opinion of the management, the value of any of the assets other than Property, Plant and Equipment and non-current investments on realization in the ordinary course of business will not be less than value at which they are stated in the Balance Sheet.

- 24: Based on information available with the company, there are no supplier's/service providers who are registered as micro, small or medium enterprise under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Information in respect of micro and small enterprises as required by MSMED Act, 2006 is given as under:

| (₹ in Lakh) | | | |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------------|
| Sr. No | Particulars | Current Year | Previous Year |
| 1 | Principal amount and interest due thereon remaining unpaid to any supplier as at end of each accounting year: Principal Interest | Nil Nil | Nil Nil |
| 2 | The amount of Interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | Nil | Nil |
| 3 | 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 MSMED Act, 2006 | Nil | Nil |
| 4 | The amount of interest accrued and remaining unpaid at the end of each accounting year. | Nil | Nil |
| 5 | 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 MSMED Act 2006 | Nil | Nil |



25: Other Disclosures:**A. Employee Benefit Obligations**

The company does not have any permanent employees. The personnel working for the company are from holding company on secondment basis and are working on time share basis. The employee cost (Including retirement benefits such as gratuity, leave encashment, post-retirement benefits etc.) in respect of personnel working for the company are paid by holding company and holding company is raising invoice to the Subsidiary company towards Consultancy Charges.

Since there are no employees in the company, the obligation as per Ind AS 19 does not arise. Accordingly, no provision is considered necessary for any retirement benefit like gratuity, leave salary, pension etc., in the books of the company.

B. Taxation

Current tax is reckoned based on the current year's income and tax payable thereon in accordance with the applicable tax rates as per the prevailing tax laws.

C. Leases

Finance Lease: The Company has no finance leases.

Operating Lease: The Company has no operating leases.

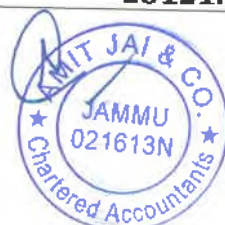
D. Other Income includes surcharge amounting to ₹ 303.23 Lakh which was disputed before Hon'ble Central Electricity Regulatory Commission, New Delhi (CERC) and has been recognized as revenue after the order passed by CERC.

26: Borrowing Cost Capitalized during the year ₹ NIL (Previous Year ₹ 456.74 Lakh) in the respective carrying amount of Property, Plant & Equipment/Capital Work in Progress (CWIP) as per Ind AS 27 "Borrowing Costs"

27: Fair Value Measurement

(₹ in Lakhs)

| Financial Instruments by Category | 31 st March 2019 | | 31 st March 2018 | |
|-----------------------------------------------------|-----------------------------|-----------------|-----------------------------|------------------|
| | FVOCI | Amortised Cost | FVOCI | Amortised Cost |
| Financial Assets | | | | |
| Trade Receivable | | 223.23 | | 2,314.33 |
| Cash & Cash Equivalents | - | 7.08 | - | 1.00 |
| Other Financial Assets | - | 845.23 | - | 442.92 |
| Total Financial Assets | - | 1075.54 | - | 2758.25 |
| Financial Liabilities | | | | |
| Borrowings | - | 19528.00 | - | 24,693.46 |
| Other Financial Liabilities (Current & Non-Current) | - | 3,593.03 | - | 2,087.29 |
| Total Financial Liabilities | - | 23121.03 | - | 26,780.75 |



(i) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

| (₹ in Lakhs) | | | | |
|-------------------------------------------------------------------------------------------------|---------|-----------|---------|-----------|
| Assets and Liabilities which are Measured at Amortised Cost for which Fair Values are Disclosed | Level 1 | Level 2 | Level 3 | Total |
| As at 31 st March 2019 | | | | |
| Financial Assets | - | - | - | - |
| Total Financial Assets | - | - | - | - |
| Financial Liabilities | | | | |
| Borrowings | - | 21,896.03 | - | 19,528.00 |
| Other Financial Liabilities | - | 3,593.03 | - | 3,593.03 |
| Total Financial Liabilities | - | 25,489.06 | - | 23,121.03 |

| (₹ in Lakhs) | | | | |
|-------------------------------------------------------------------------------------------------|---------|-----------|---------|-----------|
| Assets and Liabilities which are Measured at Amortised Cost for which Fair Values are Disclosed | Level 1 | Level 2 | Level 3 | Total |
| As at 31 st March 2018 | | | | |
| Financial Assets | - | - | - | - |
| Total Financial Assets | - | - | - | - |
| Financial Liabilities | | | | |
| Borrowings | - | 24,072.65 | - | 24,072.65 |
| Other Financial Liabilities | - | 2,087.29 | - | 2,087.29 |
| Total Financial Liabilities | - | 26,159.94 | - | 26,159.94 |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.



Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year. The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of the financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2

iii) Fair Value of Financial Assets and Liabilities measured at Amortised Cost

(₹ in Lakhs)

| | 31 st March 2019 | | 31 st March 2018 | |
|------------------------------------|-----------------------------|------------------|-----------------------------|------------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial Assets | | | | |
| Trade Receivables | 223.23 | 223.23 | 2,314.33 | 2,314.33 |
| Cash & Cash Equivalent | 7.08 | 7.08 | 1.00 | 1.00 |
| Other Current Financial Assets | 845.23 | 845.23 | 442.92 | 442.92 |
| Total Financial Assets | 1,075.54 | 1,075.54 | 2,758.25 | 2,758.25 |
| Financial Liabilities | | | | |
| Borrowings | 19,528.00 | 21,896.03 | 24,693.46 | 24,072.65 |
| Other Financial Liabilities | 3,593.03 | 3,593.03 | 2,087.29 | 2,087.29 |
| Total Financial Liabilities | 23,121.03 | 25,489.06 | 26,780.75 | 26,159.94 |

The carrying amounts of Trade Payables, cash and cash equivalents, other current Financial Assets and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature. The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are observable. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.



28:RelatedParty Transactions

(a)Holding Company

| Name of entity | Place of business/country of incorporation/Relationship | Proportion of Ownership Interest | |
|-----------------------------------------|---------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| | | 31 st Mar 2019 Holding Company | 31 st Mar 2018 Holding Company |
| Power Grid Corporation of India Limited | India- Holding Company | 100% | 100% |

(b)Subsidiaries of Holding Company

| Name of entity | Place of business/country of incorporation/Relationship | Proportion of Ownership Interest | |
|-----------------------------------------------------------|---------------------------------------------------------|----------------------------------|---------------------------|
| | | 31 st Mar 2019 | 31 st Mar 2018 |
| PowergridVizag Transmission Limited | India Fellow Subsidiary | NA | NA |
| Powergrid NM Transmission Limited | India Fellow Subsidiary | NA | NA |
| PowergridUnchahar Transmission Limited | India Fellow Subsidiary | NA | NA |
| Powergrid Jabalpur Transmission Limited | India Fellow Subsidiary | NA | NA |
| PowergridWarora Transmission Limited | India Fellow Subsidiary | NA | NA |
| PowergridParli Transmission Limited | India Fellow Subsidiary | NA | NA |
| Powergrid Southern Interconnector Transmission Limited | India Fellow Subsidiary | NA | NA |
| PowergridVemagiri Transmission Limited | India Fellow Subsidiary | NA | NA |
| PowergridMedinipurJeerat Transmission Limited [erstwhile] | India Fellow Subsidiary | NA | NA |



| | | | |
|-----------------------------------------------------------------------------------------------------------|-------------------------|----|----|
| MedinipurJeerat Transmission Limited] | Subsidiary | | |
| PowergridMithilanchal Transmission Limited [erstwhile ERSS XXI Transmission Limited] | India Fellow Subsidiary | NA | NA |
| Powergrid Varanasi Transmission Limited [erstwhile WR-NR Transmission Limited] | India Fellow Subsidiary | NA | NA |
| PowergridJawaharpur Firozabad Transmission Limited**[erstwhile Jawaharpur Firozabad Transmission Limited] | India Fellow Subsidiary | NA | NA |

** 100% equity in PowergridJawaharpur Firozabad Transmission Limited acquired from REC Transmission Projects Company Limited on 21st December, 2018 by Holding Company.

(c) Joint Ventures of Holding Company

| Name of entity | Place of business/country of incorporation/ Relationship | Proportion of Ownership Interest | |
|-----------------------------------------------------|-------------------------------------------------------------|----------------------------------|---------------------------|
| | | 31 st Mar 2019 | 31 st Mar 2018 |
| PowerLinks Transmission Limited | India JV of Holding | NA | NA |
| Torrent Power Grid Limited | India JV of Holding | NA | NA |
| JaypeePowergrid Limited | India JV of Holding | NA | NA |
| ParbatiKoldam Transmission Company Limited | India JV of Holding | NA | NA |
| Teestavalley Power Transmission Limited* | India JV of Holding | NA | NA |
| North East Transmission Company Limited | India JV of Holding | NA | NA |
| National High Power Test Laboratory Private Limited | India JV of Holding | NA | NA |
| Bihar Grid Company Limited | India JV of Holding | NA | NA |
| KalingaVidyutPrasaran Nigam Private Limited** | India JV of Holding | NA | NA |



✓

| | | | |
|-------------------------------------------------|---------------------|----|----|
| Cross Border Power Transmission Company Limited | India JV of Holding | NA | NA |
| RINL Powergrid TLT Private Limited*** | India JV of Holding | NA | NA |
| Power Transmission Company Nepal Ltd | Nepal JV of Holding | NA | NA |

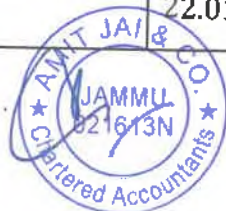
*POWERGRID and TeestaUrja Ltd are the Joint venture partners in Teestavalley Power Transmission Limited & holds 26% & 74% equity , respectively as per Shareholding agreement .On call of additional equity by Teestavalley Power Transmission Limited, POWERGRID contributed their share amounting Rs.11.28 crore while the other JV partner has not yet contributed their share of money as on 31.03.2019.Consequently, the holding of POWERGRID increased to 28.23% as on 31.03.2019 against 26% provided in shareholding agreement.

** POWERGRID's Board of directors in its meeting held on 16th August 2017 accorded approval for initiating procedure for winding up/ removal of the name of KalingaVidyutPrasaran Nigam Private Limited under fast track exit mode of registrar of companies (ROC).

*** POWERGRID's Board of directors in its meeting held on 01.05.2018 accorded approval for initiating procedure for winding up/ removal of the name of RINL Powergrid TLT Private Limited under fast track exit mode of registrar of companies (ROC).

(d) Key Management Personnel

| Sr. No. | Name | Designation | Date of Appointment / Resignation |
|---------|-----------------------|------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| 1 | Smt. Seema Gupta | Chairperson & Director | w.e.f. 21.03.2018 to 18.10.2018 |
| 2. | Shri D. C. Joshi | Director | w.e.f. 07.05.2018 and continue Chairmanship (w.e.f. 30.10.2018 to 08.01.2019) Chairmanship (w.e.f. 22.01.2019 and continue) |
| 3. | Shri J. P. Singh | Director | 21.03.2018 and continue |
| 4. | Smt. V. Susheela Devi | Director | 07.05.2018 and continue |
| 5. | Shri Ravi P. Singh | Chairman & Director | 08.01.2019 to 22.01.2019 |
| 6. | Shri Abhay Choudhary | Director | 22.01.2019 and continue |



| | | | |
|-----|-------------------------------------------|---------------------|---------------------------------|
| 5. | Shri Ravi P. Singh | Chairman & Director | 08.01.2019 to 22.01.2019 |
| 6. | Shri Abhay Choudhary | Director | 22.01.2019 and continue |
| 7. | Shri Anil Sharma | CEO | Continue |
| 7. | Shri S . K. Rai | CFO | w.e.f. 21.03.2018 and continue |
| 8. | Shri Prabhat Singh | Company Secretary | w.e.f. 21.03.2018 to 31.07.2018 |
| 9. | Shri Piyush Rameshbhai Bhadreshvara | Company Secretary | w.e.f 17.09.2018 and continue |
| 10. | Shri S. Vaithlingam | Director | w.e.f 11.03.2015 to 30.04.2018 |
| 11. | Shri D. K. Valecha | Director | w.e.f 12.05.2014 to 30.04.2018 |

(e) Transactions with related parties

The following transactions occurred with related parties:

| (₹ in Lakh) | | |
|-----------------------------------------|------------------------------|------------------------------|
| Particulars | 31 st March, 2019 | 31 st March, 2018 |
| Services received by the Company | | |
| <u>Holding Company</u> | | |
| Power Grid Corporation of India Ltd. | 582.86 | 418.76 |
| | (Excluding Taxes) | (Excluding Taxes) |
| Total | 582.86 | 418.76 |

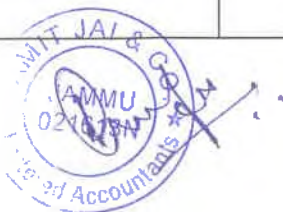
It is further disclosed that all the transactions of the Company with its Holding or Subsidiary / Fellow Subsidiary or Associate Companies has been done in the ordinary course of business and transacted on an arms length basis.

(f) Equity

| (₹ in Lakhs) | | |
|--------------------------------------|------------------------------|------------------------------|
| Equity from Holding Company | 31 st March, 2019 | 31 st March, 2018 |
| Power Grid Corporation of India Ltd. | 500.00 | 5495.00 |
| Total | 500.00 | 5495.00 |

(g) Interest on Loan

| (₹ in Lakh) | | |
|--------------------------------------|------------------------------|------------------------------|
| Particulars | 31 st March, 2019 | 31 st March, 2018 |
| <u>Holding Company</u> | | |
| Power Grid Corporation of India Ltd. | 1847.18 | 1745.17 |
| Total | 1847.18 | 1745.17 |



| | | | |
|-----|-------------------------------------|-------------------|---------------------------------|
| 7. | Shri Anil Sharma | CEO | Continue |
| 7. | Shri S . K. Rai | CFO | w.e.f. 21.03.2018 and continue |
| 8. | Shri Prabhat Singh | Company Secretary | w.e.f. 21.03.2018 to 31.07.2018 |
| 9. | Shri Piyush Rameshbhai Bhadreshvara | Company Secretary | w.e.f 17.09.2018 and continue |
| 10. | Shri S. Vaithlingam | Director | w.e.f 11.03.2015 to 30.04.2018 |
| 11. | Shri D. K. Valecha | Director | w.e.f 12.05.2014 to 30.04.2018 |

(e) Transactions with related parties

The following transactions occurred with related parties:

| (₹ in Lakh) | | |
|-----------------------------------------|------------------------------|------------------------------|
| Particulars | 31 st March, 2019 | 31 st March, 2018 |
| Services received by the Company | | |
| <u>Holding Company</u> | | |
| Power Grid Corporation of India Ltd. | 582.86 | 418.76 |
| | (Excluding Taxes) | (Excluding Taxes) |
| Total | 582.86 | 418.76 |

(f) Equity

| (₹ in Lakhs) | | |
|--------------------------------------|------------------------------|------------------------------|
| Equity from Holding Company | 31 st March, 2019 | 31 st March, 2018 |
| Power Grid Corporation of India Ltd. | 500.00 | 5495.00 |
| Total | 500.00 | 5495.00 |

(g) Interest on Loan

| (₹ in Lakh) | | |
|--------------------------------------|------------------------------|------------------------------|
| Particulars | 31 st March, 2019 | 31 st March, 2018 |
| <u>Holding Company</u> | | |
| Power Grid Corporation of India Ltd. | 1847.18 | 1745.17 |
| Total | 1847.18 | 1745.17 |

(h) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:



| (₹ in Lakh) | | |
|------------------------------------------|---------------------------------|---------------------------------|
| Particulars | 31 st March, 2019 | 31 st March, 2018 |
| Payables | | |
| <u>Holding Company</u> | | |
| Power Grid Corporation of India Ltd | 0.00 | 108.43 |
| Total payables to related parties | 0.00 | 108.43 |

(i) Loans to/from related parties

| (₹ in Lakh) | | |
|-------------------------------------|---------------------------------|---------------------------------|
| <u>Loans from Holding Company</u> | 31 st March, 2019 | 31 st March, 2018 |
| Power Grid Corporation of India Ltd | 22528.00 | 24684.08 |
| Total | 22528.00 | 24684.08 |

(j) Interest accrued on Loan

| (₹ in Lakh) | | |
|-------------------------------------|---------------------------------|---------------------------------|
| Particulars | 31 st March, 2019 | 31 st March, 2018 |
| <u>Holding Company</u> | | |
| Power Grid Corporation of India Ltd | 0.00 | 9.38 |
| Total | 0.00 | 9.38 |

29:Segment Information

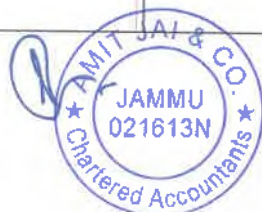
a) Business Segment

The Board of Directors is the company's Chief operating decision maker who monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. One reportable segment has been identified on the basis of product/services i.e. Transmission Network.

- b)** The operations of the company are mainly carried out within the country and therefore there is no reportable geographical segment.

30:Capital and other Commitment

| (₹ in Lakh) | | |
|------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------|
| Particulars | As at 31 st Mar 19 | As at 31 st Mar 18 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 219.36 | 644.13 |



31:Contingent Liabilities and Contingent Assets

There is no Contingent Liability/Assets as on 31st March 2019(Nil as on 31st March 2018)

32:Capital management

a) Risk Management

The company's objectives when managing capital are to

- maximize the shareholder value;
- safeguard its ability to continue as a going concern;
- maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the company's capital management, equity capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the company. The company manages its capital structure and makes adjustments in light of changes in economic conditions, regulatory framework and requirements of financial covenants with lenders. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, regulate investments in new projects, return capital to shareholders or issue new shares.

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

Debt Equity Ratio maintained by the company is as follows -

(₹ in Lakh)

| Particulars | 31st March 2019 | 31st March 2018 |
|--------------------|--------------------|--------------------|
| Debt | 22528.00 | 24684.08 |
| Equity | 7071.40 | 6352.19 |
| Debt/ Equity Ratio | 3.2 : 1 | 3.89 : 1 |

b) Dividends

| Particulars | 31st March 2019 | 31st March 2018 |
|----------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| (i) Equity Shares | | |
| Interim dividend for the year ended 31st March, 2019 of ₹ 1.48 (31st March, 2018 - ₹ Nil) per fully paid share | 902.80 | NIL |

33: Income Tax Expenses

This note provides an analysis of the Company's Income Tax Expense, and how the Tax Expense is affected by Non-Assessable and Non-Deductible Items. It also explains significant estimates made in relation to the company's Tax Positions.

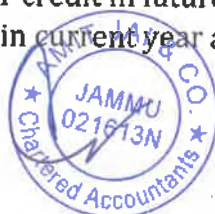


| (₹ in Lakhs) | | |
|---------------------------------------------------|-----------------------------------|-----------------------------------|
| Particulars | 31 st March 2019 | 31 st March 2018 |
| <u>Current Tax</u> | | |
| Current Tax on Profits for the Year | 398.15 | 226.57 |
| Total Current Tax Expenses (A) | 398.15 | 226.57 |
| <u>Deferred Tax</u> | | |
| Origination and reversal of temporary differences | 141.91 | 82.59 |
| Total Deferred Tax Expenses/(Benefit)(B) | 141.91 | 82.59 |
| Income Tax Expense | 540.06 | 309.16 |

(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

| (₹ in Lakhs) | | |
|--------------------------------------------------------------------------|--------------------------------|--------------------------------|
| Particulars | 31 st March 2019 | 31 st March 2018 |
| PROFIT BEFORE TAX | 1,847.65 | 1,061.63 |
| TAX USING COMPANY'S DOMESTIC TAX RATE @ 29.12% (PREVIOUS YEAR 28.84%) | 538.04 | 306.17 |
| TAX EFFECT OF: | | |
| NON DEDUCTIBLE TAX EXPENSES | 2.06 | - |
| TAX EXEMPT INCOME | - | - |
| MAT ADJUSTMENT | (141.96) | (79.60) |
| DEFERRED TAX | 141.91 | 82.59 |
| TAX EXPENSE CARRIED TO P/L | 540.05 | 309.16 |

As company has option to avail MAT credit in future against Income Tax payable and hence MAT paid during earlier and in current year are carried forward.



34: Earnings per share**(in ₹)**

| (a) Basic and diluted earnings per share attributable to the equity holders of the company from continuing operations | 31st March, 2019 | 31st March, 2018 |
|------------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Basic and diluted earnings per share | 2.21 | 4.02 |

(₹ in Lakhs)

| (b) Reconciliation of earnings used in calculating earnings per share | 31st March, 2019 | 31st March, 2018 |
|------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Earnings attributable to the equity holders of the company | 1307.59 | 752.47 |

(No. of shares)

| (c) Weighted average number of shares used as the denominator | 31st March, 2019 | 31st March, 2018 |
|----------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | 59424658 | 18706028 |
| Adjustments for calculation of diluted earnings per share | NA | NA |
| Total weighted average number of equity shares used as the denominator in calculating basic earnings per share | 59424658 | 18706028 |

35: Financial Risk Management

The Company's principal financial liabilities comprise loans and borrowings denominated in Indian rupees, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's capital investments and operations.

The Company's principal financial assets include cash and cash equivalents and other receivables that are generated from its operations.

The Company's activities expose it to the following financial risks, namely,

- Credit risk,
- Liquidity risk,
- Market risk.



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A) Credit Risk

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

(i) Credit Risk Management

Credit risk is the risk that 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 on account of trade receivables and loans and advances and from its financing activities due to deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

A default on a financial asset is when the counterparty fails to make contractual payments within 3 years of when they fall due. This definition of default is determined considering the business environment in which the Company operates and other macro-economic factors.

Assets are written-off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in the statement of profit and loss.

• **Trade Receivables**

Trade receivable ₹ 223.23Lakh as on 31st March 2019(Previous Year ₹2314.33Lakh)

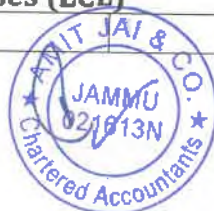
• **Other Financial Assets (excluding trade receivables)**

• **Cash and cash equivalents**

The Company held cash and cash equivalents of ₹7.08 Lakh (Previous Year ₹ 1.00 Lakh). The cash and cash equivalents are held with public sector banks and do not have any significant credit risk.

(i) Exposure to credit risk

| (₹ in Lakh) | | |
|-----------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Particulars | 31 st March 2019 | 31 st March 2018 |
| Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL) | | |
| Cash and cash equivalents | 7.08 | 1.00 |
| Other current financial assets | 845.23 | 442.92 |
| Total | 852.31 | 443.92 |
| Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL) | | |
| Trade receivables | 223.23 | 2314.33 |



(ii) Provision for Expected Credit Losses

For Financial Assets, Credit Risk has not increased from Initial Recognition and therefore expected credit loss provisioning is not required

B) Liquidity risk

Prudent Liquidity Risk Management implies maintaining Sufficient Cash and Marketable Securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company has entered into Inter-Corporate Loan Agreement for Funding of its Obligations. For this, Company Provided Quarterly Cash Flows in Advance to Holding Company along with Monthly Requirement.

(i) Financing Arrangements

The company had access to the borrowing facilities with the Parent Company as per Agreement at the end of the reporting period.

(ii) Maturities of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(₹ in Lakh)

| Contractual maturities of financial liabilities | Within a year | Between 1-5 years | Beyond 5 years | Total |
|-------------------------------------------------|----------------|-------------------|-----------------|-----------------|
| 31 March 2019 | | | | |
| Borrowings (including interest outflows) | 4,735.94 | 16632.05 | 8574.74 | 29,942.70 |
| Other financial liabilities | 368.53 | | | 368.53 |
| Total | 5104.47 | 16632.05 | 8574.74 | 30311.26 |
| 31 March 2018 | | | | |
| Borrowings (including interest outflows) | 1902.08 | 20343.89 | 11829.25 | 34075.22 |
| Other financial liabilities | 2087.29 | | | 2087.29 |
| Total | 3989.37 | 20343.89 | 11829.25 | 36162.51 |

mu.



(ii) Provision for Expected Credit Losses

For Financial Assets, Credit Risk has not increased from Initial Recognition and therefore expected credit loss provisioning is not required

B) Liquidity risk

Prudent Liquidity Risk Management implies maintaining Sufficient Cash and Marketable Securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company has entered into Inter-Corporate Loan Agreement for Funding of its Obligations. For this, Company Provided Quarterly Cash Flows in Advance to Holding Company along with Monthly Requirement.

(i) Financing Arrangements

The company had access to the borrowing facilities with the Parent Company as per Agreement at the end of the reporting period.

(ii) Maturities of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(₹ in Lakh)

| Contractual maturities of financial liabilities | Within a year | Between 1-5 years | Beyond 5 years | Total |
|-------------------------------------------------|-----------------|-------------------|-----------------|-----------------|
| 31 March 2019 | | | | |
| Borrowings (including interest outflows) | 19528.00 | 19632.00 | 8574.74 | 47734.74 |
| Other financial liabilities | 3,368.53 | | | 3368.53 |
| Total | 22896.53 | 19632.00 | 13584.00 | 99592.53 |
| 31 March 2018 | | | | |
| Borrowings (including interest outflows) | 1902.08 | 20343.89 | 11829.25 | 34075.22 |
| Other financial liabilities | 2087.29 | | | 2087.29 |
| Total | 3989.37 | 20343.89 | 11829.25 | 36162.51 |



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 following types of risk:

- i. Currency risk
- ii. Interest rate risk

(i) Currency risk

As on reporting date the company does not have any exposure to currency risk in respect of loans and borrowings denominated in foreign currency and procurement of goods and services whose purchase consideration is in foreign currency.

(ii) Interest rate risk

The Company is not exposed to any interest rate risk as it does not have any long-term loans and borrowings with floating interest rates.

36: Corporate Social Responsibilities (CSR) :

As per section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules 2014 read with DPE guidelines no. F.No.15 (13)/2013-DPE (GM), the company is required to spend, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in accordance with its CSR Policy. The details of CSR expenses for the year are as under.

| | | (₹ in Lakh) | |
|----|-------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| | Particulars | For the year ended 31 st March, 2019 | For the year ended 31 st March, 2018 |
| A. | Amount Required to be spent during the year | 7.08 | NIL |
| B. | Amount spent on CSR- | | |
| | 1. For Construction/ Acquisition of asset | 7.08 | NIL |
| | 2. For the purpose other than above | NIL | NIL |
| C. | Shortfall/(Excess) amount appropriated to CSR Reserve | NIL | NIL |
| D. | Break-up of the amount spent on CSR | | |
| | Ecology and Environment Expenses | 7.08 | NIL |

Total amount of ₹ 7.08 Lakh (Previous year ₹NIL) has been spent

37: Recent Accounting Pronouncements:

Recent Accounting Pronouncements effective from 1st April 2019:



✓

Ind AS 116 was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 19, 'Employee Benefits'

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

- Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- Any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- Separately recognise any changes in the asset ceiling through other comprehensive income.

These amendments will apply to any future plan amendments, curtailments, or settlements of the Company on or after 1 April 2019. The Company is evaluating the requirements of the amendment and the effect on financial statements.

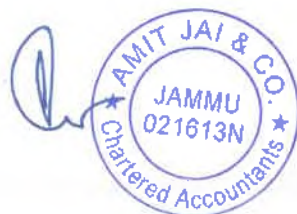
Amendment to Ind AS 12, 'Income Taxes'

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 23, 'Borrowing Costs'

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.



The Company is evaluating the requirements of the amendment and the effect on financial statements.

38: Ind AS 115 'Revenue from Contracts with Customers':

Effective April 1, 2018 the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognized. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction contracts. The Company has applied Ind AS 115 retrospectively only to the contracts that are not completed as at the date of initial application, with the cumulative effect of initial application recognized as an adjustment to the opening balance of General Reserve at April 1, 2018. In accordance with the transition guidance in Ind AS 115 has only been applied to contracts that are incomplete as at April 1, 2018.

The company's accounting policies for its revenue streams are disclosed in Note 2.14. The application of Ind AS 115 does not have any significant impact on the financial position and/or financial performance of the company. The amount of adjustment for each line item of financial statement affected by the application of Ind AS 115 is as given below.

Impacts on assets, liabilities and equity as at April 1, 2018

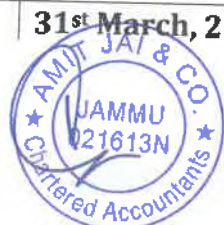
| (₹ in Lakhs) | | | |
|--------------------------------|------------------------|------------------------|-------------|
| | As previously reported | Ind AS 115 adjustments | As restated |
| Contract liabilities | Nil | Nil | Nil |
| Other Equity - General Reserve | Nil | Nil | Nil |

Impacts on Statement of Profit and Loss for the period ended March 31, 2019

Due to Implementation of Ind AS 115, Revenue from Operation increased by ₹ Nil, Finance Cost increased by ₹ Nil and Other Expenses increase by ₹ Nil. Profit after Tax increased by ₹ Nil during the year.

The following table discloses the movement in Unbilled Revenue during the year ended 31 March, 2019 and 31 March, 2018.

| (₹ in Lakhs) | |
|------------------------------|------------------------------|
| 31 st March, 2019 | 31 st March, 2018 |



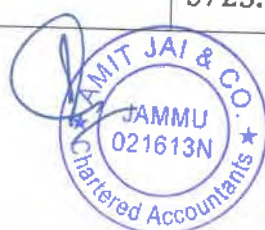
| | | |
|------------------------------------------------|--------|--------|
| Balance at the beginning | 442.92 | Nil |
| Add: Revenue recognized during the period | 845.23 | 442.92 |
| Less: Invoiced during the period | 442.92 | Nil |
| Less: Impairment or reversal during the period | Nil | Nil |
| Add: Transaction Gain/(Loss) | Nil | Nil |
| Balance at the end | 845.23 | 442.92 |

The following table discloses the movement in contract liability during the year ended 31 March 2019 and 31 March 2018.

| | (₹ in Lakhs) | |
|--------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Balance at the beginning | Nil | Nil |
| Add: Advance billing during the period | Nil | Nil |
| Less: revenue recognised during the period From contract liability as at beginning of the period | Nil | Nil |
| From contract liability recognised during the period | | |
| Add: Translation gain/(Loss) | Nil | Nil |
| Balance at the end | Nil | Nil |

The entity determines transaction price based on expected value method considering its past experiences of refunds or significant reversals in amount of revenue. In estimating significant financing component, management considers the financing element inbuilt in the transaction price based on imputed rate of return. Reconciliation of Contracted Price vis-a-vis revenue recognized in profit or loss statement is as follows-

| | (₹ in Lakhs) | |
|-------------------------------------------------------------|------------------------------|------------------------------|
| | Year ended March 31, 2019 | Year ended March 31, 2018 |
| Contracted price | 5781.60 | 3757.66 |
| Add/ (Less)- Discounts/ rebates provided to customer | (49.28) | - |
| Add/ (Less)- Performance bonus | - | - |
| Add/ (Less)- Adjustment for significant financing component | - | - |
| Add/ (Less)- Other adjustments | (6.34) | - |
| Revenue recognized in profit or loss statement | 5725.98 | 3757.66 |



A provision of ₹ Nil has been created in the current financial year against trade receivables and unbilled debtors outstanding as on 31.03.2018 from a few customers and revenue from transmission and surcharge thereon amounting to ₹ 7.31lakh has not been recognised during the year due to uncertainty of collection of consideration in line with Ind AS 115 'Revenue from Contracts with Customers'.

- 39: 1. Previous year figures have been regrouped and rearranged wherever necessary.
2. Figures have been rounded off to the nearest Rupees in Lakh upto Two Decimal.

As per our report of even date
For Amit Jai & Co
Firm Regn. No. 021613N

For and on behalf of the Board of Directors



(CA Amit Gupta)
Partner
M. No. 098478


D C Joshi
Chairman
DIN:08097844


V Susheela Devi
Director
DIN: 07828528

Place:
Date:




S K Rai
CFO


Piyush Bhadreshvara
Company Secretary

Place : Gurugram
Date : 22.05.2019

POWERGRID JABALPUR TRANSMISSION LIMITED

Wholly Owned Subsidiary of Power Grid Corporation of India Limited

(CIN: U40300DL2014GOI270433)

ANNUAL REPORT (2018-19)

POWERGRID JABALPUR TRANSMISSION LIMITED

CIN: U40300DL2014GOI270433

Regd. Office : B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi- 110 016.

Phone No.: 011-26560112, Fax: 011-26601081

DIRECTORS' REPORT

To,

Dear Members,

I am delighted to present on behalf of the Board of Directors, the Fifth Annual Report of POWERGRID JABALPUR Transmission Limited on the working of the Company together with Audited Financial Statement and Auditors Report for the financial year ended 31st March, 2019.

State of the Company's Affairs

POWERGRID Jabalpur Transmission Limited (PJTL) was acquired by Power Grid Corporation of India Limited (POWERGRID) on February 26, 2015 under Tariff Based Competitive bidding from REC Transmission Projects Company Limited (the Bid Process Co-ordinator) for establishment of Transmission System Strengthening associated with Vindhyachal-V. Consequent to such acquisition, PJTL became wholly owned subsidiary of POWERGRID. The transmission system comprising 765kV D/C transmission line is to traverse the State of Madhya Pradesh. The Company has been granted transmission license by CERC in June, 2015. The project had been completed and declared for commercial operation on 01st January, 2019.

Financial Performance

(₹ In Lakh)

| Particulars | 2018-19 | 2017-18 |
|---------------------------------|-----------------|---------|
| Revenue from Operations | 6,104.81 | - |
| Other Income | 0.01 | - |
| Total Income | 6,104.82 | - |
| Expenses | 4,673.95 | - |
| Profit before Tax | 1,430.87 | - |
| Profit after Tax | 1,014.50 | - |
| Earnings Per Equity Share (Rs.) | 2.80 | - |

Share Capital

The Authorized Share Capital and Paid up Share Capital as on 31st March, 2019 of the Company were ₹300 crore and ₹173.15 crore, respectively. Further the Subscribed and Paid up Capital was increased to ₹180.15Crore.

Dividend and Transfer to Reserves

Your Directors have not recommended any dividend on the equity shares for the period under review.

Particulars of Loans, Guarantees or Investments made under section 186 of the Companies Act, 2013

Your Company has not given any loans, provided any guarantee or security to any other entity.

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related parties referred to Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, are given as ***Annexure- I*** to the Directors' Report.

Details of Significant & Material Orders passed by the regulators, courts, tribunals impacting the going concern status and company's operation in future

No significant / material orders passed by any authority during the Financial Year impacting the going concern status and Company's operation in future.

Deposits

Your Company has not accepted any deposit for the period under review.

Subsidiaries, Joint Ventures and Associate Companies

Your Company does not have any subsidiaries, joint ventures and associate companies.

Directors' Responsibility Statement

As required under section 134(3)(c) & 134(5) of the Companies Act, your Directors confirm that:

- a. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to

give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;

- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors had prepared the Annual Accounts on a going concern basis; and
- e. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go

There is no Conservation of Energy, Technology absorption and also there is no Foreign Exchange Earnings during the Financial Year 2018-19 however there is an outgo of Foreign Exchange amounting to ₹ 230.79 Lakhs/- during the Financial Year 2018-19.

Extract of Annual Return

The extract of Annual Return in Form MGT– 9 is enclosed at **Annexure - II** to this Report.

Board of Directors and Key Managerial Personnel

As on 31st March, 2019, the Board comprised four Directors viz., Smt. Seema Gupta, Smt. V. Susheela Devi, Shri Abhay Choudhary and Shri D. K. Singh.

There were some changes in the Board of Directors of the Company during the financial year 2018-19. Smt. V. Susheela Devi and Shri Abhay Choudhary, were appointed as Additional Director w.e.f. 07/05/2018 and appointed as Directors of the Company after your approval in the last Annual General Meeting (AGM) held on 24/09/2018

Subsequently, Smt. Seema Gupta, who was appointed as Additional Director & Chairperson w.e.f. 22/01/2019 and will be appointed as the Director of the Company in the ensuing Annual General Meeting (AGM) of the Company. Further, Shri Ravi P Singh demitted the office of Chairman & Director on 22/01/2019 upon his resignation from the Board of the Company. The Board placed on record its appreciation and gratitude to Shri Ravi P. Singh for the invaluable contribution to the Company during his tenure as Chairman & Director.

The Company has received a notice under Section 160 of the Companies Act, 2013 from a member of the Company for appointment of Smt. Seema Gupta as a Directors, liable to retire by rotation, in the ensuing Annual General Meeting.

In accordance with the provisions of section 152 of the Companies Act, 2013 read with the Articles of Association of the Company, Shri D. K. Singh, Director shall retire by rotation at the ensuing Annual General Meeting of your Company and being eligible, offers himself for re-appointment.

None of the Directors is disqualified from being appointed/re-appointed as Director.

As on 31st March, 2019, Shri Ajaya Kumar Satapathy and Ms. Kamlesh Kumari were Chief Financial Officer (CFO) and Company Secretary respectively of the Company.

Number of Board meetings during the year

During the financial year ended 31st March, 2019, Twelve (12) meetings of Board of Directors were held on 22.05.2018, 18.07.2018, 23.08.2018, 01.10.2018, 06.11.2018, 20.11.2018, 06.12.2018, 20.12.2018, 09.01.2019, 22.01.2019, 28.02.2019, 29.03.2019. The detail of number of meetings attended by each Director during the financial year 2018-19 are as under:

| Name of Director | Designation | No. of Board Meetings which were entitled to attend during 2018-19 | No. of Board Meetings attendance during 2018-19 |
|-------------------------|--------------------|---------------------------------------------------------------------------|--------------------------------------------------------|
| Smt. Seema Gupta* | Chairperson | 02 | 02 |
| Shri Ravi P. Singh** | Chairman | 10 | 09 |
| Smt. V. Susheela Devi | Director | 12 | 09 |
| Shri Abhay Choudhary | Director | 12 | 11 |
| Shri D. K. Singh | Director | 12 | 01 |

*Appointed as Director w.e.f. 22/01/2019

**Ceased to be Director on 22/01/2019

Committees of the Board

Audit Committee

Pursuant to the provisions of Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Company has constituted Audit Committee of Directors on 28.03.2017. As on 31.03.2019, the Audit Committee comprises viz. Smt. V. Susheela Devi, as Chairperson, Shri Abhay Choudhary and Shri D.K. Singh as its members. During the financial year 2018-19, two (2) meetings of Audit committee were held on 22.05.2018 and 07.02.2019.

Nomination & Remuneration Committee

Pursuant to the provisions of Section 178 of the Companies Act, 2013, the Company has constituted Nomination & Remuneration Committee of Directors (the NRC) on 28.03.2017. As on 31.03.2019, the NRC comprises three members viz. Shri Abhay Choudhary, Smt. Susheela Devi, Director and Shri D.K. Singh as its members with Shri Abhay Choudhary as Chairman.

During the financial year 2018-19, two (2) meetings of NRC were held on 17/08/2018 and 06/11/2018, respectively

Declaration by Independent Directors

Ministry of Corporate Affairs (MCA) vide notification dated 05th July 2017 had amended the Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 {said Rule 4} as per which the unlisted public companies in the nature of wholly owned subsidiaries are exempted from the requirement of appointing Independent Directors on their Board. Accordingly, PJTL, being a Wholly Owned Subsidiary of Power Grid Corporation of India Limited is exempted from the requirement of appointing Independent Directors on their Board.

Performance Evaluation

Your Company, being wholly-owned Subsidiary of POWERGRID, is a Government Company. The Whole time Directors & senior officials of POWERGRID (the holding company) are nominated as Directors of your Company. POWERGRID, being a Government Company, the Directors so nominated by it in your Company, are being evaluated under a well laid down procedure for evaluation of CMD / Functional Directors by Administrative Ministry and for evaluation of senior officials by POWERGRID (the holding company).

Statutory Auditors

M/s P. G. Patel & Associates, Chartered Accountants was appointed as Statutory Auditors by Comptroller and Auditor General (C&AG) of India for the financial year 2018-19.

Statutory Auditors' Report

M/s P. G. Patel & Associates, Chartered Accountants, the Statutory Auditors have given an unqualified report for the Financial Year 2018-19. The report is self-explanatory and does not require any further comments by the Board.

Details in respect of frauds reported by auditors other than those which are reportable to the Central Government

The Statutory Auditors of the Company have not reported any frauds to the Board of Directors under section 143(12) of the Companies Act, 2013, including rules made thereunder.

Comptroller and Auditor General's (C&AG) Comments

Comptroller and Auditor General of India have conducted a supplementary audit under section 143(6)(a) of the Companies Act, 2013 of the financial statements of the Company for the year ended 31st March, 2019. C&AG vide letter dated 15th July, 2019 has stated that on the basis of said supplementary audit nothing significant has come to their knowledge which would give rise to any comment upon or supplement to statutory auditors' report. Copy of letter dated 15th July, 2019 of NIL comments received from C&AG is placed at **Annexure-III** to this report.

Secretarial Audit Report

Shri Naresh Kumar Sinha, Practicing Company Secretary has conducted Secretarial Audit of the Company for the financial year ended 31st March, 2019. The Secretarial Audit report is placed at **Annexure – IV** to this report. The Secretarial Auditors have given an unqualified report. The report is self-explanatory and does not require any further comments by the Board.

Cost Auditors

Since the Turnover of the Company exceeded the prescribed limits under the Section 148 read with Companies (Cost Record and Audit) Rules, 2014, the requirement of appointing Cost Auditor became applicable with effect from the Financial Year 2019-20.

Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013, every Company having net worth of Rs. 500 Crore or more, or Turnover of Rs. 1000 Crore or more or a Net Profit of Rs. 5 Crore or more during immediately preceding Financial Year, the Company is required to spend, at least 2% of the Average Net Profits of the Company made during the Three immediately preceding Financial Years, in pursuance of its Corporate Social Responsibility Policy. Your Company has operational income/profit of Rs.476.96 Lakh for the Financial Year 2018-19. Hence, 2% of Profit which is required to make CSR Expenditure is Rs.9.54 Lakh.

Development & Implementation of Risk Management Policy

Your Company being a wholly owned subsidiary of POWERGRID is covered under the Risk Management Framework as being done in POWERGRID, the holding company.

Particulars of Employees

As per notification dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Government Companies are exempted from complying with provisions of Section 197 of the Companies Act, 2013. Further, the Company does not have any employee as on the date of this report therefore, such particulars have not been included as part of Directors' Report.

Prevention of Sexual Harassment at Workplace

There was no incidence of Sexual Harassment during the Financial Year 2018-19.

Internal Financial Control Systems and their adequacy

Your Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March, 2019.

Right to Information

In compliance to 'Right to Information Act, 2005', an appropriate mechanism is in place in the Company for promoting transparency and accountability, wherein the Company has nominated Central Public Information Officer / Appellate Authorities to provide required information under the provisions of Act.

Acknowledgement

The Board extends its sincere thanks to the Ministry of Power, the Central Electricity Regulatory Commission, POWERGRID, the Comptroller & Auditor General of India, and the Auditors of the Company.

For and on behalf of
POWERGRID Jabalpur Transmission Limited

Sd/-
(Seema Gupta)
Chairperson
DIN:06636330

Date: 29th July, 2019
Place: Gurgaon

POWERGRID JABALPUR TRANSMISSION LIMITED**FORM NO. AOC -2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act
and Rule 8(2) of the Companies (Accounts) Rules, 2014**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

| Sl. No. | Particulars | Details |
|----------------|-------------------------------------------------------------------------------------------------------------------|----------------|
| a. | Name (s) of the related party & nature of relationship | - |
| b. | Nature of contracts/arrangements/transaction | - |
| c. | Duration of the contracts/arrangements/transaction | - |
| d. | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e. | Justification for entering into such contracts or arrangements or transactions' | - |
| f. | Date of approval by the Board | - |
| g. | Amount paid as advances, if any | - |
| h. | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| Sl. No. | Particulars | Details |
|----------------|-------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | Name (s) of the related party & nature of relationship | Power Grid Corporation of India Limited (POWERGRID) [holding company on and from 26.02.2015] |
| b. | Nature of contracts/arrangements/transaction | Part (A): to take any security(ies) / guarantee(s) in connection with loan(s) and/or avail Inter corporate loan(s) on cost to cost basis, or a combination thereof, upto an amount of Rs 1400 crore from POWERGRID. Part (B): to avail all inputs and services as may be required by the Company from POWERGRID @ 5% of the actual project cost (excl. IDC and Consultancy Fee) plus taxes as applicable. Part (C): Operation & maintenance activities of the assets owned by the Company. |
| c. | Duration of the contracts/arrangements/transaction | Part (A): As mutually agreed. Part (B): Commissioning of the project including associated reconciliation activities. Part (C) As mutually agreed. |
| d. | Salient terms of the contracts or arrangements or transaction including the value, if any | Refer (b) |
| e. | Date of approval by the Board | 16.04.2015 [for Part (A)], 29.02.2016 [for Part (B)], [07.02.2019 [for Part (C)]. |

| | | |
|----|---------------------------------|---|
| f. | Amount paid as advances, if any | - |
|----|---------------------------------|---|

For and on behalf of
POWERGRID Jabalpur Transmission Limited

Sd/-
(Seema Gupta)
Chairperson
DIN: 06636330

Date: 29th July, 2019
Place: Gurgaon

POWERGRID JABALPUR TRANSMISSION LIMITED**Form No.MGT-9****EXTRACT OF ANNUAL RETURN**

As on the Financial Year ended on March 31, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

I.REGISTRATION AND OTHER DETAILS:

| | | |
|-------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i. | CIN | U40300DL2014GOI270433 |
| ii. | Registration Date | 14th August, 2014 |
| iii. | Name of the Company | POWERGRID Jabalpur Transmission Limited |
| iv. | Category/ Sub-Category of the Company | Company limited by shares / Union Government Company |
| v. | Address of the Registered office and contact details | B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 Tel:011-26560121.Fax:011-26601081 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | CDSL Ventures Limited A Wing, 25th Floor, Marathon Futurex, Mafatlal Mills Compounds, N M Joshi Marg, Lower Parel (E), Mumbai – 400013 Phone No. 022-61216903 |

II.PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of main products/ services | NIC Code of the Product/ | % to total turnover of the company |
|----------------|--------------------------------------------------------|---------------------------------|-------------------------------------------|
| | | | |

| | | | |
|---|--------------|-------|-----|
| 1 | Transmission | 35107 | 100 |
|---|--------------|-------|-----|

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary /Associate | % of shares held | Applicable Section |
|---------|------------------------------------------------------|-----------------------|--------------------------------|------------------|--------------------|
| 1. | Power Grid Corporation Of India Limited (POWERGRID)* | L40101DL1989GOI038121 | HOLDING COMPANY | 100% | 2(46) |

*Holding Company w.e.f. 26.02.2015.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. *Category-wise ShareHolding*

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--------------------------|-------------------------------------------------|----------|--------|-------------------|-------------------------------------------|----------|-----------|-------------------|--------------------------|
| | De mat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | - | 6* | 6* | 0.004 | 6* | 0 | 6* | 0 | (0.004) |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | 0 | 149994 | 149994 | 99.996 | 173149994 | 0 | 173149994 | 100 | (0.004) |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(1):- | 0 | 150000 | 150000 | 100.00 | 173150000 | 0 | 173150000 | 100 | 0 |
| 2) Foreign | | | | | | | | | |
| g) NRIs-Individuals | - | - | - | - | - | - | - | - | - |
| h) Other-Individuals | - | - | - | - | - | - | - | - | - |
| i) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| j) Banks / FI | - | - | - | - | - | - | - | - | - |
| k) Any Other.... | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(2):- | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|--------|--------|-----|-----------|---|-----------|-----|---|
| B. Public Shareholding | - | - | - | - | - | - | - | - | - |
| 1. Institutions | - | - | - | - | - | - | - | - | - |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non Institutions | - | - | - | - | - | - | - | - | - |
| a) Bodies Corp. (i) Indian (ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others(Specify) | - | - | - | - | - | - | - | - | - |
| Sub-total(B)(2) | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | - | - | - | - | - | - | - | - | - |
| C.Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 0 | 150000 | 150000 | 100 | 173150000 | 0 | 173150000 | 100 | 0 |

* 6 equity shares held by POWERGRID's nominees (Individuals) jointly with POWERGRID.

ii. **Shareholding of Promoters**

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---------|-----------------------------------------------------|-------------------------------------------|----------------------------------|-------------------------------------------------|-------------------------------------|----------------------------------|-------------------------------------------------|------------------------------------------|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | |
| 1. | POWER GRID CORPORATION OF INDIA LIMITED (POWERGRID) | 149994 | 99.996 | - | 173149994 | 100 | - | 0.004 |
| 2. | Shri I.S. Jha, jointly with POWERGRID | 01 | 0.0006 | - | 0 | 0 | - | (0.0006) |
| 3. | Shri K.S.R Murty jointly with POWERGRID | 01 | 0.0006 | - | 01 | 0 | - | - |
| 4. | Shri Ravi P. Singh jointly with POWERGRID | 01 | 0.0006 | - | 01 | 0 | - | - |
| 5. | Smt. Seema Gupta jointly with POWERGRID | 01 | 0.0006 | - | 01 | 0 | - | - |
| 6. | Shri S. Vaithilingam jointly with POWERGRID | 01 | 0.0006 | - | 0 | 0 | - | (0.0006) |
| 7. | Shri D .K. Valecha jointly with POWERGRID | 01 | 0.0006 | - | 0 | 0 | - | (0.0006) |
| 8. | Smt. V.Susheela Devi jointly with POWERGRID | 0 | 0 | - | 01 | 0 | - | - |

| | | | | | | | | |
|--------------|---------------------------------------|---------------|------------|----------|------------------|------------|----------|----------|
| 9. | Shri Abhay Choudhary jointly with | 0 | 0 | - | 01 | 0 | - | - |
| 10. | Shri R.N.Singh jointly with POWERGRID | 0 | 0 | - | 01 | 0 | - | - |
| Total | | 150000 | 100 | - | 173150000 | 100 | - | 0 |

*01 Equity share held by I.S. Jha, (jointly with POWERGRID) transferred to Shri R.N.Singh (jointly with POWERGRID) on 13.02.2019

**01 Equity share held by Shri S. Vaithilingam, (jointly with POWERGRID) transferred to Smt. V.Susheela Devi (jointly with POWERGRID) on 22.05.2018.

***01 Equity share held by Shri D.K.Valecha, (jointly with POWERGRID) transferred to Shri Abhay Choudhary (jointly with POWERGRID) on 22.05.2018.

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 150000 | 100 | 150000 | 100 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | <ol style="list-style-type: none"> 1,90,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 23.08.2018 in terms of Section 62(1) of the Companies Act, 2013. 1,60,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 01.10.2018 in terms of Section 62(1) of the Companies Act, 2013. 2,20,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 06.12.2018 in terms of Section 62(1) of the Companies Act, 2013. 4,10,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 22.01.2018 in terms of Section 62(1) of the Companies Act, 2013. 1,70,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 28.02.2019 in terms of Section 62(1) of the Companies Act, 2013. | | | |

| | | | | | | |
|--|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----------|-----|--|
| | | <p>6. 5,80,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 29.03.2019 in terms of Section 62(1) of the Companies Act, 2013.</p> <p>7. 01 Equity share held by Shri D.K.Valecha, (jointly with POWERGRID) transferred to Shri Abhay Choudhary (jointly with POWERGRID) on 22.05.2018.</p> <p>8. 01 Equity share held by Shri S. Vaithilingam, (jointly with POWERGRID) transferred to Smt. V.Susheela Devi (jointly with POWERGRID) on 22.05.2018.</p> <p>9. 01 Equity share held by Shri I.S.Jha (jointly with POWERGRID) transferred to Shri R. N. Singh (jointly with POWERGRID) on 13.02.2019.</p> | | | | |
| | At the End of the year | 73150000 | 100 | 73150000 | 100 | |

iv. Share holding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Top ten shareholders | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | | | | | |
| | At the End of the year | - | - | - | - |

v. Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Directors and KMP | | | | |
| | For each of Directors | | | | |
| 1 | Smt. Seema Gupta, Chairperson | | | | |
| | At the beginning of the year | 01* | 0 | 01* | 0 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| | At the End of the year | 01* | 0 | 01* | 0 |
| 2 | Shri Abhay Choudhary, Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 01 Equity share held by Shri D.K.Valecha, (jointly with POWERGRID) transferred to Shri Abhay Choudhary (jointly with POWERGRID) on 22.05.2018. | | | |
| | At the End of the year | 01* | 0 | 01* | 0 |
| 3 | Shri Deepak Kumar Singh, Director | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase / Decrease in Promoters Shareholding during the | - | - | - | - |

| | | | | | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|---|-----|---|
| | year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 0 | 0 | 0 | 0 |
| 4 | Smt. V. Susheela Devi, Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 01 Equity share held by Shri S. Vaithilingam, (jointly with POWERGRID) transferred to Smt. V.Susheela Devi (jointly with POWERGRID) on 22.05.2018. | | | |
| | At the End of the year | 01* | 0 | 01* | 0 |

*equity share held jointly with POWERGRID.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding /accrued but not due for payment.

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|-----------------------------------------------------|----------------------------------|-------------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | | 9,67,00,39,200.00 | | 9,67,00,39,200.00 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | 18,79,74,074.00 | | 18,79,74,074.00 |
| Total (i+ii+iii) | | 9,85,80,13,274.00 | - | 9,85,80,13,274.00 |

| | | | | |
|-------------------------------------------------------------------------------|--|--------------------|---|--------------------|
| Change in Indebtedness during the financial year - Addition - Reduction | | 3,19,03,95,705.00 | | 3,19,03,95,705.00 |
| Net Change | | 3,19,03,95,705.00 | - | 3,19,03,95,705.00 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | 12,89,58,27,157.00 | - | 12,89,58,27,157.00 |
| iii) Interest accrued but not due | | 15,25,81,822.00 | - | 15,25,81,822.00 |
| Total (i+ii+iii) | | 13,04,84,08,979.00 | - | 13,04,84,08,979.00 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager : (Not Applicable)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | | Total Amount |
|---------|------------------------------------------------------------------------------------|------------------------|---|---|---|--------------|
| 1. | Gross salary | - | - | - | - | - |
| | a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | | | | | |
| | b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | | | | | |
| | c) Profits in lieu of salary u/S 17(3) Income Tax Act, 1961 | | | | | |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission | - | - | - | - | - |
| | - as% of profit | | | | | |
| | - Others, specify... | | | | | |
| 5. | Others, please specify | - | - | - | - | - |

| | | | | | | |
|----|------------------------|---|---|---|---|---|
| 6. | Total(A) | - | - | - | - | - |
| | Ceiling as per the Act | - | - | - | - | - |

B. Remuneration to other directors (Not Applicable):

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------|---|---|---|--------------|
| | <u>Independent Directors</u> • Fee for attending board committee meetings • Commission • Others, please specify | - | - | - | - | - |
| | Total(1) | - | - | - | - | - |
| | <u>Other Non-Executive Directors</u> • Fee for attending board committee meetings • Commission • Others, please specify | - | - | - | - | - |
| | Total(2) | - | - | - | - | - |
| | Total(B)=(1+2) | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - |
| | Overall Ceiling as per the Act | - | - | - | - | - |

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD: (Not Applicable)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------|-----|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as% of profit - others, specify... | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total | - | - | - | - |

VII. PENALTIES/PUNISHMENT/COMPOUNDING OFFENCES:

| Type | Section of the Companies Act | Brief description | Details of Penalty/ Punishment/Compounding fees imposed | Authority[RD /NCLT/Court] | Appeal made. If any(give details) |
|-------------------------------------|------------------------------|-------------------|---------------------------------------------------------|---------------------------|-----------------------------------|
| A. Company | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| B. Directors | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| C. Other Officers In Default | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |

For and on behalf of
POWERGRID Jabalpur Transmission Limited

Sd/-
(Seema Gupta)
Chairperson
DIN: 06636330

Date: 29th July, 2019
Place: Gurgaon



भारतीय लेखापरीक्षा और लेखा विभाग

कार्यालय

प्रधान निदेशक, वाणिज्यिक लेखा परीक्षा

एवं पदेन सदस्य लेखा परीक्षा बोर्ड-III

नई दिल्ली

Indian Audit & Accounts Department

OFFICE OF THE

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT

& EX-OFFICIO MEMBER, AUDIT BOARD-III

NEW DELHI

दिनांक/Dated: 15/07/2019

सेवा में,

अध्यक्ष,

पावरग्रिड जबलपुर ट्रांसमिशन लिमिटेड,

वडोदरा,

महोदय,

विषय:- 31 मार्च 2019 को समाप्त वर्ष के लिये पावरग्रिड जबलपुर ट्रांसमिशन लिमिटेड, वडोदरा, के लेखाओं पर कम्पनी अधिनियम 2013 की धारा 143(6)(b) के अन्तर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

मै, पावरग्रिड जबलपुर ट्रांसमिशन लिमिटेड, वडोदरा, के 31 मार्च 2019 को समाप्त वर्ष के लेखाओं पर कंपनी अधिनियम 2013 की धारा 143(6)(b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अग्रेषित कर रहा हूँ। कृपया इस पत्र की संलग्नकों सहित प्राप्ति की पावती भेजी जाए।

संलग्नक: यथोपरि

भवदीय,

(राज कुमार)
प्रधान निदेशक

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF POWERGRID JABALPUR TRANSMISSION LIMITED FOR THE YEAR ENDED 31 MARCH 2019

The preparation of financial statements of POWERGRID Jabalpur Transmission Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 22.05.2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of POWERGRID Jabalpur Transmission Limited for the year ended 31 March 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report under section 143(6)(b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

Place: New Delhi

Date: 15/7/2019


(Raj Kumar)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board – III,
New Delhi

Form MR – 3

Secretarial Audit Report
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
POWERGRID Jabalpur Transmission Limited
B-9, Qutab Institutional Area, Katwaria Sarai,
New Delhi-110016

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **POWERGRID Jabalpur Transmission Limited [CIN: U40300DL2014GOI270433]** (hereinafter called the "Company") having its Registered Office at **B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **March 31, 2019** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **March 31, 2019** according to the provisions of:



- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not Applicable during the period under review)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): - **(Not Applicable during the period under review, as the Company is not Listed)**
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable during the period under review, as the Company is not Listed)**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not Applicable during the period under review, as the Company is not Listed)**
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable during the period under review, as the Company is not Listed)**
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable during the period under review, as the Company is not Listed)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable during the period under review, as the Company is not Listed)**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not Applicable during the period under review, as the Company is not Listed)**



- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable during the period under review, as the Company is not Listed)** and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable during the period under review, as the Company is not Listed)**
- (vi) The other law, as informed and certified by the management of the Company which, is specifically applicable to the Company based on their sector/ industry is:

The Electricity Act, 2003

Being Electricity Transmission Company, the Electricity Act, 2003 is specifically applicable to the Company in respect of which, we have only verified the license and terms thereof issued by Central Electricity Regulatory Commission dated 15.06.2015 which is valid for a period of 25 years from the date of issue. Further, we have relied upon the representation made by the Management with respect to compliance of the terms of the Electricity Transmission License.

For the compliances of Labour Laws & other General Laws, our examination and reporting is based on the documents, records and files as produced and shown to us and the information and explanations as provided to us, by the officers and management of the Company and to the best of our judgment and understanding of the applicability of the different enactments upon the Company. In our opinion, there are adequate systems and processes exist in the Company to monitor and ensure compliance with applicable General laws and Labour Laws.

The compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this audit since the same have been subject to review by the statutory financial auditor and other designated professionals.



We have also examined compliance with the applicable clauses/Regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. **(Being non-listed company during the period under review, it's not applicable).**

During the period under review and as per the explanations and representations made by the officers and management and subject to the clarifications given to us, the Company has satisfactorily complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted. The Changes in the Composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, including Committees thereof, along with agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.



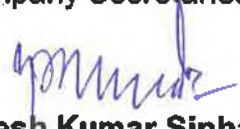
We further report that during the Audit period,

- The Company has increased its Authorized Share Capital from Rs. 20,00,00,000 (Rupees Twenty crores) divided into 2,00,00,000 equity shares of Rs. 10/- each to Rs. 300,00,00,000/- (Rupees Three Hundred Crores) divided into 30,00,00,000 equity shares of Rs. 10/- each.
- The Company has allotted 17,30,00,000 equity shares of Rs.10/- (Rupees Ten Only) each at par to Power Grid Corporation of India Limited.
- Smt. V. Susheela Devi, CGM-Finance, POWERGRID was appointed as the Director of the Company, with effect from 07/05/2018.
- Shri Abhay Choudhary, ED (Commercial), POWERGRID was appointed as the Director of the Company, with effect from 07/05/2018.
- Smt. Seema Gupta, Director (Operations), POWERGRID was appointed as the Additional Director & Chairperson of the Company, with effect from 22/01/2019 vice Shri Ravi P. Singh, who ceased to be the Chairman & Director of the Company, with effect from 22/01/2019.
- Sh. Ajaya Kumar Satapathy was appointed as CFO(KMP) of the Company with effect from 16/10/2018.
- Smt. Kamlesh Kumari, was appointed as Company Secretary of the Company with effect from 16/10/2018 with compliance with the provisions of the Companies Act, 2013.

Date: 27.06.2019
Place: Noida



For Kumar Naresh Sinha & Associates
Company Secretaries


Naresh Kumar Sinha
(Proprietor)
FCS No.: 1807
CP No.: 14984

Note: This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

Annexure-A

To,
The Members
POWERGRID Jabalpur Transmission Limited
B-9, Qutab Institutional Area, Katwaria Sarai,
New Delhi-110016

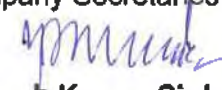
Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our finding/ audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company. We have relied upon the Reports of statutory Auditors regarding compliance of Companies Act, 2013 and Rules made thereunder relating to maintenance of Books of Accounts, papers and financial statement of the relevant financial Year, which give a true and fair view of the state of the affairs of the Company.
4. We have relied upon the reports of statutory auditors regarding compliance of Fiscal Laws including Goods and Service Tax and not gone into that.
5. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: 27.06.2019
Place: Noida



For Kumar Naresh Sinha & Associates
Company Secretaries


Naresh Kumar Sinha
(Proprietor)
FCS No.: 1807
CP No.: 14984



CA. PRAVIN G. PATEL
M.COM., LLB, FCA, DISA

CA. MIHIR P. PATEL
B.COM., ACA, CPA, CFE

P. G. Patel & Associates

CHARTERED ACCOUNTANTS

Compliance Certificate

We have conducted the audit of annual stand-alone accounts of **M/s POWERGRID Jabalpur Transmission Limited** for the year ended 31st March 2019 in accordance with the directions / sub - directions issued by the C&AG of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with all the direction/Sub-directions issued to us.

For M/s P.G. Patel & Associates,
Chartered Accountants
Firm Regn.No-112283W



Signature:-
CA P.G. Patel
Partner
Mem. No. 035533

Dated: - 22.05.2019
Place: - Vadodara



CA. PRAVIN G. PATEL
M.COM., LL.B, FCA, DISA

CA. MIHIR P. PATEL
B.COM., ACA, CPA, CFE

P. G. Patel & Associates

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Members of **M/s POWERGRID Jabalpur Transmission Limited**

Report on the Ind-AS Financial Statements

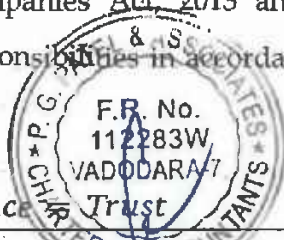
Opinion

We have audited the accompanying Ind AS Financial Statements of **M/s POWERGRID Jabalpur Transmission Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to financial statement including a summary of the 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 Act in the manner so required and give a True and Fair view in conformity with the Accounting Principles generally accepted in India including the Ind AS, of the state of affairs (Financial Position) of the Company as at 31st March 2019, and its Profit (Financial Performance 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 in accordance with the Standard on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 Ind AS financial statements under the provisions of the Companies Act, 2013 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



Experience

The CA - Never Underestimate the Value.

109, MANGALDEEP, 2ND FLOOR, MASONIC HALL, PRODUCTIVITY ROAD, SAMPATRAO COLONY, ALKAPURI, VADODARA - 390 007
TELEFAX : +91-265-235-9910, 233.8405 E-mail : mail@pgpatel.com, pgpatel@hotmail.com Website : www.pgpatel.com

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

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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, Changes in Equity and Cash Flows of the Company in accordance with the Accounting Principles Generally Accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with relevant rules issued there under.

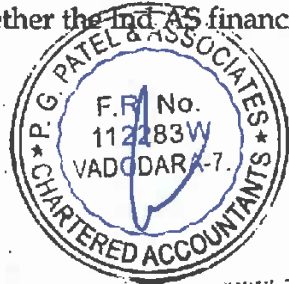
This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order issued under section 143 (11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. 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.

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 Section 143(11) of the Act, we give in **Annexure "A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. In terms of sub section (5) of section 143 of the Companies Act, 2013, we give in the **Annexure "B"** a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.
3. 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, 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 Indian Accounting Standards prescribed under section 133 of the Act read with relevant rules issued there under.



Being a Subsidiary of a Government Company, Section 164(2) of the Act pertaining to disqualification of Directors are not applicable to the Company.

- 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 "C".
- g. 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:
- The Company does not have any pending litigations which would impact its Financial Position;
 - The Company did not have any Long-Term Contracts including Derivative Contracts for which there were any material foreseeable losses;
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For M/s P.G. Patel & Associates,
Chartered Accountants
Firm Regn.No-112283W

Signature: 
CA P.G. Patel
Partner
Mem. No. 035533



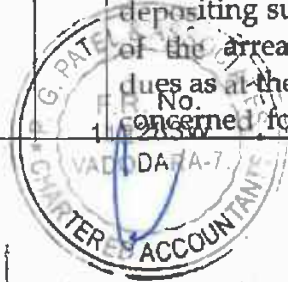
Dated: - 22.05.2019
Place: - Vadodara

As referred to in our Independent Auditors' Report to the members of the M/s POWERGRID Jabalpur Transmission Limited ('the Company'), on the Financial Statements for the Year Ended 31st March 2019, we report that:

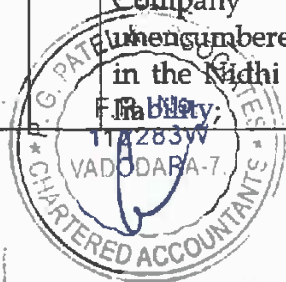
| | | Clauses of CARO Report, 2016 | Auditor's Comment |
|-------|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) | (a) | Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; | The Company has maintained records, showing full particulars including quantitative details and situation of Fixed Assets. |
| | (b) | Whether these fixed assets have been physically verified by the management at reasonable intervals; Whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account; | No physical verification of Fixed Assets conducted during the year. |
| | (c) | Whether the title deeds of immovable properties are held in the name of the company. If not, provide the details thereof; | The transmission line towers erected by the company on the farmers land are treated as immovable property based on the provisions of the Indian Telegraph Act, which permits public utility undertakings to erect such towers without acquiring the land by paying adequate tree/crop compensation by the company to the owners of the said property |
| (ii) | | Whether physical verification of inventory has been conducted at reasonable intervals by the management; Whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account; | No physical verification of Inventory Conducted during the year. |
| (iii) | | Whether the company has granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013. If so, | The Company has not granted any Loans to any parties Covered under section 189 of the Companies Act, 2013. |
| | (a) | Whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest. | Not Applicable |
| | (b) | Whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular; | Not Applicable |
| | | If the amount is overdue, state the total amount overdue for more than 90 days, | Not Applicable |



| | | | |
|-------|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | and whether reasonable steps have been taken by the company for recovery of the principal and interest. | |
| (iv) | | In respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof. | According to the information and explanations given to us, the Company does not have loans, investments and guarantees under section 185 and 186 of the Companies Act, 2013. Accordingly clause 3(iv) of the Order is not applicable |
| (v) | | In case, the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, where applicable, have been complied with? If not, the nature of such contraventions be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not? | The company has not accepted any deposits from Public and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the act and the Companies (Acceptance of Deposits) Rules, 2015 with regard to the deposits accepted from the public are not applicable. |
| (vi) | | whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and whether such accounts and records have been so made and maintained | There is no such Cost Records specified by Central Government u/s 148 of the Companies Act, 2013. |
| (vii) | (a) | <p>Whether the company is regular in depositing undisputed statutory dues to the appropriate authorities including:</p> <p>i) Provident fund; ii) Employees' state insurance; iii) Income-tax; iv) Sales-tax; v) Service tax; vi) Duty of customs; vii) Duty of excise; viii) Value Added Tax (VAT); ix) Cess; and x) Any other statutory dues.</p> <p>If the company is not regular in depositing such statutory dues, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six</p> | <p>According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues with appropriate authorities including Goods and Services tax (GST), Income Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to the Company and that there are no undisputed statutory dues outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable.</p> |



| | | | |
|--|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | months from the date they became payable, shall be indicated by the auditor. | |
| | (b) | where dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be Mentioned. (A mere representation to the concerned Department shall not be treated as a dispute). | Based on our audit and explanations given to us, there are no disputed dues of Duty of Customs or Duty of Excise of Sales Tax which have not been deposited. |
| | (viii) | Whether the company has defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders? If yes, the period and the amount of default to be reported. (In case of defaults to banks, financial institutions, and Government, lender wise details to be provided. | No Default |
| | (ix) | Whether moneys raised by way of Initial Public Offer (IPO) or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported; | The company has not raised Money by way of IPO & FPO including debt instruments. However, Loan from holding Company are applied for the purposes for which they are raised. |
| | (x) | Whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated; | Based on our audit Procedures performed and the information and explanations given by the management, we report that no fraud by the company or on the company by its officers or employees has been noticed or reported during the year. |
| | (xi) | Whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013? If not, state the amount involved and steps taken by the company for securing refund of the same; | Based on our audit Procedures performed and the information and explanations given by the management, Managerial Remuneration & Other Payments relating to Staff are made from Holding Co. Hence, the clause is Not Applicable |
| | (xii) | Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability and whether the Nidhi Company is maintaining 10% unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability; | Not Applicable |



| | | |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (xiii) | Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards; | All transactions with the "Related Parties" in compliance with sections 177 and 188 of the Companies Act, 2013 are disclosed. |
| (xiv) | Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliance; | The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. |
| (xv) | Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with; | Based on our audit Procedures performed and 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. |
| (xvi) | Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained. | The Co. is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 as the Co. is not a NBFC. |

For M/s P.G. Patel & Associates,
Chartered Accountants
Firm Regn.No-112283W

Signature:-
CA P.G. Patel
Partner

Mem. No. 035533



Dated: - 22.05.2019
Place: - Vadodara

As referred to in our Independent Auditors' Report to the Members of the M/s POWERGRID Jabalpur Transmission Limited ('The Company'), on the Financial Statements for the Year Ended 31st March 2019, we Report that:

| Sl. No. | Directions u/s 143(5) of the Companies Act, 2013 | Auditor's reply on action taken on the directions | Impact on financial statement |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| 1 | Whether the company has system in place to process all the accounting transactions through IT system? If yes, then the implications of accounting transaction outside IT system on the integrity of accounts along with the financial implications, if any, may be stated. | All accounting transactions of the company are processed through the ERP(SAP System) that has been implemented by the Company. No accounting transaction is being recorded /processed otherwise than through the ERP system in place. Hence no further disclosure is required in this regards. | NIL |
| 2 | Whether there is any restructuring of any existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan ? if yes, the financial impact may be stated. | There are no cases of restructuring of existing loan or cases of waiver/write off of debts/loans/interest etc. s | NIL |
| 3 | Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation. | No fund has been received from Central/State agencies. | NIL |

For M/s P.G. Patel & Associates,
Chartered Accountants
Firm Regn.No-112283W

Signature:
CA P.G. Patel

Partner

Mem. No. 035533

Dated: - 22.05.2019

Place: - Vadodara



As referred to in our Independent Auditors' Report to the members of the M/s POWERGRID Jabalpur Transmission Limited ("the Company"), on the Financial Statements for the year ended 31st March 2019

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

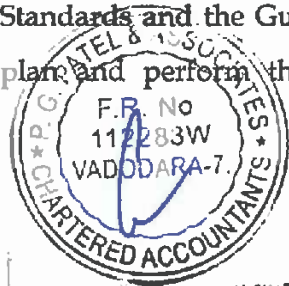
We have audited the Internal Financial Controls over Financial Reporting of the company as at 31st March 2019 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining Internal Financial Control 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 (ICAI)". 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 business, including adherence to 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 Act.

Auditors' 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 Control over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed 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 Company's Internal Financial Controls System over Financial Reporting.

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 authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's Assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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 controls 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 and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March 2019, based on "the Internal Financial Controls 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 M/s P.G. Patel & Associates,
Chartered Accountants
Firm Regn.No-112283W

Signature
CA P.G. Patel
Partner
Mem. No. 035533



Dated: - 22.05.2019
Place: - Vadodara

POWERGRID Jabalpur Transmission Limited
CIN: U40300DL2014GOI270433
Balance Sheet as at 31st March, 2019

(Figures in Lakh)

| Particulars | Note No | As at 31st March, 2019 | As at 31st March, 2018 |
|----------------------------------------------------------------------------------|---------|------------------------|------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, Plant and Equipment | 4 | 138926.83 | 3.40 |
| (b) Capital work-in-progress | 5 | 806.13 | 116822.37 |
| (c) Other Intangible assets | 6 | 6584.00 | - |
| (d) Intangible assets under development | 7 | - | - |
| (e) Other non-current assets | 8 | 379.91 | 1121.45 |
| | | 146796.87 | 117947.22 |
| Current assets | | | |
| (a) Trade receivables | 9 | 2362.49 | - |
| (b) Cash and cash equivalents | 10 | 7.52 | 3.63 |
| (c) Other current financial assets | 11 | 2075.76 | 15.78 |
| (d) Other current assets | 12 | 1.55 | 0.05 |
| | | 4447.32 | 19.46 |
| Total Assets | | 151244.19 | 117966.69 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity Share capital | 13 | 17315.00 | 15.00 |
| (b) Other Equity | 14 | 1014.16 | (0.33) |
| | | 18329.16 | 14.67 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial Liabilities | | | |
| i) Borrowings | 15 | 128958.27 | 96700.39 |
| Deferred tax liabilities(Net) | 16 | 108.04 | - |
| | | 129066.31 | 96700.39 |
| Current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Trade payables | | | |
| (a) Total o/s dues of micro enterprises & small enterprises | | | |
| (b) Total o/s dues of creditors other than micro enterprises & small enterprises | 17 | 1.65 | - |
| (b) Other current financial liability | 18 | 3197.73 | 20856.89 |
| (c) Other current liabilities | 19 | 341.00 | 394.74 |
| (d) Current Tax Liabilities (Net) | 20 | 308.34 | - |
| | | 3848.72 | 21251.63 |
| Total Equity and Liabilities | | 151244.19 | 117966.69 |

The accompanying notes (1 to 45) form an integral part of financial statements

As per our report of even date
For M/S P.G Patel & Associates.
Chartered Accountants
ICAI Firm Registration No. 112283W

CA P.G. Patel
Partner
Membership No. 035533
Place: Vadodara
Date: 22.05.2019



For and on behalf of the Board of Directors

Abhay Choudhary (Director) DIN-07388432
Susheela Devi (Director) DIN-07828528
Kamlesh Kumar (Company Secretary)

Place: Gurugram
Date: 22.05.2019

POWERGRID Jabalpur Transmission Limited
CIN: U40300DL2014GOI270433
Statement of Profit and Loss for the year ended 31st March, 2019

| (Figures in Lakh) | | | | |
|-------------------|------------------------------------------------------|----------|-------------------------------------|-------------------------------------|
| | Particulars | Note No. | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
| I | Revenue From Operations | 21 | 6,104.81 | - |
| II | Other Income | 22 | 0.01 | - |
| III | Total Income (I+II) | | 6,104.82 | - |
| IV | EXPENSES | | | |
| | Employee benefits expense | | | - |
| | Finance costs | 23 | 2,503.94 | - |
| | Depreciation and amortization expense | 24 | 1,920.95 | - |
| | Other expenses | 25 | 249.06 | - |
| | Total expenses (IV) | | 4,673.95 | - |
| V | Profit/(loss) before tax(III-IV) | | 1,430.87 | - |
| VI | Tax expense: | | | |
| | (1) Current tax | 26 | 308.34 | - |
| | (2) Deferred tax | | 108.04 | - |
| VII | Profit/(loss) for the period (V-VI) | | 1,014.50 | - |
| VIII | Other Comprehensive Income | | - | - |
| IX | Total Comprehensive Income for the period (VII+VIII) | | 1,014.50 | - |
| X | Earnings per equity share | | | |
| | (1) Basic (Par value of ₹ 10 each) | | 2.80 | - |
| | (2) Diluted (Par value of ₹ 10 each) | | 2.80 | - |

The accompanying notes (1 to 45) form an integral part of financial statements

As per our report of even date
For M/S P.G.Patel & Associates.
Chartered Accountants
ICAI Firm Registration No. 112283W

CA P.G.Patel
Partner
Membership No. : 035533
Place: Vadodara
Date: 22.05.2019



For and on behalf of the Board of Directors

| | |
|----------------------------------------------------|-------------------------------------------------|
| Anshay Choudhary (Director) DIN-07388432 | Susheela Devi (Director) DIN-07828528 |
| K.K. Salapetty (Chief Financial Officer) | Kamlesh Kumar (Company Secretary) |

Place: Gurugram
Date: 22.05.2019

POWERGRID Jabalpur Transmission Limited
CIN: U40300DL2014GOI270433
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(Figures in Lakh)

| Particulars | For the year ended | |
|---------------------------------------------------------------------|--------------------------------|--------------------|
| | 31st March, 2019 | 31st March, 2018 |
| (A) Cash Flow from Operating Activities: | | |
| Net Profit before tax | 1,430.87 | - |
| Adjustment for:- | | |
| Depreciation | 1,920.95 | |
| Finance Cost | 2,503.94 | |
| Operating Profit before working capital change | 5,855.76 | - |
| A. Adjustments for :- | | |
| Increase/(Decrease) in Other Current Liabilities | (53.73) (53.74) | (402.41) |
| Increase/(Decrease) in Other current financial liability | (17,657.52) | 15,596.18 |
| (Increase)/Decrease in Other current Assets | (4,793.36) | 50.76 |
| Net Cash Flow from Operating Activities | (22,504.61) (22,504.62) | 15,245 |
| (B) Cash Flow from Investing Activities: | | |
| - Property Plant & Equipment & Capital Work in Progress | (30,401.21) | (94,022.73) |
| - Advances for Capital Expenditure | (3,040.20) | 2,482.89 |
| Net Cash used in Investing Activities | (30,401.21) (30,401.21) | (91,539.84) |
| (C) Cash Flow from Financing Activities: | | |
| - Share Capital raised during the year | 17,300.00 | |
| - Loans raised during the year | 32,257.88 | 76,293.91 |
| - Interest Paid During the year | (2,503.94) | |
| Net Cash from Financing Activities | 47,053.94 | 76,293.91 |
| (D) Net change in Cash & Cash equivalents(A+B+C) | 3.89 3.88 | (1.40) |
| (E) Cash and Cash Equivalents at the beginning of the period | 3.63 | 5.03 |
| (F) Cash and Cash Equivalents at the end of the period | 7.52 7.51 | 3.63 |

Note:

- 1.Cash & Cash Equivalents consists of cheques, Drafts , Balance with banks.
- 2.Previous year figures have been re-grouped/ re-arranged wherever necessary

As per our report of even date
For M/S P.G.Patel & Associates.
Chartered Accountants
ICAI Firm Registration No. 112283W

For and on behalf of the Board of Directors

(Signature)
CA P.G.Patel
Partner
Membership No. : 035533
Place: Vadodara
Date: 22.05.2019



(Signature) Abhay Choudhary
Director
DIN-07388432

(Signature) Susheela Devi
Director
DIN-07828528

(Signature) A. K. Satpathy
(Chief Financial Officer)

(Signature) Kamlesh Kumari
(Company Secretary)

Place: Gurugram
Date: 22.05.2019

POWERGRID Jaipur Transmission Limited
Statement of Changes in Equity for the year ended 31st March 2019

A. Equity Share Capital

| | (Amount in Lakh) |
|---------------------------------|------------------|
| As at 1st April, 2018 | 15 |
| Changes in equity share capital | 17,300 |
| As at 31st March, 2019 | 17,315 |
| As at 1st April, 2017 | 15 |
| Changes in equity share capital | - |
| As at 31st March, 2018 | 17,315 |

B. Other Equity

(Figures in Lakh)

| | Reserves and Surplus | | | | | Other Comprehensive Income | | Total |
|-----------------------------------------------------------|----------------------|----------------------------|------------------------|-----------------|-------------------|-----------------------------------------------------------------|-------------------------------------------|----------|
| | Capital Reserve | Securities Premium Reserve | Self Insurance Reserve | General Reserve | Retained Earnings | Fair Value through Other Comprehensive Income Equity Investment | Other items of Other Comprehensive Income | |
| Balance at 1st April, 2018 | - | - | - | - | -0.33 | - | - | -0.33 |
| Restated balance at the beginning of the reporting period | - | - | - | - | - | - | - | - |
| Total Comprehensive Income for the year | - | - | - | - | 1,014.50 | - | - | 1,014.50 |
| Transfer to self insurance Reserve | - | - | 177.04 | - | -177.04 | - | - | - |
| Balance at 31st March, 2019 | - | - | 177.04 | - | 837.12 | - | - | 1,014.16 |
| Balance at 1st April, 2017 | - | - | - | - | -0.33 | - | - | -0.33 |
| Restated balance at the beginning of the reporting period | - | - | - | - | - | - | - | - |
| Total Comprehensive Income for the year | - | - | - | - | - | - | - | - |
| Transfer to self insurance Reserve | - | - | - | - | - | - | - | - |
| Balance at 31st March, 2018 | - | - | - | - | -0.33 | - | - | -0.33 |

Refer to Note No. 14 for Nature & movement of Reserve & Surplus
The accompanying notes (1 to 45) form an integral part of financial statements

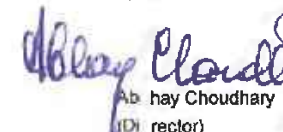
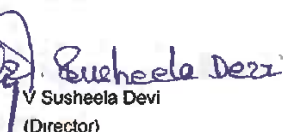


As per our report of even date
For M/S P.G.Patel & Associates.
Chartered Accountants
ICAI Firm Registration No. 112283W


P.G. Patel
Partner

Membership No. 035533
Place: Vadodara
Date: 22.05.2019



For and on behalf of the Board of Directors

 
Abhay Choudhary V. Susheela Devi
(Director) (Director)
DIN-07388432 DIN-0028528
 
A.K. Sathya Kamlesh Kumari
Chief Financial Officer (Company Secretary)

Place: Gurugram
Date: 22.05.2019

Notes to Financial Statements

1. Corporate and General Information

Powergrid Jabalpur Transmission Limited ('the Company') is domiciled and incorporated in India under the provisions of Companies Act and is wholly owned subsidiary of Power Grid Corporation of India Limited. The registered office of the Company is situated at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016.

The company is engaged in business of Power Systems Network, construction, operation and maintenance of transmission lines and other related allied activities.

The financial statements of the company for the year ended March 31, 2019 were approved for issue by the Board of Directors on 22.05.2019.

2. Significant Accounting Policies

2.1 Basis of Preparation

i) Compliance with Ind AS

The financial statements are prepared in compliance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015, the relevant provisions of the Companies Act, 2013 (to the extent notified), The Companies Act, 1956 and the provisions of Electricity Act, 2003, in each case, to the extent applicable and as amended thereafter.

ii) Basis of Measurement

The financial statements have been prepared on accrual basis and under the historical cost convention except certain financial assets and liabilities measured at fair value (refer Note no. 2.11 for accounting policy regarding financial instruments).

iii) Functional and presentation currency

The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency and all amounts are rounded to the nearest lakhs and two decimals thereof, except as stated otherwise.

iv) Use of estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Note no. 3 on critical accounting estimates, assumptions and judgments).

v) Current & 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 realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in 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 settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

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

The Company recognizes twelve months period as its operating cycle.



2.2 Property, Plant and Equipment

Initial Recognition and Measurement

Property, Plant and Equipment is initially measured at cost of acquisition/construction including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation / amortisation and accumulated impairment losses, if any.

Property, Plant and Equipment acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized.

If the cost of the replaced part or earlier inspection is not available, the estimated cost of similar new parts/inspection is used as an indication of what the cost of the existing part/ inspection component was when the item was acquired or inspection was carried out.

In the case of commissioned assets, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

Assets and systems common to more than one transmission system are capitalized on the basis of technical estimates/ assessments.

Transmission system assets are considered as ready for intended use after meeting the conditions for commercial operation as stipulated in Transmission Service Agreement (TSA) and capitalized accordingly.

The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken.

Expenditure on leveling, clearing and grading of land is capitalized as part of cost of the related buildings.

Spares parts whose cost is ₹5,00,000/- and above, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized.

Subsequent costs

Subsequent expenditure is recognized as an increase in carrying amount of assets when it is probable that future economic benefits deriving from the cost incurred will flow to the company and cost of the item can be measured reliably.

The cost of replacing part of an item of PPE is recognized in the carrying amount of the item if it is probable that future economic benefit embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit & Loss as incurred.

Derecognition

An item of Property, Plant and Equipment is derecognized when no future economic benefits are expected from their use or upon disposal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

2.3 Capital Work-In-Progress (CWIP)

Cost of material, erection charges and other expenses incurred for the construction of Property, Plant and Equipment are shown as CWIP based on progress of erection work till the date of capitalization.

Expenditure of office and Projects, attributable to construction of property, plant and equipment are identified and allocated on a systematic basis to the cost of the related assets.

Interest during construction and expenditure (net) allocated to construction as per policy above are kept as a separate item under CWIP and apportioned to the assets being capitalized in proportion to the closing balance of CWIP.



Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.

2.4 Intangible Assets and Intangible Assets under development

Intangible assets are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on already capitalized Intangible assets is capitalised when it increases the future economic benefits embodied in an existing asset and is amortised prospectively.

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognized as an intangible asset when the same is ready for its use.

Expenditure on research shall be recognised as an expense when it is incurred.

Expenditure on development shall be recognised as Intangible asset if it meets the eligibility criteria as per Ind AS 38 'Intangible Assets', otherwise it shall be recognised as an expense.

Afforestation charges for acquiring right-of-way for laying transmission lines are accounted for as intangible assets on the date of capitalization of related transmission lines.

Expenditure incurred, eligible for capitalization under the head Intangible Assets, are carried as "Intangible Assets under Development" till such assets are ready for their intended use.

An item of Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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 and Loss when the asset is derecognised.

2.5 Depreciation / Amortisation

Property, Plant & Equipment

Depreciation/amortisation on the assets related to transmission Business is provided on straight line method following the rates and methodology notified by the CERC for the purpose of recovery of tariff except for assets specified in the following paragraphs.

Leasehold land is fully amortized over lease period or life of the related plant whichever is lower in accordance with the rates and methodology specified in CERC Tariff Regulation. Leasehold land acquired on perpetual lease is not amortized.

Depreciation on spares parts, standby equipment and servicing equipment which are capitalized, is provided on straight line method from the date they are available for use over the remaining useful life of the related assets, following the rates and methodology notified by the CERC.

Depreciation on following assets is provided based on estimated useful life as per technical assessment.

| Particulars | Useful life |
|---------------------------------|-------------|
| a. Computers & Peripherals | 3 Years |
| b. Servers & Network Components | 5 years |

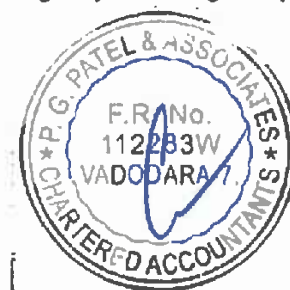
Residual value of above assets is considered as Nil.

Mobile phones are charged off in the year of purchase.

Fixed Assets costing ₹ 5,000/- or less, are fully depreciated in the year of acquisition.

Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively at the rates and methodology as specified by the CERC Tariff Regulations.

Depreciation on additions to/deductions from Property, Plant and Equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.



The residual values, useful lives and methods of depreciation for assets are reviewed at each financial year-end and adjusted prospectively, wherever required.

Intangible Assets

Cost of software capitalized as intangible asset is amortized over the period of legal right to use or 3 years, whichever is less with Nil residual value.

Afforestation charges are amortized over thirty five years from the date of capitalization of related transmission assets following the rates and methodology notified by Central Electricity Regulatory Commission (CERC) Tariff Regulations.

Amortisation on additions to/deductions from Intangible Assets during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The amortization period and the amortization method for an intangible asset are reviewed at each financial year-end and are accounted for as change in accounting estimates in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

2.6 Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised (net of income on temporary deployment of funds) as part of the cost of such assets till the assets are ready for the intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use.

Other borrowing costs are charged to revenue.

2.7 Impairment of non-financial assets, other than inventories

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, and deposits held at call with banks having a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.9 Inventories

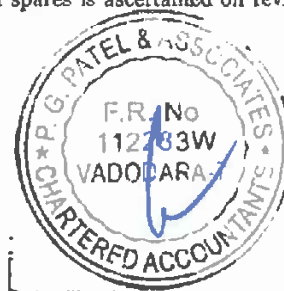
Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.

Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.

Spares which do not meet the recognition criteria as Property, Plant and Equipment, including spare parts whose cost is less than ₹5,00,000/- are recorded as inventories.

Surplus materials as determined by the management are held for intended use and are included in the inventory.

The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.



2.10 Leases

i) As a Lessor

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 fulfillment of the 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.

A lease is classified at the inception date as a finance lease or an operating lease.

a) Finance leases

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is classified as a finance lease.

b) Operating leases

An operating lease is a lease other than a finance lease. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

For operating leases, the asset is capitalized as property, plant and equipment and depreciated over its economic life. Rental income from operating lease is recognized over the term of the arrangement.

ii) As a Lessee

a) Finance lease

Leases of property, plant and equipment where the company, as lessee has substantially all risks and rewards of ownership are classified as finance lease. On initial recognition, assets held under finance lease are recorded as property, plant and equipment and related liability is recognized under borrowings. At inception of the lease, finance leases are recorded at amount equal to fair value of leased asset or if lower the present value of minimum lease payments. The minimum lease payments made under finance leases are apportioned between the finance expense and reduction of the finance liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

b) Operating leases

Payments made under operating leases are recognized as an expense over the lease term.

2.11 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

Classification

The Company classifies its financial assets in the following categories:

- at amortised cost,
- at fair value through other comprehensive income

The classification depends on the following:

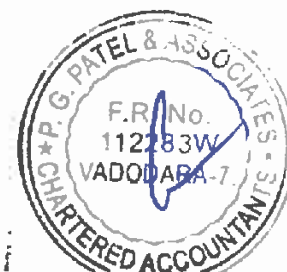
- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset

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, if any, that are attributable to the acquisition of the financial asset.

Subsequent measurement

Debt Instruments at Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt



investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Debt Instruments at Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI).

Equity investments

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The company may, on initial recognition, make an irrevocable election to present subsequent changes in the fair value in other comprehensive income (FVOCI) on an instrument by-instrument basis.

For equity instruments classified as at FVOCI, all fair value changes on the instrument, excluding dividends are recognized in the OCI. There is no recycling of the amounts from OCI to Profit or Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

De-recognition of financial assets

A financial asset is derecognized only when

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

- The company has transferred the rights to receive cash flows from the financial asset, or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Impairment of financial assets:

For trade receivables, the company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For recognition of impairment loss on other financial assets and risk exposure, the company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Financial Liabilities

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company.

The Company's financial liabilities include loans & borrowings, trade and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable to the issue of financial liabilities. Financial liabilities are classified as subsequently measured at amortised cost. 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 effective interest rate (EIR). Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the EIR.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing 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 between the carrying amount of a financial liability that has



been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other income or finance cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.12 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items are translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.

The Company has availed the exemption available in Ind AS 101, to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary liabilities outstanding as on March 31, 2016.

Exchange differences arising from foreign currency borrowing to the extent regarded as an adjustment to interest costs are treated as borrowing cost. Other exchange differences are recognized in the Statement of Profit and Loss.

2.13 Income Tax

Income tax expense represents the sum of current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case the tax is also recognised directly in equity or in other comprehensive income.

Current income tax

The Current Tax is based on taxable profit for the year under the tax laws enacted or subsequently enacted at the end of the reporting period in the countries where the company and its subsidiaries and joint ventures operate and generate taxable income.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Balance Sheet liability method. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

2.14 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer. The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 and Ind AS 11.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, GST and value added taxes.

Significant Financing Component



Where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year, the Company assesses the effects of significant financing component in the contract. As a consequence, the Company makes adjustment in the transaction prices for the effects of time value of money. No such adjustment has been made for the comparative period.

2.14.1 Revenue from Operations

Transmission Income is accounted for based on orders issued by CERC u/s 63 of Electricity Act 2003 for adoption of transmission charges.

The Transmission system incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees and in accordance with the Transmission Service Agreement (TSA) entered between the Transmission Service Provider and long term Transmission Customers.

2.14.2 Other Income

Surcharge recoverable from trade receivables, liquidated damages, warranty claims and interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.

Scrap other than steel scrap & conductor scrap are accounted for as and when sold.

Dividend income is recognized when right to receive payment is established.

Interest income is recognized, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realization.

Revenue from rentals and operating leases is recognized on an accrual basis in accordance with the substance of the relevant agreement.

2.15 Dividends

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognised directly in equity.

2.16 Provisions and Contingencies

a) 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. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

b) Contingencies

Contingent liabilities are disclosed on the basis of judgment of the management / independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.



2.17 Share capital and Other Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Self-insurance reserve is created @ 0.12% p.a. on Gross Block of Property, Plant and Equipment except assets covered under insurance as at the end of the year by appropriation of current year profit to mitigate future losses from uninsured risks and for taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers and equipment of AC substation. The Reserve created as above is shown as "Self Insurance Reserve" under 'Other Equity'.

2.18 Prior Period Items

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

2.19 Earnings per Share

Basic earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of equity and potential equity shares outstanding during the year, except where the result would be anti-dilutive.

Additionally, basic and diluted earnings per share are computed using the earnings amounts excluding the movements in Regulatory Deferral Account Balances.

2.20 Cash Flow Statement

Cash flow statement is prepared as per indirect method prescribed in the Ind AS 7 'Statement of Cash Flows'.

Note 3. Critical Estimates and Judgments

The preparation of financial statements requires the use of accounting estimates which may significantly vary from the actual results. Management also needs to exercise judgment while applying the company's accounting policies.

The areas involving critical estimates or judgments

Revenue Recognition:

Transmission income is accounted for based on tariff orders notified by the CERC. In case of transmission projects where final tariff orders are yet to be notified, transmission income is accounted for as per tariff regulations and other orders of the CERC in similar cases. Differences, if any, are accounted on issuance of final tariff orders by the CERC. Transmission income in respect of additional capital expenditure incurred after the date of commercial operation is accounted for based on expenditure incurred on year to year basis as per CERC tariff regulations.

Useful life of property, plant and equipment

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

Estimates and judgments are periodically evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.



POWERGRID Jabalpur Transmission Limited

Note 4/Property, Plant and Equipment

(Figures in Lakh)

| Particulars | Cost | | | | | Accumulated Depreciation | | | | | Net Book Value | |
|-------------------------------------------------------|-----------------------|---------------------------|----------|----------------------------|------------------------|--------------------------|---------------------------|----------|----------------------------|------------------------|------------------------|------------------------|
| | As at 1st April, 2018 | Additions during the year | Disposal | Adjustment during the year | As at 31st March, 2018 | As at 1st April, 2018 | Additions during the year | Disposal | Adjustment during the year | As at 31st March, 2018 | As at 31st March, 2018 | As at 31st March, 2018 |
| Plant & Equipment | - | - | - | - | - | - | - | - | - | - | - | - |
| a) Transmission | - | 140,754.39 | - | - | 140,754.39 | - | 1,832.51 | - | - | 1,832.51 | 138,921.88 | - |
| Furniture Fixtures | 1.81 | - | - | - | 1.81 | 0.09 | 0.11 | - | - | 0.21 | 1.60 | 1.72 |
| Office equipment | 0.84 | 0.40 | - | - | 1.24 | - | 0.06 | - | - | 0.06 | 1.18 | 0.84 |
| Electronic Data Processing & Word Processing Machines | 1.04 | 1.82 | - | - | 2.86 | 0.20 | 0.50 | - | - | 0.69 | 2.17 | 0.85 |
| Total | 3.69 | 140,756.60 | - | - | 140,760.30 | 0.29 | 1,833.17 | - | - | 1,833.46 | 138,926.83 | 3.40 |
| Grand Total | 3.69 | 140,756.60 | 0.00 | 0.00 | 140,760.30 | 0.29 | 1,833.17 | 0.00 | 0.00 | 1,833.46 | 138,926.83 | 3.40 |

(Figures in Lakh)

| Particulars | Cost | | | | | Accumulated Depreciation | | | | | Net Book Value | |
|-------------------------------------------------------|-----------------------|---------------------------|----------|----------------------------|------------------------|--------------------------|---------------------------|----------|----------------------------|------------------------|------------------------|------------------------|
| | As at 1st April, 2017 | Additions during the year | Disposal | Adjustment during the year | As at 31st March, 2018 | As at 1st April, 2017 | Additions during the year | Disposal | Adjustment during the year | As at 31st March, 2018 | As at 31st March, 2018 | As at 31st March, 2017 |
| Furniture Fixtures | 1.29 | 0.52 | - | - | 1.81 | 0.01 | 0.08 | - | - | 0.09 | 1.72 | 1.28 |
| Office equipment | - | 0.84 | - | - | 0.84 | - | - | - | - | 0.00 | 0.84 | - |
| Electronic Data Processing & Word Processing Machines | - | 1.04 | - | - | 1.04 | - | 0.20 | - | - | 0.20 | 0.84 | - |
| Total | 1.29 | 2.40 | - | - | 3.69 | 0.01 | 0.28 | - | - | 0.29 | 3.40 | 1.28 |
| Grand Total | 1.29 | 2.40 | 0.00 | 0.00 | 3.69 | 0.01 | 0.28 | 0.00 | 0.00 | 0.29 | 3.40 | 1.28 |



POWERGRID Jabalpur Transmission Limited

Note 5/Capital work in progress

(Figures in Lakh)

| Particulars | As at 1st April,2018 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March,2019 | As at 31st March,2018 |
|-------------------------------------------------------|----------------------|---------------------------|-------------|-----------------------------|-----------------------|-----------------------|
| Plant & Equipments (including associated civil works) | | | | | | |
| Transmission | 70,018.27 | 50,255.26 | | 1,20,273.53 | | 70,018.27 |
| Expenditure during construction (net) | 11,170.04 | 9,222.49 | -88.33 | 20,480.86 | | 11,170.04 |
| Construction Stores | 35,634.06 | | 34,827.92 | | 806.13 | 35,634.06 |
| Grand Total | 1,16,822.37 | 59,477.75 | 34,739.59 | 1,40,754.39 | 806.13 | 1,16,822.37 |

(Figures in Lakh)

| Particulars | As at 1st April,2017 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March,2018 | As at 31st March,2017 |
|-------------------------------------------------------|----------------------|---------------------------|-------------|-----------------------------|-----------------------|-----------------------|
| Plant & Equipments (including associated civil works) | | | | | | |
| Transmission | 11,229.23 | 58,789.04 | | | 70,018.27 | 11,229.23 |
| Expenditure during construction (net) | 3,916.76 | 7,253.28 | | | 11,170.04 | 3,916.76 |
| Construction Stores | 7,655.77 | 27,978.29 | | | 35,634.06 | 7,655.77 |
| Grand Total | 22,801.76 | 94,020.61 | | | 1,16,822.37 | 22,801.76 |

POWERGRID Jabalpur Transmission Limited

Note 5/Capital work in progress (Details of Construction stores)

(At cost)

(Figures in Lakh)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|-------------------------------|-----------------------|-----------------------|
| Construction Stores | | |
| Towers | 304.67 | 12,583.16 |
| Conductors | 253.19 | 19,570.73 |
| Other Line Materials | 248.18 | 2,731.81 |
| Sub-Station Equipments | 0.09 | 4.42 |
| Others | | 343.93 |
| TOTAL | 806.13 | 35,634.06 |
| Construction Stores include: | | |
| i) Material in transit | | |
| Towers | | |
| Conductors | | |
| Others | | |
| Total | | |
| ii) Material with Contractors | | |
| Towers | 304.67 | 12,583.16 |
| Conductors | 253.19 | 19,570.73 |
| Other Line Materials | 248.18 | 2,731.81 |
| Sub-Station Equipments | 0.09 | 4.42 |
| Others | | 343.93 |
| Total | 806.13 | 35,634.00 |
| Grand total | 806.13 | 35,634.06 |

Further Note:-

Material with contractors amounting to Rs. 806.13 Cr P.Y. (35634 Cr) in respect to commissioned lines is pending for reconciliation. However reconciliation are carried out on ongoing basis.



POWERGRID Jabalpur Transmission Limited

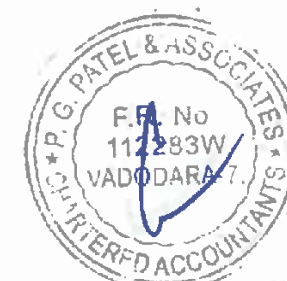
Note 6/Other Intangible assets

(Figures in Lakh)

| Particulars | Cost | | | | | Accumulated Amortisation | | | | | Net Book Value | |
|-------------------------------------|-----------------------|---------------------------|----------|----------------------------|------------------------|--------------------------|---------------------------|----------|----------------------------|------------------------|------------------------|------------------------|
| | As at 1st April, 2018 | Additions during the year | Disposal | Adjustment during the year | As at 31st March, 2019 | As at 1st April, 2018 | Additions during the year | Disposal | Adjustment during the year | As at 31st March, 2019 | As at 31st March, 2019 | As at 31st March, 2018 |
| Right of Way-Afforestation Expenses | | 6772.17 | | | 6772.17 | | 88.17 | - | - | 88.17 | 6684.00 | |
| Total | | 6772.17 | | | 6772.17 | | 88.17 | | | 88.17 | 6684.00 | |

(Figures in Lakh)

| Particulars | Cost | | | | | Accumulated Amortisation | | | | | Net Book Value | |
|-------------------------------------|-----------------------|---------------------------|----------|----------------------------|------------------------|--------------------------|---------------------------|----------|----------------------------|------------------------|------------------------|------------------------|
| | As at 1st April, 2017 | Additions during the year | Disposal | Adjustment during the year | As at 31st March, 2018 | As at 1st April, 2017 | Additions during the year | Disposal | Adjustment during the year | As at 31st March, 2018 | As at 31st March, 2018 | As at 31st March, 2017 |
| Right of Way-Afforestation Expenses | | - | | | - | | - | | | - | | |
| Total | | - | | | - | | - | | | - | | |



POWERGRID Jabalpur Transmission Limited

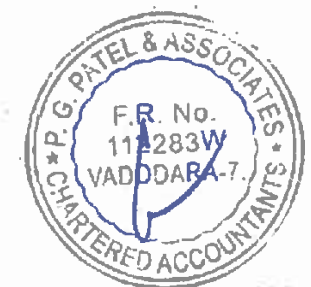
Note 7/Intangible assets under development

(Figures in Lakh)

| Particulars | As At 1st April 2018 | Additions | Adjustments | Capitalised during the year | As at 31st March, 2019 | As at 31st March, 2018 |
|-------------------------------------|----------------------|-----------|-------------|-----------------------------|------------------------|------------------------|
| Right of Way-Afforestation expenses | | 6772.17 | | 6772.17 | | |
| Total | 0.00 | 6772.17 | 0.00 | 6772.17 | 0.00 | 0.00 |

(Figures in Lakh)

| Particulars | As At 1st April 2017 | Additions | Adjustments | Capitalised during the year | As at 31st March, 2018 | As at 31st March, 2017 |
|-------------------------------------|----------------------|-----------|-------------|-----------------------------|------------------------|------------------------|
| Right of Way-Afforestation expenses | | | | | | |
| Total | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |



POWERGRID Jabalpur Transmission Limited

Note 8/Other non-current Assets

(Unsecured considered good unless otherwise stated)

(Figures in Lakh)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|-------------------------------------------------------------------------|---------------------------|---------------------------|
| A) Advances for Capital Expenditure | | |
| i) Secured | | |
| ii) Unsecured | | |
| Against bank guarantees | 10.51 | 1,112.53 |
| B) Others <i>Advances other than for Capital expenditure</i> | | |
| Advance tax and Tax deducted at source | 369.39 | 8.92 |
| TOTAL | 379.91 | 1,121.45 |



POWERGRID Jabalpur Transmission Limited

Note 9/Trade receivables

| Particulars | (Figures in Lakh) | |
|---------------------------|--------------------------|--------------------------|
| | As at 31st March,2019 | As at 31st March,2018 |
| i) Trade receivables | | |
| Unsecured Considered good | 2362.49 | |
| Considered doubtful | | |
| TOTAL | 2362.49 | |



POWERGRID Jabalpur Transmission Limited

Note 10/Cash and Cash Equivalents

(Figures in Lakh)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|----------------------------|--------------------------|--------------------------|
| Balance with banks- | | |
| -In Current accounts | 7.52 | 3.63 |
| Total | 7.52 | 3.63 |



POWERGRID Jabalpur Transmission Limited

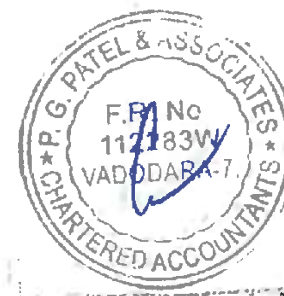
Note 12/Other current Assets

(Unsecured considered good unless otherwise stated)

(Figures in Lakh)

| Particulars | As at 31st | As at 31st |
|-----------------------------------------------------------------|-------------|-------------|
| | March,2019 | March,2018 |
| Advances recoverable in kind or for value to be received | | |
| Balance with Authorities* | 1.55 | 0.05 |
| Total | 1.55 | 0.05 |

*Balance with authorities includes Rs.1,50,000 with CDSL and Rs.5000 with VAT department.



POWERGRID Jabalpur Transmission Limited

Note 13/Equity Share capital

(Figures in Lakh)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|------------------------------------------------------------------------------------|------------------------|------------------------|
| Equity Share Capital | | |
| Authorised | | |
| 300000000 (31st March 2018 200000000) equity shares of ₹10/- each at par | 30000 | 2000 |
| Issued, subscribed and paid up | | |
| 173150000 (31st March 2018 150000) equity shares of ₹10/-each at par fully paid up | 17315 | 15 |
| Total | 17315 | 15 |

Further Notes:

1) Reconciliation of Number and amount of share capital outstanding at the beginning and at the end of the reporting period

| Particulars | For the year ended 31st March, 2019 | | For the year ended 31st March, 2018 | |
|-------------------------------------------------|-------------------------------------|------------------|-------------------------------------|------------------|
| | No. of Shares | Amount in Rupees | No. of Shares | Amount in Rupees |
| Shares outstanding at the beginning of the year | 150000 | 1500000 | 150000 | 1500000 |
| Shares Issued during the year | 173000000 | 1730000000 | | |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 173150000 | 1731500000 | 150000 | 1500000 |

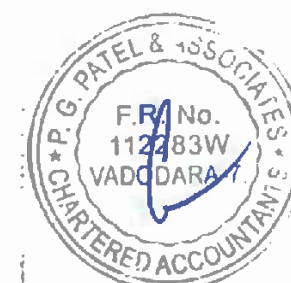
2) The Company has only one class of equity shares having a par value of ₹10/- per share

3) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at meetings of the Shareholders.

4) Shareholders holding more than 5% equity shares of the Company

| Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|-----------------------------------------------------------|------------------------|--------------|------------------------|--------------|
| | No. of Shares | % of holding | No. of Shares | % of holding |
| Power Grid Corporation of India Limited(Holding Company)* | 173150000 | 100% | 150000 | 100% |

*Out of 17,31,50,000 equity shares (Previous Year 1,50,000 equity shares) 6 equity shares are held by Nominees of M/s Powergrid Corporation of India Ltd on its behalf.

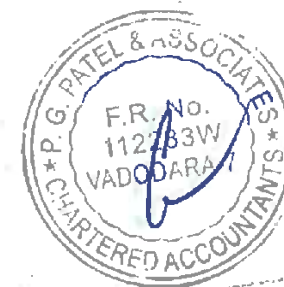


POWERGRID Jabalpur Transmission Limited

Note 14/Other Equity

(Figures in Lakh)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|----------------------------------------------------|---------------------------|---------------------------|
| Reserves and Surplus | | |
| Self Insurance Reserve | | |
| Addition During the Year | 177.04 | |
| Retained Earnings | | |
| As per last balance sheet | (0.33) | (0.33) |
| Profit after tax as per Statement of Profit & Loss | 1014.50 | |
| Self Insurance Reserve | 177.04 | |
| Closing Balance | 837.12 | (0.33) |
| TOTAL | 1014.16 | (0.33) |



POWERGRID Jabalpur Transmission Limited

Note 15/ Borrowings

| Description | (Figures in Lakh) | |
|----------------------------------------------------------------------|-----------------------|-----------------------|
| | As at 31st March,2019 | As at 31st March,2018 |
| Unsecured Loan from Power Grid Corporation of India Ltd(Holding Co.) | 128958 27 | 96700 39 |
| Total | 128958.27 | 96700.39 |

Note:

- 1.The Inter Corporate Loan is provided by the Holding Company on cost to cost basis at the interest rate which varies from 7.20% to 8.40% repayable over a period of 10 to 20 years after a moratorium period of 3 to 5 years.
- 2.There is no default in repayment of borrowings.
- 3.Disclosure with regard to related party is under Note no.31



POWERGRID Jabalpur Transmission Limited**Note 16/ Deferred tax liabilities (Net)**

(Figures in Lakh)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---------------------------------------------------------------|---------------------------|---------------------------|
| Deferred Tax Liability | | |
| Difference between book depreciation and tax depreciation (A) | 6958.87 | |
| Deferred Tax Liability (A) | 6958.87 | |
| Deferred Tax Assets | | |
| Unused Tax Losses(Income Tax Losses) | 6,542.41 | |
| Preliminary Expenses | 0.08 | |
| MAT Credit Entitlement | 308.34 | |
| Deferred Tax Assets (B) | 6850.83 | 0.00 |
| Deferred Tax Liability (Net) (A-B) | 108.04 | 0.00 |

Movements in Deferred Tax Liabilities

(Figures in Lakh)

| | Property, Plant and Equipment | Others | Total |
|-----------------------------------------|----------------------------------|----------|-----------------|
| As at 01st April 2017 | - | - | - |
| Charged/(Credited) | | | |
| - to Profit or Loss | - | - | - |
| - to Other Comprehensive Income | - | - | - |
| As at 31st March 2018 | - | - | - |
| Charged/(Credited) | | | |
| - to Profit or Loss | 6,958.87 | - | 6,958.87 |
| - to Other Comprehensive Income | - | - | - |
| As at 31st March 2019 | 6,958.87 | - | 6,958.87 |

Movements in Deferred Tax Assets

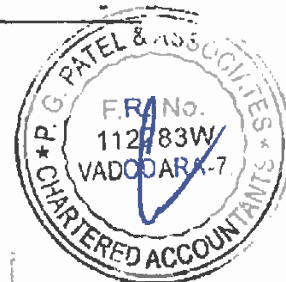
(Figures in Lakh)

| | Unused Tax Losses | MAT Credit | Others | Total |
|-----------------------------------------|-------------------|---------------|-------------|-----------------|
| As at 01st April 2017 | - | - | - | - |
| Charged/(Credited) | | | | |
| - to Profit or Loss | - | - | - | - |
| - to Other Comprehensive Income | - | - | - | - |
| As at 31st March 2018 | - | - | - | - |
| Charged/(Credited) | | | | |
| - to Profit or Loss | 6,542.41 | 308.34 | 0.08 | 6,850.83 |
| - to Other Comprehensive Income | - | - | - | - |
| As at 31st March 2019 | 6,542.41 | 308.34 | 0.08 | 6,850.83 |

Amount taken to Statement of Profit and Loss

(Figures in Lakh)

| Particulars | As at 31 st March 2019 | As at 31 st March 2018 |
|---------------------------------------------------------|--------------------------------------|--------------------------------------|
| Increase in Deferred Tax Liabilities | 6,958.87 | - |
| Increase in Deferred Tax Assets | 6,850.83 | - |
| Net Amount taken to Statement of Profit and Loss | 108.04 | - |



POWERGRID Jabalpur Transmission Limited

Note 17/Trade payables

(Figures in Lakh)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---------------------------------------------------------------------------------|---------------------------|---------------------------|
| Financial liabilities | | |
| For goods and services | | |
| (a) Total o/s dues of micro enterprises & small enterprises | | |
| (b) Total o/s dues of creditor other than micro enterprises & small enterprises | 1.65 | |
| Total | 1.65 | |

Further Notes:

Disclosure with regard to Micro and Small enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note No. 25- 27



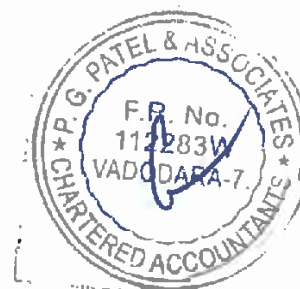
POWERGRID Jabalpur Transmission Limited**Note 18/Other Current Financial Liability**

(Figures in Lakh)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|--------------------------------------------------------|--------------------------|--------------------------|
| Interest accrued but not due on borrowings from | | |
| Related Party (Power Grid Corporation of India Ltd) | 1,525.82 | 1,879.74 |
| Others | | |
| Dues for capital expenditure | 108.05 | 11,904.61 |
| Deposits/Retention money from contractors and others | 1,118.17 | 5,188.59 |
| Related parties (Power Grid Corporation of India Ltd) | 443.31 | 1,841.82 |
| Others | 2.38 | 42.13 |
| | <u>1,671.91</u> | <u>18,977.15</u> |
| Total | 3,197.73 | 20,856.89 |

Further Note:

1. Disclosure with regard to Micro and Small Enterprise as reported under " The Micro, Small and Medium Enterprise Development Act,2006" is given in Note no. **25 27**
2. Disclosure with regard to related party is under Note no 31



POWERGRID Jabalpur Transmission Limited

Note 19/Other current liabilities

(Figures in Lakh)

| Particulars | As at 31st | As at 31st |
|----------------|-------------|-------------|
| | March, 2019 | March, 2018 |
| Statutory dues | 341.00 | 394.74 |
| Total | 341.00 | 394.74 |



POWERGRID Jabalpur Transmission Limited**Note 20/ Current Tax Liabilities (Net)**

(Figures in Lakh)

| Description | As at 31st March,2019 | As at 31st March,2018 |
|----------------------------------------------|--------------------------|--------------------------|
| Taxation (Including interest on tax) | | |
| As per last balance sheet | | |
| Additions during the year | 308.34 | |
| Amount adjusted during the year | | |
| Net off against taxes paid (Note 2.18) | | |
| Closing Balance | <u>308.34</u> | |



POWERGRID Jabalpur Transmission Limited

Note 21/Revenue from operations

(Figures in Lakh)

| Particulars | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
|----------------------|---------------------------------------|------------------------------------------|
| | | |
| Sales of services | | |
| Transmission Charges | 6104.81 | |
| Total | 6104.81 | |



POWERGRID Jabalpur Transmission Limited**Note 22/Other income****(Figures in Lakh)**

| Particulars | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
|------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| Interest from advances to contractors | 69.42 | 388.10 |
| Others | | |
| Miscellaneous Income* | 0.01 | |
| FV gain on initial recognition of Financial Liabilities | 0.00 | -70.30 |
| | 69.43 | 317.80 |
| Less: Income transferred to expenditure during construction(Net) | 69.42 | 317.80 |
| TOTAL | 0.01 | - |

* Misc. Income include rebate on early payment of system operation charges



POWERGRID Jabalpur Transmission Limited

Note 23/Finance costs

| Particulars | (Figures in Lakh) | |
|-----------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
| A) Interest and finance charges on financial liabilities at amortised cost | | |
| i) Loan from Holding Co. (Powergrid Corporation of India Limited) | 9,596.19 | 3,793.25 |
| ii) Unwinding of discount on financial liabilities | 0.00 | -8.93 |
| iii) Others* | 0.04 | 0.08 |
| Total | 9,596.23 | 3,784.40 |
| Less: Transferred to Expenditure during Construction(Net) | 7,092.29 | 3,784.40 |
| TOTAL | 2,503.94 | |

*Others include LEI renewal charges of Rs.3540 .

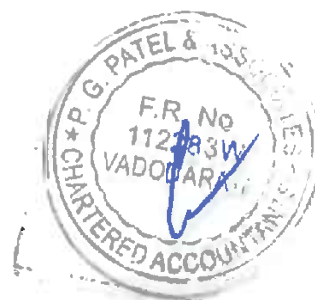


POWERGRID Jabalpur Transmission Limited

Note 24/Depreciation and amortization expense

(Figures in Lakh)

| Particulars | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
|-----------------------------------------------------------|-------------------------------------|-------------------------------------|
| Depreciation of Property, Plant and Equipment | 1,833.17 | 0.28 |
| Amortization of Intangible assets | 88.17 | 0.00 |
| Less: Transferred to Expenditure During Construction(Net) | 0.39 | 0.28 |
| TOTAL | 1,920.95 | - |



POWERGRID Jabalpur Transmission Limited

Note 25/Other expenses

(Figures in Lakh)

| Particulars | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
|-----------------------------------------------------------|---------------------------------------|---------------------------------------|
| Repair & Maintenance | | |
| Plant & Machinery | | |
| Transmission lines | 84.38 | |
| System and Market Operation Charges | 0.83 | |
| Legal expenses | 265.45 | |
| Professional charges(Including TA/DA) | 2,080.68 | 3,780.98 |
| Audit Fees | 0.41 | 0.35 |
| CERC petition & Other charges | 0.00 | 5.00 |
| Miscellaneous expenses | 6.29 | 0.03 |
| Hiring of Vehicle | 0.24 | |
| Rates and taxes | 10.00 | 0.05 |
| Total | 2,448.28 | 3,786.41 |
| Less: Transferred to Expenditure during Construction(Net) | 2,199.23 | 3,786.41 |
| Total | 249.06 | |



POWERGRID Jabalpur Transmission Limited

Note 26/ Income Tax Expense

This note provides an analysis of the company's income tax expense, and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to The company's tax positions.

a) Income Tax Expense

(Figures in Lakh)

| | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
|---------------------------------------------------|---------------------------------------|---------------------------------------|
| (a) Income tax expense | | |
| Current Tax | | |
| Current tax on profits for the year | 308.34 | - |
| Total current tax expense | 308.34 | - |
| Deferred tax expense | | - |
| Origination and reversal of temporary differences | 108.04 | - |
| Total deferred tax expense/(benefit) | 108.04 | - |
| Income tax expense | 416.38 | - |

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

| | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
|----------------------------------------------------------------------|---------------------------------------|---------------------------------------|
| Profit before income tax expense including movement in regulatory | 1,430.87 | - |
| Tax at the Company's domestic tax rate of 29.10% (Previous Year NIL) | 416.38 | - |
| Tax effect of: | | - |
| Non Deductible tax items | - | - |
| Tax exempt income | - | - |
| Deferred Tax | (108.04) | - |
| Minimum alternate tax adjustments | 108.04 | - |
| Income tax expense | 416.38 | - |

(C) The company has option to avail MAT credit in future against income tax payable and hence MAT paid during earlier & in Current Year are carried forward



POWERGRID Jabalpur Transmission Limited

Expenditure during Construction (Net)

(Figures in Lakh)

| Particulars | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
|------------------------------------------------|---------------------------------------|---------------------------------------|
| A.Other Expenses | | |
| Legal expenses | 116.46 | 0 |
| Professional charges(Including TA/DA) | 2080.60 | 3780.98 |
| Payment to Auditors | 0.00 | 0.35 |
| Miscellaneous expenses | 1.92 | 5.00 |
| Hiring of Vehicles | 0.24 | 0 |
| Rates and taxes | 0.00 | 0.05 |
| Other Charges | 0.00 | 0.11 |
| Total(A) | 2199.22 | 3786.49 |
| B.Depreciation/Amortisation | 0.39 | 0.28 |
| C.Finance Costs | | |
| Other finance charges | | |
| Loan from Holding Co. | 7092.29 | 3793.25 |
| Unwinding of discount on financial liabilities | 0.00 | -8.93 |
| Total (C) | 7092.29 | 3784.32 |
| D. Less: Other Income | | |
| Interest from | | |
| Contractors | 69.42 | 388.10 |
| Others | 0.00 | -70.30 |
| Total (D) | 69.42 | 317.80 |
| GRAND TOTAL (A+B+C-D) | 9222.49 | 7253.29 |



27. Based on information available with the company, there are no supplier's/service providers who are registered as micro, small or medium enterprise under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Information in respect of micro and small enterprises as required by MSMED Act, 2006 is given as under:

| (₹ in Lakh) | | | |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------------|
| | Particulars | Current Year | Previous Year |
| | Principal amount and interest due thereon remaining unpaid to any supplier as at end of each accounting year: | | |
| | Principal | Nil | Nil |
| | Interest | Nil | Nil |
| | The amount of Interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | Nil | Nil |
| | 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 MSMED Act, 2006 | Nil | Nil |
| | The amount of interest accrued and remaining unpaid at the end of each accounting year. | Nil | Nil |
| | 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 MSMED Act 2006 | Nil | Nil |

28. The Company does not have any permanent employees. The personnel working for the company are from holding company on secondment basis and are working on time share basis. The employee cost (including retirement benefits such as Gratuity, Leave encashment, post-retirement benefits etc.) in respect of personnel working for the company are paid by holding company and holding company is raising the invoice to the Subsidiary company towards Consultancy charges.

Since there are no employees in the company, the obligation as per Ind AS 19 does not arise. Accordingly, no provision is considered necessary for any retirement benefit like gratuity, leave salary, pension etc., in the books of the company.

29. Borrowing Cost Capitalized/Shifted to IDC during the year ₹ 7092.29 lacs (Previous Year ₹ 3784.32 lacs) in the respective carrying amount of Property, Plant and Equipment/Capital work in progress(CWIP) as per Ind AS 23 "Borrowing Costs".



30. Fair Value Measurements

| Financial Instruments by category | 31 st March, 2019 | | 31 st March, 2018 | |
|------------------------------------|------------------------------|------------------|------------------------------|------------------|
| | FVOCI | Amortised cost | FVOCI | Amortised cost |
| Financial Assets | | | | |
| Cash & cash Equivalents | 7.52 | 7.52 | 3.63 | 3.63 |
| Total Financial assets | 7.52 | 7.52 | 3.63 | 3.63 |
| Financial Liabilities | | | | |
| Borrowings | 126919.04 | 130484.09 | 95347.07 | 98580.13 |
| Other Financial Liabilities | 1673.56 | 1673.56 | 18977.15 | 18977.15 |
| Total financial liabilities | 128592.60 | 132157.65 | 114324.22 | 117557.28 |

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An Explanation of each level follows underneath the table.

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed | Notes | Level 1 | | | | Total |
|-------------------------------------------------------------------------------------------------|-------|---------|------------------|---------|---------|------------------|
| | | Level 1 | Level 2 | Level 3 | Level 3 | |
| At 31 March 2019 | - | - | - | - | - | - |
| Financial Assets | | | | | | |
| Total Financial Assets | - | - | - | - | - | - |
| Financial Liabilities | | | | | | |
| Borrowings | | | 126919.04 | | | 126919.04 |
| Other financial liabilities | | | | | | |
| Deposits/retention money from contractors and others | | | 1673.56 | | | 1673.56 |
| Total financial liabilities | | | 128592.60 | | | 128592.60 |

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed | Notes | Level 1 | | | | Total |
|-------------------------------------------------------------------------------------------------|-------|---------|------------------|---------|---------|------------------|
| | | Level 1 | Level 2 | Level 3 | Level 3 | |
| At 31 March 2018 | - | - | - | - | - | - |
| Financial Assets | | | | | | |
| Total Financial Assets | - | - | - | - | - | - |
| Financial Liabilities | | | | | | |
| Borrowings | | | 95347.07 | | | 95347.07 |
| Other financial liabilities | | | 18977.15 | | | 18977.15 |
| Total financial liabilities | | | 114324.22 | | | 114324.22 |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity Instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.



(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of the financial instruments is determined using discounted cash flow analysis.
- All of the resulting fair value estimates are included in level 2

(iii) Fair value of financial assets and liabilities measured at amortized cost

| | 31 March 2019 | | 31 March 2018 | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | Carrying Amount | Fair value | Carrying Amount | Fair value |
| Financial Assets | | | | |
| Total Financial Assets | | | | |
| Financial Liabilities | | | | |
| Borrowings | 130484.09 | 126919.04 | 98580.13 | 95347.07 |
| Other financial liabilities | 1673.56 | 1673.56 | 18977.15 | 18977.15 |
| Total financial liabilities | 132157.65 | 128592.60 | 117557.28 | 114324.22 |

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

31. Related party Transactions

(a) Holding Company

| Name of entity | Place of business/country of incorporation/Relationship | Proportion of Ownership Interest | |
|-----------------------------------------|---------------------------------------------------------|----------------------------------|---------------------------|
| | | 31-Mar-2019 Holding Co. | 31- Mar- 2018 Holding Co. |
| Power Grid Corporation of India Limited | India- Holding Company | 100% | 100% |

(b) Subsidiaries of Holding Company

| Name of entity | Place of business/country of incorporation/Relationship | Proportion of Ownership Interest | |
|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|----------------------------------|--------------|
| | | 31-Mar-2019 | 31- Mar-2018 |
| Powergrid Vizag Transmission Limited | India-Fellow Subsidiary | - | - |
| Powergrid NM Transmission Limited | India-Fellow Subsidiary | - | - |
| Powergrid Unchahar Transmission Limited | India-Fellow Subsidiary | - | - |
| Powergrid Kala Amb Transmission Limited | India-Fellow Subsidiary | - | - |
| Powergrid Warora Transmission Limited | India-Fellow Subsidiary | - | - |
| Powergrid Parli Transmission Limited | India-Fellow Subsidiary | - | - |
| Powergrid Southern Interconnector Transmission Limited | India-Fellow Subsidiary | - | - |
| Powergrid Vemagiri Transmission Limited | India-Fellow Subsidiary | - | - |
| Medinipur Jeerat Transmission Limited (Earstwhile Medinipur Jeerat Transmission Ltd.)* | India-Fellow Subsidiary | - | - |
| Powergrid Mithilanchal Transmission Limited(Earstwhile ERSS XXI Transmission Ltd.) | India-Fellow Subsidiary | - | - |
| Powergrid Varanasi Transmission system Limited | India-Fellow Subsidiary | - | - |
| Powergrid Jawaharpur Firozabad Transmission Limited (erstwhile Jawaharpur Firozabad Transmission Limited)# | India-Fellow Subsidiary | - | - |

Powergrid Jawaharpur Firozabad Transmission Limited acquired from REC Transmission Projects Limited on 21st December, 2018.



(c) Joint Ventures of Holding Company

| Name of entity | Place of business/country of incorporation/Relationship | Proportion of Ownership Interest | |
|-----------------------------------------------------|---------------------------------------------------------|----------------------------------|---------------|
| | | 31- Mar-2019 | 31- Mar- 2018 |
| Powerlinks Transmission Limited | India-JV of Holding | - | - |
| Torrent Power Grid Limited | India-JV of Holding | - | - |
| Jaypee Powergrid Limited | India-JV of Holding | - | - |
| Parbati Koldam Transmission Company Limited | India-JV of Holding | - | - |
| Teestavalley Power Transmission Limited### | India-JV of Holding | - | - |
| North East Transmission Company Limited | India-JV of Holding | - | - |
| National High Power Test Laboratory Private Limited | India-JV of Holding | - | - |
| Bihar Grid Company Limited | India-JV of Holding | - | - |
| Kalinga Vidyut Prasaran Nigam Private Limited # | India-JV of Holding | - | - |
| Cross Border Power Transmission Company Limited | India-JV of Holding | - | - |
| RINL Powergrid TLT Private Limited ## | India-JV of Holding | - | - |
| Power Transmission Company Nepal Ltd | Nepal JV of Holding | - | - |

#POWERGRID's Board of Directors in its meeting held on 16th August 2018 accorded approval for initiating procedure for Winding up / removal of the name of Kalinga Vidyut Prasaran Nigam Private Limited under fast track exit mode of Registrar of company (ROC).

##POWERGRID's Board of Directors in its meeting held on 01st May 2018 accorded approval for initiating procedure for winding up/dissolution of RINL Powergrid TLT Private Limited.

###POWERGRID & Teesta Urja Ltd. are the joint venture partners in Teestavalley Power Transmission Limited & holds 26% and 74% of equity respectively as per shareholding agreement. On call of additional equity by Teestavalley Power Transmission Limited, POWERGRID contributed their share amounting 11.28 crores while the other JV partner has not contributed their share of money as on 31.03.2019. Consequently, the holding of POWERGRID increased to 28.23% as on 31.03.2019 against 26% provided in shareholding agreement.

(d) Key Management Personnel

| Name | Designation |
|----------------------------|-------------------------|
| Smt. Seema Gupta | Chairman |
| Shri Ravi P. Singh* | Chairman |
| Sh. D.K.Singh | Director |
| Shri Abhay Choudhary | Director |
| Smt. Susheela Devi | Director |
| Shri Ajaya Kumar Satapathy | Chief Financial Officer |
| Smt. Kamlesh Kumari | Company Secretary |

*Ceased to be Chairman w.e.f. 22.01.2019

(e) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

(₹ in Lakh)

| Particulars | 31 March, 2019 | 31 March, 2018 |
|--------------------------------------|----------------|----------------|
| Payables | | |
| Holding Company | | |
| Power Grid Corporation of India Ltd. | 443.31 | 1841.82 |
| Total | 443.31 | 1841.82 |

(₹ in Lakh)

| Particulars | 31 March, 2019 | 31 March, 2018 |
|--------------------------------------|----------------|----------------|
| Receivables | | |
| Holding Co. | | |
| Power Grid Corporation of India Ltd. | - | 14.57 |
| Total receivables | - | 14.57 |



(f) Investments Received during the year (Equity)

| (₹ in Lakh) | | |
|--------------------------------------|----------------|----------------|
| Particulars | 31 March, 2019 | 31 March, 2018 |
| Payables | | |
| Holding Company | | |
| Power Grid Corporation of India Ltd. | 17300 | |
| Total | 17300 | - |

(g) Loans to/from related parties

| (₹ in Lakh) | | |
|--------------------------------------|----------------|----------------|
| Loans from Holding Company | 31 March, 2019 | 31 March, 2018 |
| Power Grid Corporation of India Ltd. | 128958.27 | 96700.39 |
| Total | 128958.27 | 96700.39 |

(h) Interest accrued on Loan

| (₹ in Lakh) | | |
|--------------------------------------|----------------|----------------|
| Particulars | 31 March, 2019 | 31 March, 2018 |
| Holding | | |
| Power Grid Corporation of India Ltd. | 1525.82 | 1879.74 |
| Total | 1525.82 | 1879.74 |

(i) Transactions with related parties

The following transactions occurred with related parties:

| (₹ in Lakh) | | |
|--------------------------------------|----------------|----------------|
| Particulars | 31 March, 2019 | 31 March, 2018 |
| Services received by the Company | | |
| Holding Company | | |
| Power Grid Corporation of India Ltd. | | |
| Consultancy Charges | 2163.40 | 3217.98 |
| Total | 2163.40 | 3217.98 |

(j) Interest on Loan

| (₹ in Lakh) | | |
|--------------------------------------|----------------|----------------|
| Particulars | 31 March, 2019 | 31 March, 2018 |
| Holding | | |
| Power Grid Corporation of India Ltd. | 9596.19 | 3793.25 |
| Total | 9596.19 | 3793.25 |

32. Segment Information

a) Business Segment

The Board of Directors is the company's Chief operating decision maker who monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. One reportable segment have been identified on the basis of product/services i.e. Transmission Network.

b) The operations of the company are mainly carried out within the country and therefore there is no reportable geographical segment.

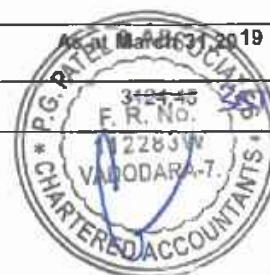
Capital and other Commitments

| (₹ in Lakh) | | |
|------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Particulars | As at March 31, 2019 | As at March 31, 2018 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 17588.01 | |

33. Contingent Liabilities and contingent assets

Contingent Liabilities

There is no Contingent Liabilities as at 31st March 2019 (Nil 31st March 2018)



34. Capital management

a) Risk Management

The company's objectives when managing capital are to:

- maximize the shareholder value;
- safeguard its ability to continue as a going concern;
- maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the company's capital management, equity capital includes issued equity capital, share premium and other equity reserves attributable to the equity holders of the company. The company manages its capital structure and makes adjustments in light of changes in economic conditions, regulatory framework and requirements of financial covenants with lenders. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, regulate investments in new projects, return capital to shareholders or issue new shares.

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

35. Earnings per share

| a) Basic and diluted earnings per share attributable to the equity holders of the company | 31 March, 2019 | 31 March, 2018 |
|-------------------------------------------------------------------------------------------|----------------|----------------|
| From Continuing Operations | 80 | |
| Total basic diluted earnings per share attributable to the equity holders of the company | 2.80 | |

| b) Reconciliation of earnings used as numerator in calculating earnings per share | 31 March, 2019 | 31 March, 2018 |
|-----------------------------------------------------------------------------------|----------------|----------------|
| Earnings attributable to the equity holders of the company | 1014.50 | |
| Total Earnings attributable to the equity holders of the company | 1014.50 | |

| c) Weighted average number of shares used as the denominator | 31 March, 2019 | 31 March, 2018 |
|----------------------------------------------------------------------------------------------------------------|----------------|----------------|
| | No. of shares | No. of Shares |
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | 36191781 | 150000 |
| Adjustments for calculation of diluted earnings per share | | |
| Total weighted average number of equity shares used as the denominator in calculating basic earnings per share | 36191781 | 150000 |

36. Financial Risk Management

The Company's principal financial liabilities comprise loans and borrowings denominated in Indian rupees, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's capital investments and operations.

At present, the Company's principal financial assets include cash and cash equivalents that are generated from its operations.

The Company's activities expose it to the following financial risks, namely:

- Credit risk
- Liquidity risk
- Market risk

This note presents information regarding the company's exposure, objectives, policies and processes for managing and managing these risks.

The management of financial risk by the Company is summarized below:-

A) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Since the company is still under construction, there are no trade receivables.

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

Credit Risk Management

Credit risk is the risk that 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 on account of trade receivables and loans and advances and from its financing activities due to deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

A default on a financial asset is when the counterparty fails to make contractual payments within 3 years of when they fall due. This definition of default is determined considering the business environment in which the Company operates and other macro-economic factors.

Assets are written-off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in the statement of profit and loss.

The Company primarily provides transmission facilities to inter-state transmission service customers (DTCs) comprising mainly state utilities owned by State Governments. CERC tariff regulations allows payment against monthly bills for transmission charges within a period of 60 days from the date of the bill and levy of charge on delayed payment beyond 60 days. A rebate is provided by the company for payment made within 60 days.



(I) Other Financial Assets

• Cash and cash equivalents

The Company held cash and cash equivalents as on 31st March 2019 of ₹ 7.52 lakh (31st March, 2018: ₹ 3.63 lakh). The cash and cash equivalents are held with public sector banks and high rated private sector banks and do not have any significant credit risk.

o Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| ₹ in Lakh) | | |
|----------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Particulars | 31 st March, 2019 | 31 st March, 2018 |
| Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL) | | |
| Cash and cash equivalents | 7.52 | 3.63 |
| Other current financial assets | 16.93 | 15.78 |
| Total | 24.45 | 19.41 |

o Provision for expected credit losses

(a) Financial assets for which loss allowance is measured using 12 month expected credit losses

The Company has assets where the counter- parties have sufficient capacity to meet the obligations and where the risk of default is very low. At initial recognition, financial assets are considered as having negligible credit risk and the risk has not increased from initial recognition. Therefore, expected credit loss provision is not required.

B) Liquidity risk

Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company has access to a variety of sources of funding such as commercial paper, bank loans, bonds and external commercial borrowings and retains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position comprising the undrawn borrowing facilities below and cash and cash equivalents on the basis of expected cash flows.

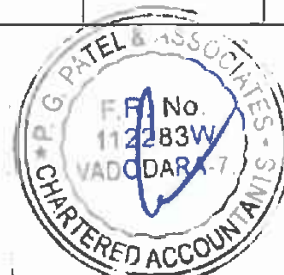
The Company depends on both internal and external sources of liquidity to provide working capital and to fund capital expenditure.

Maturities of financial liabilities

The tables below analyses the company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amount disclosed in the table is the contractual undiscounted cash flows

| (₹ in Lakh) | | | | | | |
|-------------------------------------------------|---------------|---------------------|---------------------|----------------|-----------|--|
| Contractual maturities of financial liabilities | Within a year | Between 1 & 2 years | Between 2 & 5 years | Beyond 5 years | Total | |
| 31 March 2019 | | | | | | |
| Borrowings (including interest outflows) | 10190.01 | 10616.77 | 47392.30 | 154761.88 | 222960.96 | |
| Other financial liabilities | 1663.81 | | | | 1663.81 | |
| Total | 11853.82 | 10616.77 | 47392.30 | 154761.88 | 224624.77 | |
| 31 March 2018 | | | | | | |
| Borrowings | 6953.14 | 7384.24 | 31423.55 | 125363.58 | 171124.49 | |



| | | | | | |
|-----------------------------|-----------------|----------------|-----------------|------------------|------------------|
| Other financial liabilities | 18977.15 | - | - | - | 18977.15 |
| Total | 25930.29 | 7384.24 | 31423.55 | 125383.56 | 180101.64 |

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 following types of risk:

- i. Currency risk
- ii. Interest rate risk

i) Currency risk

As on Reporting date the Company does not have any exposure to currency risk in respect of foreign currency denominated loans and borrowings. The company is exposed to currency risk mainly due to procurement of goods and services.

ii) Interest rate risk

The Company is not exposed to any interest rate risk arising from long term borrowings since all the borrowings are with fixed interest rates.

37.Foreign Currency Exposure

Not hedged by a derivative instrument or other

| Particulars | Amount in Foreign Currency (in Crore) Lakh | Amount (₹ in Crore) Lakh | Amount (₹ in Crore) Lakh | Amount (₹ in Crore) Lakh | Amount (₹ in Crore) Lakh |
|------------------------------------------------------|--------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | | 31 st March, 2019 | 31 st March, 2019 | 31 st March, 2018 | 31 st March, 2018 |
| Borrowings | USD | - | - | - | - |
| | EURO | - | - | - | - |
| | SEK | - | - | - | - |
| | JPY | - | - | - | - |
| Interest accrued but not due thereon | USD | - | - | - | - |
| | EURO | - | - | - | - |
| | SEK | - | - | - | - |
| | JPY | - | - | - | - |
| including Agency Fee, Commitment Fee & other Charges | USD | 0.23 | 0.31 | 15.90 | 20.46 |
| | EURO | - | - | - | - |
| | SEK | - | - | - | - |
| | CHF | - | - | - | - |
| | GBP | - | - | - | - |
| Trade Payables/deposits and retention money | USD | 0.23 | 0.31 | 15.90 | 20.46 |
| | EURO | - | - | - | - |
| | SEK | - | - | - | - |
| | CHF | - | - | - | - |
| | GBP | - | - | - | - |

| | | | | | |
|----------------------------------------------|------|---|---|---|---|
| | JPY | - | - | - | - |
| Trade receivables and Bank balances | USD | - | - | - | - |
| | NPR | - | - | - | - |
| | EURO | - | - | - | - |
| Amount of contracts remaining to be executed | USD | - | - | - | - |
| | EURO | - | - | - | - |
| | SEK | - | - | - | - |
| | CHF | - | - | - | - |
| | GBP | - | - | - | - |
| | JPY | - | - | - | - |

38. Auditors Remuneration

| Particulars | FY 2018-19 | FY 2017-18 |
|----------------------|-------------|-------------|
| Statutory Audit Fees | 0.41 | 0.35 |
| Total | 0.41 | 0.35 |

39. Other Disclosures

a. Taxation

Current tax is reckoned based on current year's income and tax payable thereon in accordance with applicable tax rate as per the prevailing tax laws.

The company had made a tax provision of Rs.308.34 lakh (Previous year Rs. NIL Lakh) for the year towards current tax (Minimum Alternate Tax). In accordance with Ind-AS 12 on Accounting for taxes on Income, the company has computed Deferred Tax Asset/(Liability) of Rs. (416.38) Lakh (Previous Year Rs. NIL Lakh) on account of timing difference in relation to depreciation as per books vis.a.vis Tax laws and unused tax losses.

b. Leases

Operating Lease : The company has no Operating Leases.

Finance Lease: The company has no finance lease.

c. Self Insurance Reserve

Self-insurance reserve is created @ 0.12% p.a. on Gross Block of Property, Plant and Equipment amount to Rs.177.04 Lakh except assets covered under insurance as at the end of the year by appropriation of current year profit to mitigate future losses from un-insured risks and for taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers and equipment of AC substation. The Reserve created as above is shown as "Self Insurance Reserve" under 'Other Equity'.

40. Exceptional & Extraordinary Items

There is no exceptional & extraordinary items as at the Balance Sheet date.

41. Party Balances & Confirmations



Balances of recoverable shown under Assets and other payables shown under Liabilities include balances subject to confirmation/reconciliation and consequential adjustments if any. However reconciliation are carried out on ongoing basis.

42. POWERGRID (Holding Company) in the capacity of CTU is entrusted with the job of centralized Billing, Collection and Disbursement (BCD) of transmission charges on behalf of all IST licensees. Accordingly CTU is raising bill for transmission charges to DICs on behalf of IST licensees. The debtors are accounted based on the list of DICs given by CTU shall assess the credit risk of trade receivable using life time expected credit losses and intimate company for suitable provision, if required.

43. Recent Accounting Pronouncements:

Ind AS 116 was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 19, 'Employee Benefits'

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

- Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- Any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- Separately recognise any changes in the asset ceiling through other comprehensive income.

These amendments will apply to any future plan amendments, curtailments, or settlements of the Company on or after 1 April 2019. The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendment to Ind AS 12, 'Income Taxes'

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 23, 'Borrowing Costs'



The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

44. Impact of application of Ind AS 115 'Revenue from Contracts with Customers'

From April 1, 2018, the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The company has applied Ind AS 115 retrospectively only to contracts that are not completed as at the date of initial application, with the cumulative effect of initial application recognised as an adjustment to the opening balance of General Reserve at April 1, 2018. In accordance with the transition guidance in Ind AS 115 has only been applied to contracts that are incomplete as at April 1, 2018.

The company's accounting policies for its revenue streams are disclosed in Note 2.14. The application of Ind AS 115 does not have any significant impact on the financial position and/or financial performance of the company. The amount of adjustment for each line item of financial statement affected by the application of Ind AS 115 is as given below.

Impacts on assets, liabilities and equity as at April 1, 2018

(₹ in Lakhs)

| | As previously reported | Ind AS 115 adjustments | As restated |
|--------------------------------|------------------------|------------------------|-------------|
| Contract liabilities | Nil | Nil | Nil |
| Other Equity – General Reserve | Nil | Nil | Nil |

Impacts on Statement of Profit and Loss for the period ended March 31, 2019

Due to Implementation of Ind AS 115, Revenue from Operation increased by ₹ Nil, Finance Cost increased by ₹ Nil and Other Expenses increase by ₹ Nil. Profit after Tax increased by ₹ Nil during the year.

The following table discloses the movement in unbilled revenue during the year ended 31 March, 2019 and 31 March, 2018.

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---------------------------------------------|---------------------------|---------------------------|
| Balance at the beginning | NIL | NIL |
| Add: Revenue recognised during the period | 2058.83 | NIL |
| Less: Invoiced during the period | NIL | NIL |
| Less: Impairment/reversal during the period | NIL | NIL |
| Add: Translation gain/(Loss) | NIL | NIL |
| Balance at the end | 2058.83 | NIL |



The following table discloses the movement in contract liability during the year ended 31 March 2019 and 31 March 2018.

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|----------------------------------------------------------|------------------------------|------------------------------|
| Balance at the beginning | Nil | Nil |
| Add: Advance billing during the period | Nil | Nil |
| Less: revenue recognised during the period | Nil | Nil |
| a) From contract liability as at beginning of the period | | |
| b) From contract liability recognised during the period | | |
| Add: Translation gain/(Loss) | Nil | Nil |
| Balance at the end | Nil | Nil |

The entity determines transaction price based on expected value method considering its past experiences of refunds or significant reversals in amount of revenue. In estimating significant financing component, management considers the financing element inbuilt in the transaction price based on imputed rate of return. Reconciliation of Contracted Price vis-a-vis revenue recognized in profit or loss statement is as follows-

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|-------------------------------------------------------------|------------------------------|------------------------------|
| Contracted price | 6126.15 | NIL |
| Add/ (Less)- Discounts/ rebates provided to customer | 21.34 | NIL |
| Add/ (Less)- Performance bonus | NIL | NIL |
| Add/ (Less)- Adjustment for significant financing component | NIL | NIL |
| Add/ (Less)- Other adjustments | NIL | NIL |
| Revenue recognized in profit or loss statement | 6104.81 | NIL |

f) A provision of ₹ NIL has been created in the current financial year against trade receivables and unbilled debtors outstanding as on 31.03.2018 from a few customers and revenue from transmission and surcharge thereon amounting to ₹ NIL has not been recognised during the year due to uncertainty of collection of consideration in line with Ind AS 115 'Revenue from Contracts with Customers'.

45. (a) Previous year figures have been regrouped / rearranged wherever considered necessary.

(b) Figures have been rounded off to nearest rupees in lakhs upto two decimal.

As per our report of even date
For P.G Patel & Associates
Chartered Accountants
ICAI Firm Registration
No. 112283W

CH P.G. Patel
Partner
Membership No. : 035533
Place: Vadodara
Date: 22.05.2019



For and on behalf of the Board of Directors

Abhay Choudhary
Abhay Choudhary
(Chairman)
DIN-07388432

S. Susheela Devi
Susheela Devi
(Director)
DIN-07828528

A. R. Patil
A. R. Patil
(Chief Financial Officer)

Kamlesh Kumari
Kamlesh Kumari
(Company Secretary)

Place: Gurugram

Date: 22.05.2019

POWERGRID WARORA TRANSMISSION LIMITED

Wholly Owned Subsidiary of Power Grid Corporation of India Limited

(CIN: U40300DL2014GOI269918)

ANNUAL REPORT (2018-19)

POWERGRID WARORA TRANSMISSION LIMITED

CIN: U40300DL2014GOI269918

Regd. Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016

Tel: 011-26560121; Fax: 011-26601081

DIRECTORS' REPORT

To,

Dear Members,

It gives me immense pleasure to present on behalf of the Board of Directors, the Fifth Annual Report of POWERGRID Warora Transmission Limited (PWTL) on the working of the Company together with Audited Financial Statements and Auditors' Report for the financial year ended 31st March, 2019.

State of the Company's Affairs

POWERGRID Warora Transmission Limited (formerly Gadarwara (A) Transco Limited) was acquired by Power Grid Corporation of India Limited (POWERGRID) on April 24, 2015 under Tariff Based Competitive bidding from REC Transmission Projects Company Limited (the Bid Process Co-ordinator) for establishment of Transmission System Associated with Gadarwara STPS (2 x 800 MW) of NTPC (Part-A). The transmission system is traversing the States of Maharashtra and Madhya Pradesh and comprises 765kV D/C, 400kV D/C transmission lines and establishment of 2X1500 MVA 765/400 kV new substation in Warora. The Company was granted transmission license by CERC in August, 2015. The project's elements have been progressively commissioned and the entire project has been commissioned on 10th July, 2019.

Financial Performance

Rs. In Lakh

| Particulars | 2018-19 | 2017-18 |
|---------------------------------|-----------------|----------------|
| Revenue from Operations | 28043.97 | 6369.72 |
| Other Income | 17.63 | 0.01 |
| Total Income | 28061.60 | 6369.73 |
| Expenses | 19653.00 | 2694.46 |
| Profit before Tax | 8408.60 | 3675.27 |
| Profit after Tax | 5967.09 | 2894.28 |
| Earnings Per Equity Share (Rs.) | 2.58 | 6.44 |

Share Capital

The Authorized Share Capital and Paid up Share Capital as on 31st March, 2019 of the Company were Rs. 425 crore and Rs. 326.30 crore, respectively. Further the Subscribed and Paid up Capital was increased to Rs. 340.30Crore.

Dividend

For FY 2018-19, the Board of Directors have proposed a final dividend of ₹0.40 per share in addition to ₹0.65 per share of interim dividend paid in December 2018 and second interim dividend of ₹0.06 per share paid in March 2019, taking total dividend for the financial year 2018-19 to ₹1.11 per share. The total dividend payout for the year amounts to ₹31.32crore (including an interim dividend of ₹ 17.71crore). The final dividend shall be paid after your approval at the Annual General Meeting.

Reserves

The Company has transferred an amount of ₹262.98 Lakh to Self Insurance Reserve and retained ₹5967.09 Lakh in the Retained Earnings. Retained Earnings as on 31.03.2019 stood at ₹5345.70 Lakh.

Particulars of Loans, Guarantees or Investments made under section 186 of the Companies Act, 2013

Your Company has not given any loans, provided any guarantee or security to any other entity.

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related parties referred to Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, are given as ***Annexure- I*** to the Directors' Report.

Details of Significant & Material Orders passed by the regulators, courts, tribunals impacting the going concern status and company's operation in future

No significant / material orders passed by any authority during the Financial Year impacting the going concern status and Company's operation in future.

Deposits

Your Company has not accepted any deposit for the period under review.

Subsidiaries, Joint Ventures and Associate Companies

Your Company does not have any subsidiaries, joint ventures and associate companies.

Directors' Responsibility Statement

As required under section 134(3)(c) & 134(5) of the Companies Act, your Directors confirm that:

- a. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors had prepared the Annual Accounts on a going concern basis; and
- e. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go

There is no Conservation of Energy, Technology absorption and also there is no Foreign Exchange Earnings and Foreign Exchange outgo during the Financial Year 2018-19.

Extract of Annual Return

The extract of Annual Return in Form MGT– 9 is enclosed at **Annexure - II** to this Report.

Board of Directors and Key Managerial Personnel

As on 31st March, 2019, the Board comprised five Directors viz. Smt. Seema Gupta, Shri D.C.Joshi, Mohammed Taj Mukarrum, Shri D.K. Singh and Shri. V.K. Khare.

There were some changes in the Board of Directors of the Company during the financial year 2018-19. Shri D.K. Valecha and Shri S. Vaithilingam ceased to be Directors of the Company w.e.f 30/04/2019. Shri Prem Narayan Dixit and Mohammed Taj Mukarrum had been appointed as Additional Directors w.e.f. 07/05/2019 and after your approval in the last Annual General Meeting (AGM) held on 17/09/2018, these Directors were appointed as the Directors of the Company.

Subsequently, Shri Prem Narayan Dixit had resigned and ceased to be Director of the Company w.e.f. 15/10/2018 and Shri D.C. Joshi has been appointed as Additional Director w.e.f. 24/10/2018 who hold office upto the date of ensuing AGM.

The Company has received a notice under section 160 of the Companies Act, 2013 from a member of the Company for appointment of Shri D.C.Joshi as Director, liable to retire by rotation, in the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 2013 read with the Articles of Association of the Company, Shri V.K.Khare shall retire by rotation at the ensuing AGM of your Company and being eligible, offers himself for re-appointment.

The Board placed on record its appreciation for the valuable contribution, guidance & support given by Shri D.K. Valecha, Shri S. Vaithilingam and Shri Prem Narayan Dixit during their tenure as Directors of the Company.

None of the Directors is disqualified from being appointed/re-appointed as Director.

As on 31st March, 2019 Shri Ravikumar Gandikota and Ms. Anjana Luthra were Chief Financial Officer (CFO) and Company Secretary, respectively of the Company.

Number of Board meetings during the year

During the financial year ended 31st March, 2019, twenty one (21) meetings of Board of Directors were held on 13/04/2018, 23/05/2018, 29/05/2018, 11/07/2018, 02/08/2018, 21/08/2018, 06/09/2018, 28/09/2018, 24/10/2018, 30/10/2018, 19/11/2018, 04/12/2018, 14/12/2018, 03/01/2019, 30/01/2019, 06/02/2019, 07/03/2019, 08/03/2019, 22/03/2019, 27/03/2019 and 29/03/2019. The details of number of meetings attended by each Director during the financial year 2018-19 are as under:

| Name of Director | Designation | No. of Board Meetings which were entitled to attend during 2018-19 | No. of Board Meetings attended during 2018-19 |
|-------------------------|---------------------|---------------------------------------------------------------------------|------------------------------------------------------|
| Smt. Seema Gupta | Chairperson | 21 | 21 |
| Shri V.K. Khare | Director | 21 | 2 |
| Shri D.K. Valecha* | Director | 1 | 1 |
| Shri S. Vaithilingam* | Director | 1 | 1 |
| Shri D.K. Singh | Director | 21 | 2 |
| M. Taj Mukarrum** | Director | 20 | 17 |
| Shri P.N. Dixit^ | Director | 7 | 5 |
| Shri D. C. Joshi^^ | Additional Director | 13 | 11 |

*Ceased to be Director w.e.f 30/04/2018

**Appointed as Director w.e.f 07/05/2018

^Appointed as Director w.e.f 07/05/2018 and then Ceased to be Director w.e.f 15/10/2018

^^Appointed as Director w.e.f 24/10/2018

Committees of the Board

Audit Committee

The Audit Committee of the Company has been constituted in line with the provisions of Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014. As on 31/03/2019, the Audit Committee comprised three members viz. M. Taj Mukarrum, Shri D.C. Joshi and Shri D.K. Singh, with M. Taj Mukarrum as Chairman.

During the financial year 2018-19, eight (8) meetings of Audit committee were held on 22.05.2018, 11.07.2018, 21.08.2018, 30.10.2018, 19.11.2018, 21.01.2019, 29.01.2019 and 29.03.2018, respectively.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee (N & R Committee) has been constituted in line with the requirement of the provisions of Section 178 of the Companies Act, 2013. As on 31/03/2019, the N & R Committee comprised three members viz. Shri D.C.Joshi, M. Taj Mukarrum and Shri D.K. Singh, with Shri D.C.Joshi as Chairman.

During the financial year 2018-19, two (2) meetings of the committee were held on 02.08.2018 and 06.09.2018, respectively.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee (CSR Committee) has been constituted in line with the requirement of the provisions of Section 135 of the Companies Act, 2013. As on 31/03/2019, the CSR Committee comprised four members viz. Smt. Seema Gupta, Shri D.C.Joshi, M. Taj Mukarrum and Shri D.K. Singh as its members with Smt. Seema Gupta as Chairperson.

During the financial year 2018-19, only one meeting of the committee was held on 22.03.2019.

Declaration by Independent Directors

Ministry of Corporate Affairs (MCA) vide notification dated 05th July 2017 had amended the Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 {said Rule 4} as per which the unlisted public companies in the nature of wholly owned subsidiaries are exempted from the requirement of appointing Independent Directors on their Board. Accordingly, PWTL, being a Wholly Owned Subsidiary of Power Grid Corporation of India Limited is exempted from the requirement of appointing Independent Directors on their Board.

Performance Evaluation

Your Company, being wholly-owned Subsidiary of POWERGRID, is a Government Company. The Whole time Directors & senior officials of POWERGRID (the holding company) are nominated as Directors of your Company. POWERGRID, being a Government Company, the Directors so nominated by it in your Company are being evaluated under a well laid down procedure for evaluation of CMD / Functional Directors by Administrative Ministry and for evaluation of senior officials by POWERGRID (the holding company).

Statutory Auditors

M/s Abhijit Kelkar & Co., Chartered Accounts, Nagpur, was appointed by Comptroller and Auditor General (C&AG) of India as Statutory Auditors of the Company for the financial year 2018-19.

Statutory Auditors' Report

M/s Abhijit Kelkar & Co., Chartered Accounts, Nagpur, the Statutory Auditors for the financial year 2018-19 have given an unqualified report. The report is self-explanatory and does not require any further comments by the Board.

Details in respect of frauds reported by auditors other than those which are reportable to the Central Government

The Statutory Auditors of the Company have not reported any frauds to the Board of Directors under section 143(12) of the Companies Act, 2013, including rules made thereunder.

Comptroller and Auditor General's (C&AG) Comments

Comptroller and Auditor General of India have conducted a supplementary audit under section 143(6)(a) of the Companies Act, 2013 of the financial statements of the Company for the year ended 31st March, 2019. C&AG vide letter dated 15th July, 2019 has stated that on the basis of said supplementary audit nothing significant has come to their knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report. Copy of letter dated 15th July, 2019 of NIL comments received from C&AG is placed at **Annexure-III** to this report.

Secretarial Audit Report

M/s VAPN & Associates, Practicing Company Secretaries has conducted Secretarial Audit of the Company for the financial year ended 31st March, 2019. The Secretarial Audit report is placed at **Annexure – IV** to this report. The Secretarial Auditors have given an unqualified

report. The report is self-explanatory and does not require any further comments by the Board.

Cost Auditors

The Company appointed M/s Ujwal P. Loya & Co., Cost Accountants as Cost Auditors for the Financial Year 2018-19 under Section 148 of the Companies Act, 2013. The Cost Audit Reports for the FY 2018-19 will be filed with the Cost Audit Branch, Ministry of Company Affairs before due date.

Corporate Social Responsibility (CSR)

During the year, your Company contributed ₹26.54 lakh to clean Ganga Fund for participation in “Namami Gange”– an Integrated Conservation Mission for River Ganga under CSR initiative. The Annual Report on your Company’s CSR activities is enclosed as *Annexure- V* of the Board’s Report.

Development & Implementation of Risk Management Policy

Your Company being a wholly owned subsidiary of POWERGRID is covered under the Risk Management Framework as being done in POWERGRID, the holding company.

Particulars of Employees

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 of the Companies Act, 2013 & corresponding rules of Chapter XIII are exempted for Government Companies. As your Company is a Government Company, the information has not been included as a part of Directors’ report.

Prevention of Sexual Harassment at Workplace

There was no incidence of Sexual Harassment during the Financial Year 2018-19.

Internal Financial Control Systems and their adequacy

Your Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March, 2019.

Right to Information

In compliance with ‘Right to Information Act, 2005’, an appropriate mechanism is in place for promoting transparency and accountability, wherein your Company has nominated Central Public Information Officer / Appellate Authorities to provide required information under the provisions of Act.

Acknowledgement

The Board extends its sincere thanks to the Ministry of Power, the Central Electricity Regulatory Commission, Power Grid Corporation of India Limited, the Comptroller & Auditor General of India and the Auditors of the Company.

For and on behalf of
POWERGRID Warora Transmission Limited

Sd/-
(Seema Gupta)
Chairperson
DIN: 06636330

Date: 29th July, 2019
Place: Gurgaon

POWERGRID WARORA TRANSMISSION LIMITED**FORM NO. AOC -2****(Pursuant to clause (h) of sub-section (3) of section 134 of the Act
and Rule 8(2) of the Companies (Accounts) Rules, 2014**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

| Sl. No. | Particulars | Details |
|---------|-------------------------------------------------------------------------------------------------------------------|---------|
| a | Name (s) of the related party & nature of relationship | - |
| b | Nature of contracts/arrangements/transaction | - |
| c | Duration of the contracts/arrangements/transaction | - |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e | Justification for entering into such contracts or arrangements or transactions' | - |
| f | Date of approval by the Board | - |
| g | Amount paid as advances, if any | - |
| h | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| Sl. No. | Particulars | Details |
|---------|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a | Name (s) of the related party & nature of relationship | Power Grid Corporation of India Limited (POWERGRID)) [holding company w.e.f. 24.04.2015]. |
| b | Nature of contracts/arrangements/transaction | Part (A) to take any security(ies) / guarantee(s) in connection with loan(s) / any form of debt including ECBs and/or to avail Inter corporate loan(s) on cost to cost basis, or a combination thereof, upto an amount of Rs. 2020 crore from POWERGRID. Part (B) to avail all inputs and services as may be required by the Company from POWERGRID @ 5% of the actual project cost (excl. IDC and Consultancy Fee) plus GST as applicable. Part (C) to avail services of POWERGRID for undertaking all post CoD activities including Operation & Maintenance activities for the transmission line elements of the Company at consultancy charges of Rs. 10.00Crore plus GST as applicable for FY 2018-19. |
| c | Duration of the contracts/arrangements/transaction | Part (A) As mutually agreed Part (B) Commissioning of the project including associated reconciliation activities. Part (C) As mutually agreed |
| d | Salient terms of the contracts or | Refer (b) |

| | | |
|---|---------------------------------------------------------|---------------------------------------------------------------------------------------------|
| | arrangements or transaction including the value, if any | |
| e | Date of approval by the Board | 09.06.2015 & 27.12.2016 [for Part (A)], 29.02.2016 [for Part (B)], 11.07.2018[for Part (C)] |
| f | Amount paid as advances, if any | - |

For and on behalf of
POWERGRID Warora Transmission Limited

Sd/-
(Seema Gupta)
Chairperson
DIN: 06636330

Date: 29th July, 2019
Place: Gurgaon

POWERGRID WARORA TRANSMISSION LIMITED

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
As on the Financial Year ended on March 31, 2019

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies
(Management and Administration) Rules, 2014]*

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i. | CIN | U40300DL2014GOI269918 |
| ii. | Registration Date | 5 th August, 2014 |
| iii. | Name of the Company | POWERGRID Warora Transmission Limited |
| iv. | Category/ Sub-Category of the Company | Company Limited by Shares / Union Government Company |
| v. | Address of the Registered office and contact details | B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 Tel: 011-26560121.Fax:011-26601081 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, If any | CDSL Ventures Limited A Wing, 25th Floor, Marathon Futurex, Mafatlal Mills Compounds, N M Joshi Marg, Lower Parel (E), Mumbai – 400013 Phone No. 022-61216903 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr.N o. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|------------|----------------------------------------------------|----------------------------------------|---------------------------------------|
| 1 | Transmission | 35107 | 100 |

[illegible]

| | | | | | | | | | |
|-------------------------------------------------------------------|----------|------------------|------------------|------------|------------------|---|------------------|------------|----------|
| shareholders holding nominal share capital in excess of Rs.1 lakh | | | | | | | | | |
| c) Others (Specify) | - | - | - | - | - | - | - | - | - |
| Sub-total(B)(2) | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 0 | 176300000 | 176300000 | 100 | 326300000 | | 326300000 | 100 | - |

* 6 equity shares held by POWERGRID's nominees (Individuals) jointly with POWERGRID.

ii. Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|--------|-----------------------------------------------------|-------------------------------------------|----------------------------------|-------------------------------------------------|-------------------------------------|----------------------------------|-------------------------------------------------|---|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1. | Power Grid Corporation of India Limited (POWERGRID) | 176299994 | 100 | - | 326299994 | 100 | - | - |
| 2. | Shri Ravi P. Singh jointly with POWERGRID | 01 | 0 | - | 01 | 0 | - | - |

| | | | | | | | | |
|--------------|----------------------------------------------|------------------|------------|----------|------------------|------------|----------|----------|
| 3. | Smt Seema Gupta jointly with POWERGRID | 01 | 0 | - | 01 | 0 | - | - |
| 4. | Shri K S R Murty jointly with POWERGRID | 01 | 0 | - | 01 | 0 | - | - |
| 5. | Shri S. Vaithilingam jointly with POWERGRID* | 01 | 0 | - | - | - | - | - |
| 6. | Shri D.K. Valecha jointly with POWERGRID** | 01 | 0 | - | - | - | - | - |
| 7. | M. Taj Mukarrum jointly with POWERGRID* | 0 | 0 | - | 01 | 0 | - | - |
| 8. | Shri D.C.Joshi jointly with POWERGRID** | - | - | - | 01 | 0 | - | - |
| 9. | Shri I.S. Jha, jointly with POWERGRID*** | 01 | 0 | - | - | - | - | - |
| 10 | Shri R. N. Singh jointly with POWERGRID*** | - | - | - | 01 | 0 | - | - |
| Total | | 176300000 | 100 | - | 326300000 | 100 | - | - |

*01 Equity share held by Shri S. Vaithilingam (jointly with POWERGRID) transferred to M. Taj Mukarrum (jointly with POWERGRID) on 23.05.2018

**01 Equity share held by Shri D.K.Valecha (jointly with POWERGRID) transferred to Shri P. N. Dixit (jointly with POWERGRID) on 23.05.2018 which was then transferred to Shri D.C.Joshi (jointly with POWERGRID) on 11.01.2019

***01 Equity share held by Shri I.S.Jha (jointly with POWERGRID) transferred to Shri R. N. Singh (jointly with POWERGRID) on 13.02.2019.

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|-------------------------------------------|--------------------------|-----------------------------------------|--------------------------|
| | | No. of shares | % of total shares of the | No. of shares | % of total shares of the |
| | | | | | |

| | | | company | | company |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-----------|---------|
| | At the beginning of the year | 176300000 | 100 | 176300000 | 100 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | <ol style="list-style-type: none"> 3,00,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 29.05.2018 in terms of Section 62(1) of the Companies Act, 2013. 1,30,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 11.07.2018 in terms of Section 62(1) of the Companies Act, 2013. 90,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 21.08.2018 in terms of Section 62(1) of the Companies Act, 2013. 1,40,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 28.09.2018 in terms of Section 62(1) of the Companies Act, 2013. 1,50,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 03.01.2019 in terms of Section 62(1) of the Companies Act, 2013. 1,60,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 06.02.2019 in terms of Section 62(1) of the Companies Act, 2013. 1,70,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 08.03.2019 in terms of Section 62(1) of the Companies Act, 2013. 3,60,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 27.03.2019 in terms of Section 62(1) of the Companies Act, 2013. 01 Equity share held by Shri S. Vaithilingam (jointly with POWERGRID) transferred to M. Taj Mukarrum (jointly with POWERGRID) on 23.05.2018. 01 Equity share held by Shri D.K.Valecha (jointly with POWERGRID) transferred to Shri P. N. Dixit (jointly with POWERGRID) on 23.05.2018 which was then transferred to Shri D.C.Joshi (jointly with POWERGRID) on 11.01.2019. 01 Equity share held by Shri I.S.Jha (jointly with POWERGRID) transferred to Shri R. N. Singh (jointly with POWERGRID) on 21.02.2019. <p>(May please also refer information provided under Sr. No. IV (ii) above.</p> | | | |
| | At the End of the year | 326300000 | 100 | 326300000 | 100 |

iv. Share holding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|----------------------------------|-------------------------------------------|--------------------------|-----------------------------------------|--------------------------|
| | For each of Top ten shareholders | No. of shares | % of total shares of the | No. of shares | % of total shares of the |

| | | | | | |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---------|---|---------|
| | | | company | | company |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |

v. Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Directors and KMP | | | | |
| | For each of Directors | | | | |
| 1 | Smt. Seema Gupta, Chairperson | | | | |
| | At the beginning of the year | 01** | 0 | 01** | 0 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 01** | 0 | 01** | 0 |
| 2 | Shri D.C. Joshi, Director[^] | | | | |
| | At the beginning of the year | 0 | 0 | 01** | 0 |

| | | | | | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|------|---|
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 01 Equity share held by Shri D.K.Valecha (jointly with POWERGRID), former Director transferred to Shri P. N. Dixit, former Director (jointly with POWERGRID) on 23.05.2018 which was then transferred to Shri D.C.Joshi (jointly with POWERGRID) on 11.01.2019. | | | |
| | At the End of the year | 0 | 0 | 01** | 0 |
| 3 | M. Taj Mukarrum, Director* | | | | |
| | At the beginning of the year | 0 | 0 | 01** | 0 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 01 Equity share held by Shri S. Vaithilingam (jointly with POWERGRID), former Director transferred to M. Taj Mukarrum (jointly with POWERGRID) on 23.05.2018. | | | |
| | At the End of the year | 0 | 0 | 01** | 0 |
| 4 | Shri V. K. Khare, Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| | At the End of the year | - | - | - | - |
| 5 | Shri D.K. Singh, Director | | | | |
| | At the beginning of the year | - | - | - | - |

| | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|
| Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| At the End of the year | - | - | - | - |

*Appointed as Director w.e.f. 07.05.2018.

^ Appointed as Director w.e.f. 24.10.2018.

**Jointly with POWERGRID

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding /accrued but not due for payment

(Rs. In Lac)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|-----------------------------------------------------|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | 165787.17 | - | 165787.17 |
| ii) Interest due but not paid | - | 234.16 | - | 234.16 |
| iii) Interest accrued but not due | - | 4100.29 | - | 4100.29 |
| Total (i+ii+iii) | - | 170121.62 | - | 170121.62 |
| Change in Indebtedness during the financial year | | | | |
| - Addition | | 9667.50 | | 9667.50 |
| - Reduction | | (-)11589.12 | | (-)11589.12 |
| Net Change | - | (-) 1921.62 | - | (-) 1921.62 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | | 168200 | | 168200 |
| ii) Interest due but | | | | |

| | | | | |
|-----------------------------------|---|--------|--|--------|
| not paid | | - | | - |
| iii) Interest accrued but not due | | - | | - |
| Total (i+ii+iii) | - | 168200 | | 168200 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: [Not Applicable]

| Sl. No. | Particulars of Remuneration | Name of MD/WTM/Manager | | | | Total Amount |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---|---|---|--------------|
| 1. | Gross salary (a)Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 (b)Value of perquisites u/s 17(2) Income-tax Act, 1961 (c)Profits in lieu of salary Under section17(3) Income-tax Act,1961 | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission - as% of profit - Others, specify... | - | - | - | - | - |
| 5. | Others, please specify | - | - | - | - | - |
| 6. | Total(A) | - | - | - | - | - |
| | Ceiling as per the Act | - | - | - | - | - |

B. Remuneration to other directors: [Not Applicable]

| Sl. No. | Particulars of Remuneration | Name of MD/WTM/Manager | | | | Total Amount |
|---------|-----------------------------------------------------------------------------------------------------------------------|------------------------|---|---|---|--------------|
| | <u>Independent Directors</u> •Fee for attending board committee meetings •Commission •Others ,please specify | - | - | - | - | - |

| | | | | | | |
|--|----------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| | Total(1) | - | - | - | - | - |
| | <u>Other Non-Executive Directors</u> - Fee for attending board committee meetings - Commission - Others ,please specify | - | - | - | - | - |
| | Total(2) | - | - | - | - | - |
| | Total(B)=(1+2) | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - |
| | Over all Ceiling as per the Act | - | - | - | - | - |

C. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD:
[Not Applicable]

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------|-----|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as % of profit - others, specify... | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total | - | - | - | - |

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD /NCLT/Court] | Appeal made. If any (give details) |
|-------------------------------------|------------------------------|-------------------|----------------------------------------------------------|----------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| B. Directors | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| C. Other Officers In Default | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |

For and on behalf of
POWERGRID Warora Transmission Limited

Sd/-
(Seema Gupta)
Chairperson
DIN: 06636330

Date: 29th July,2019
Place: Gurgaon

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF POWERGRID WARORA TRANSMISSION LIMITED FOR THE
YEAR ENDED 31 MARCH 2019**

The preparation of financial statements of POWERGRID Warora Transmission Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 21-05-2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of POWERGRID Warora Transmission Limited for the year ended 31 March 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report under section 143(6)(b) of the Act.

**For and on behalf of the
Comptroller & Auditor General of India**

Place: New Delhi

Date: 15/07/2019


(Raj Kumar)

**Principal Director of Commercial Audit &
Ex-officio Member, Audit Board – III,**



VAPN & ASSOCIATES.

COMPANY SECRETARIES

ANNEXURE - IV

SECRETARIAL AUDIT REPORT For the Financial Year ended on 31st March, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
POWERGRID Warora Transmission Limited
CIN: U40300DL2014GOI269918
B-9, Qutab Institutional Area, Katwaria Sarai,
New Delhi -110016.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **POWERGRID WARORA TRANSMISSION LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **POWERGRID WARORA TRANSMISSION LIMITED** for the financial year ended on 31st March, 2019 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder and applicable provisions of the Companies Act, 1956;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

1

V. Sethi



office: 506,5th Floor,B-8, GD ITL Twin Tower,Netaji Subhash Place,Pitampura,Delhi-110034



VAPN & ASSOCIATES.

COMPANY SECRETARIES

3. The Depository Acts, 1996 and the Regulations and Bye Laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings. (are not applicable as the Company have not received any investment under FDI or any External Commercial Borrowing nor made any Overseas Direct investment during the financial year under the review)
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (are not applicable as the Company do not have any Equity Share Capital Listed on Stock Exchange(s) during the financial year under the review)
 - (b) The Securities and Exchange Board of India (Prohibitions of Insider Trading) Regulations, 2015 (are not applicable as the Company do not have any Equity Share Capital Listed on Stock Exchange(s) during the financial year under the review);
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (are not applicable as the Company do not have any Equity Share Capital Listed on Stock Exchange(s) during the financial year under the review)
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (are not applicable as the Company have not issued any Equity Share Capital under ESOP Scheme during the financial year under the review)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (are not applicable as the Company do not have any Debt Securities Listed on Stock Exchange(s) during the financial year under the review);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Company and dealing with clients; (are not applicable as the Company is not registered as a Registrar

N. Sekhi



office: 506,5th Floor,B-8, GD ITL Twin Tower,Netaji Subhash Place,Pitampura,Delhi-110034



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COMPANY SECRETARIES

to issue and Share Transfer Agent during the financial year under the review)

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (are not applicable as the Company do not have any Equity Share Capital Listed on Stock Exchange(s) during the financial year under the review)

We have also examined compliance with the applicable clauses of the following:-

- (i) The Secretarial Standards with regards to meeting of Board of Directors (SS1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and;
- (ii) The Listing Agreement entered by the Company with BSE Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. (Not Applicable)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that;

- The Board of Directors of the Company is duly constituted with required numbers of Directors including Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Proper notice were given to all the directors of the scheduled Board/ Committee and Shareholders Meetings, with agenda along with the detailed notes on agenda, and were circulated at least seven days in advance and a system exists for seeking and obtaining the further information and clarifications, wherever necessary, on the agenda items before the meeting and for meaningful participation at the meeting.
- Decisions were carried with the consent of all the Directors present in the meeting.

We further report that based on review of Compliance Mechanism established by the Company, we are of the opinion that there are adequate systems and processes within the company that commensurate with the size and operations of the company to monitor and

M. Setu





VAPN & ASSOCIATES.

COMPANY SECRETARIES

ensure the compliance with applicable laws, rules, regulations and guidelines. Further we observed that all the compliance has been maintained and done properly with respect to requirements under Corporate Laws and other allied Acts applicable on the Company.

**For VAPN & Associates
Company Secretaries
Firm Registration No.: P2015DE045500**

N. Sethi

**CS Niti Sethi
Partner
M.No. 3211
CP No.: 17100**



**Place: New Delhi
Date: 24.4.2019**



VAPN & ASSOCIATES

COMPANY SECRETARIES

ANNEXURE

To,
The Members,
Powergrid Warora Transmission Limited
CIN: U40300DL2014GOI269918
B-9, Qutab Institutional Area, Katwaria Sarai,
New Delhi -110016.

Our Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility:

It is the responsibility of the management of the Company to maintain the secretarial records, and to devise proper systems, to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility:

1. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respects to Secretarial Compliances.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where-ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. Our examination was limited to the verification of procedures on test basis.

N. Sethi





VAPN & ASSOCIATES.

COMPANY SECRETARIES

Disclaimer

The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For VAPN & Associates

Company Secretaries

Firm Registration No.: P2015DE045500

N. Sethi

CS Niti Sethi

Partner

M.No. 3211

CP No.: 17100



Place: New Delhi

Date: 24.4.19

Annual Report on Corporate Social Responsibility Activities

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs

Your Company has adopted the CSR policy of its holding company viz. POWERGRID. CSR Policy of POWERGRID is formulated keeping in view the requirements of the Companies Act, 2013 and the Department of Public Enterprises. The activities proposed to be undertaken under CSR shall include all the activities mentioned in Schedule VII of Section 135 (3) (a) of the Company's Act, 2013.

The Policy is available on http://www.powergridindia.com/sites/default/files/CSR_Policy_2015_0.pdf.

2. Composition of CSR Committee:

As on 31.03.2019, the CSR Committee comprised the following members:

- | | | | |
|----|-------------------------------|---|------------------------------|
| a. | Smt. Seema Gupta, Chairperson | : | Chairperson of the Committee |
| b. | Shri D.C.Joshi, Director | : | Member |
| c. | Shri D.K.Singh, Director | : | Member |
| d. | M. Taj Mukarrum, Director | : | Member |

3. Average Net Profit of the Company for last three financial years: Rs. 1326.79 lakh.

4. Prescribed CSR expenditure:

As per requirement of the Companies Act, 2013, your Company is required to spend 2% of the average net profit of the company made during three immediately preceding financial years in CSR activities. As the average net profit (loss) of your Company for three immediately preceding financial years was Rs. 1326.79 lakh, the Company is required to spend Rs.26.54 lakh on CSR activities in the FY 2018-19.

5. Details of CSR spent during financial year:

- Total amount to be spent for financial year: Rs.26.54 lakh
- Amount unspent, if any : NIL
- Manner in which the amount spent during financial year.

| S.No. | CSR Projects or activity identified | Sector in which the project is covered | Local Area or other | District, State | Amount Outlay (Rs. lakh) | Amount spent on the project during the previous years (Rs. lakh) | Amount spent on the project or programme during 2018-19 (Rs. lakh) | Cummulative expenditure upto the reporting period (Rs. lakh) | Amount spent: Direct or through implementing Agency (Name) (Rs. lakh) |
|-------|-------------------------------------------------------------------------------------|----------------------------------------|---------------------|-----------------|--------------------------|------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------------|
| 1 | Participation in "Namami Gange"- an Integrated Conservation Mission for River Ganga | Sanitation | Other | New Delhi | 26.54 | NA | 26.54 | 26.54 | Clean Ganga Fund |

6. It is to state that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Sd/-
(Chairperson – CSR Committee)



ABHIJIT KELKAR & CO.

CHARTERED ACCOUNTANTS

Ground Floor, " Shrinivas," Kelkar Bldg.,

Badkas Chowk, Mahal, Nagpur - 440 032

Tel : (0712) 2734514, 2773649

E-mail: info@kelkarcoca.com

Website : www.kelkarcoca.com

INDEPENDENT AUDITORS' REPORT

To the Members of **M/s POWERGRID Warora Transmission Limited**

Report on the Ind-AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of **M/s POWERGRID Warora Transmission Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to financial statement including a summary of the 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 Act in the manner so required and give a True and Fair view in conformity with the Accounting Principles generally accepted in India including the Ind AS, of the state of affairs (Financial Position) of the Company as at 31st March 2019, and its Profit (Financial Performance 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 in accordance with the Standard on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 Ind AS financial statements under the provisions of the Companies Act, 2013 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 opinion.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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, Changes in Equity and Cash Flows of the Company in accordance with the Accounting Principles Generally Accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order issued under section 143 (11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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.

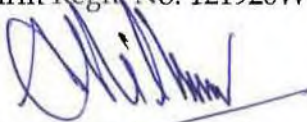
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in **Annexure "A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. In terms of sub section (5) of section 143 of the Companies Act, 2013, we give in the **Annexure "B"** a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.
3. 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, 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 Indian Accounting Standards prescribed under section 133 of the Act read with relevant rules issued there under.
 - e. Being a Subsidiary of a Government Company, Section 164(2) of the Act pertaining to disqualification of Directors are not applicable to the Company.



- 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 "C".
- g. 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 Abhijit Kelkar & Co.,
Chartered Accountants
Firm Regn. No. 121920W



CA Abhijit Kelkar **
Partner
Mem. No. 110841
Place: Nagpur
Date: 21/05/2019



Annexure - "A"

As referred to in our Independent Auditors' Report to the members of the M/s POWERGRID Warora Transmission Limited ('the Company'), on the Financial Statements for the Year Ended 31st March 2019, we report that:

| | | Clauses of CARO Report, 2016 | Auditor's Comment |
|-------|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| (i) | (a) | Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; | The Company has maintained records, showing full particulars including quantitative details and situation of Fixed Assets. |
| | (b) | Whether these fixed assets have been physically verified by the management at reasonable intervals; Whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account; | No physical verification of Fixed Assets conducted during the year. |
| | (c) | Whether the title deeds of immovable properties are held in the name of the company. If not, provide the details thereof; | Title Deeds of Land Purchased are held in the Name of the Company. |
| (ii) | | Whether physical verification of inventory has been conducted at reasonable intervals by the management; Whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account; | No physical verification of Inventory Conducted during the year. |
| (iii) | | Whether the company has granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013. If so, | The Company has not granted any Loans to any parties Covered under section 189 of the Companies Act, 2013. |
| | (a) | Whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest. | Not Applicable |
| | (b) | Whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular; | Not Applicable |
| | (c) | If the amount is overdue, state the total amount overdue for more than 90 days, and whether reasonable steps have been taken by the company for recovery of the principal and interest. | Not Applicable |
| (iv) | | In respect of loans, investments, guarantees, and security whether | According to the information and explanations given to us, the Company |



| | | | |
|-------|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof. | does not have loans, investments and guarantees under section 185 and 186 of the Companies Act, 2013. Accordingly clause 3(iv) of the Order is not applicable |
| (v) | | In case, the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, where applicable, have been complied with? If not, the nature of such contraventions be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not? | The company has not accepted any deposits from Public and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the act and the Companies (Acceptance of Deposits) Rules, 2015 with regard to the deposits accepted from the public are not applicable. |
| (vi) | | whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and whether such accounts and records have been so made and maintained | Company is required to maintain cost records u/s 148 (1) of the Companies Act, 2013. We have reviewed these records and are of the opinion that the prescribed accounts and records have been made and maintained. |
| (vii) | (a) | Whether the company is regular in depositing undisputed statutory dues to the appropriate authorities including: i) Provident fund; ii) Employees' state insurance; iii) Income-tax; iv) Sales-tax; v) Service tax; vi) Duty of customs; vii) Duty of excise; viii) Value Added Tax (VAT); ix) Cess; and x) Any other statutory dues. If the company is not regular in depositing such statutory dues, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated by the auditor. | According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues with appropriate authorities including Goods and Services tax (GST), Income Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to the Company and that there are no undisputed statutory dues outstanding as at 31 st March, 2018 for a period of more than six months from the date they became payable. |
| | (b) | where dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been | Based on our audit and explanations given to us, there are no disputed dues of Duty of Customs or Duty of Excise of Sales Tax |




| | | | |
|--------|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be Mentioned. (A mere representation to the concerned Department shall not be treated as a dispute). | which have not been deposited. |
| (viii) | | Whether the company has defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders? If yes, the period and the amount of default to be reported. (In case of defaults to banks, financial institutions, and Government, lender wise details to be provided. | No Default |
| (ix) | | Whether moneys raised by way of Initial Public Offer (IPO) or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported; | The company has not raised Money by way of IPO & FPO including debt instruments. However, Loan from holding Company are applied for the purposes for which they are raised. |
| (x) | | Whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated; | Based on our audit Procedures performed and the information and explanations given by the management, we report that no fraud by the company or on the company by its officers or employees has been noticed or reported during the year. |
| (xi) | | Whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013? If not, state the amount involved and steps taken by the company for securing refund of the same; | Based on our audit Procedures performed and the information and explanations given by the management, Managerial Remuneration & Other Payments relating to Staff are made from Holding Co. Hence, the clause is Not Applicable |
| (xii) | | Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability and whether the Nidhi Company is maintaining 10% unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability; | Not Applicable |
| (xiii) | | Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements | All transactions with the "Related Parties" in compliance with sections 177 and 188 of the Companies Act, 2013 are disclosed. |



| | | | |
|-------|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | etc., as required by the applicable accounting standards; | |
| (xiv) | | Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliance; | The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. |
| (xv) | | Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with; | Based on our audit Procedures performed and 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. |
| (xvi) | | Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained. | The Co. is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 as the Co. is not a NBFC. |

For Abhijit Kelkar & Co.,
Chartered Accountants
Firm Regn. No. 121920W


CA Abhijit Kelkar
Partner
Mem. No. 110841



Place: Nagpur
Date: 21/05/2019

Annexure - "B"

As referred to in our Independent Auditors' Report to the Members of the M/s POWERGRID Warora Transmission Limited ("The Company"), on the Financial Statements for the Year Ended 31st March 2019, we Report that:

| Sl. No. | Directions u/s 143(5) of the Companies Act, 2013 | Auditor's reply on action taken on the directions | Impact on financial statement |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| 1 | Whether the company has system in place to process all the accounting transactions through IT system? If yes, then the implications of accounting transaction outside IT system on the integrity of accounts along with the financial implications, if any, may be stated. | Yes, all the accounting transactions are processed through IT Systems. Accounts are prepared in SAP. | ----- |
| 2 | Whether there is any restructuring of any existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan ? if yes, the financial impact may be stated. | Restructuring (Clubbing) of Loan has been done during the year due to multiple rate of interest and different repayment schedule. There is no case of non-repayment/inability to repay the loans has come to our notice and hence restructuring due to company's inability to repay the loan is not applicable. | ----- |
| 3 | Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation. | Not Applicable | ----- |

For Abhijit Kelkar & Co.,

Chartered Accountants

Firm Regn. No. 121920W

CA Abhijit Kelkar

Partner

Mem. No. 110841



Place: Nagpur

Date: 21/05/2019

ANNEXURE - "C"

As referred to in our Independent Auditors' Report to the members of the **M/s POWERGRID Warora Transmission Limited** ("the Company"), on the Financial Statements for the year ended 31st March 2019

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 the company as at 31st March 2019 in conjunction with our audit of the 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 Control 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 (ICAI)". 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 business, including adherence to 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 Act.

Auditors' 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 Control over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed 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 Company's Internal Financial Controls System over Financial Reporting.

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 authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's Assets that could have a material effect on the Financial Statements.



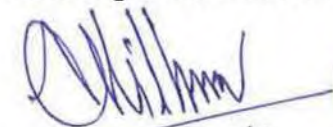
Inherent Limitations of Internal Financial Controls over Financial Reporting

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 controls 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 and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March 2019, based on "the Internal Financial Controls 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 Abhijit Kelkar & Co.,
Chartered Accountants
Firm Regn. No. 121920W



CA Abhijit Kelkar
Partner
Mem. No. 110841



Place : Nagpur
Date : 29.05.2019

POWERGRID Warora Transmission Limited

CIN : U40300DL2014GOI269918

Balance Sheet As at 31st March 2019

(₹ in Lacs)

| Particulars | Note | As at 31st March 2019 | As at 31st March 2018 |
|-------------------------------------------------------------------------------------------|------|-----------------------|-----------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 4 | 2,07,877.39 | 26,942.73 |
| Capital Work-in-Progress | 5 | 59.54 | 1,71,062.93 |
| Other intangible assets | 6 | 1,242.63 | - |
| Intangible assets under Development | 7 | - | 1,054.85 |
| Other Non-Current Assets | 8 | 60.06 | 1,771.40 |
| | | 2,09,239.62 | 2,00,831.91 |
| Current Assets | | | |
| Inventories | 9 | 536.37 | - |
| Financial Assets | | | |
| (i) Trade Receivables | 10 | - | 0.91 |
| (ii) Cash and Cash Equivalents | 11 | 113.16 | 795.90 |
| (iii) Other Current Financial Assets | 12 | 3,862.10 | 771.22 |
| Other Current Assets | 13 | 0.03 | - |
| | | 4,511.66 | 1,568.03 |
| Total Assets | | 2,13,751.28 | 2,02,399.94 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share capital | 14 | 32,630.00 | 17,630.00 |
| Other Equity | 15 | 5,646.58 | 3,025.67 |
| | | 38,276.58 | 20,655.67 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Financial Liabilities | | | |
| Borrowings | 16 | 1,56,700.00 | 1,65,787.17 |
| Deferred Tax Liabilities (Net) | 17 | 737.16 | 107.80 |
| | | 1,57,437.16 | 1,65,894.97 |
| Current Liabilities : | | | |
| Financial Liabilities | | | |
| Trade Payables | | | |
| (i) Total Outstanding dues of Micro enterprises & Small enterprises | 18 | - | - |
| (ii) Total Outstanding dues of creditors other than Micro enterprises & Small enterprises | 18 | 12.35 | 1.51 |
| Other Current Financial Liability | 19 | 17,930.73 | 15,270.87 |
| Other Current Liabilities | 20 | 66.59 | 569.72 |
| Provisions | 21 | 27.87 | 0.71 |
| Current Tax Liabilities (Net) | 22 | - | 6.49 |
| | | 18,037.54 | 15,849.30 |
| Total Equity and Liabilities | | 2,13,751.28 | 2,02,399.94 |

The accompanying Notes (1 to 47) form an Integral Part of Financial Statements.

As per Our Report on Even Date
For Abhijit Kelkar & Co.,
Chartered Accountants,
Firm Regn No. 121920W

CA Abhijit Kelkar
Partner
Mem. No. 110841

Place : Nagpur

Date : 21/05/2019



For & On Behalf of The Board of Directors

(Seema Gupta)
Chairperson
DIN- 06636330

(M Taj Mukarrum)
Director
DIN-08097837

(G. Ravikumar)
Chief Financial Officer

(Anjana Lathra)
Company Secretary

Place : Gurugram

Date : 20/05/2019

POWERGRID Warora Transmission Limited

CIN : U40300DL2014GOI269918

Statement of Profit and Loss for the year ended on 31st March 2019

(₹ in Lacs)

| | Particulars | Note | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
|------|------------------------------------------------------|------|------------------------------------|------------------------------------|
| I | Revenue From Operations | 23 | 28,043.97 | 6,369.72 |
| II | Other Income | 24 | 17.63 | 0.01 |
| III | Total Income (I+II) | | 28,061.60 | 6,369.73 |
| IV | EXPENSES | | | |
| | Finance costs | 25 | 10,101.80 | 1,461.21 |
| | Depreciation and amortization expenses | 26 | 8,771.01 | 1,232.77 |
| | Other Expenses | 27 | 780.19 | 0.48 |
| | Total Expenses (IV) | | 19,653.00 | 2,694.46 |
| V | Profit Before Tax (III- IV) | | 8,408.60 | 3,675.27 |
| VI | Tax Expense: | | | |
| | (1) Current Tax | | 1,812.15 | 784.36 |
| | (2) Deferred Tax | | 629.36 | (3.37) |
| | Total Tax | | 2,441.51 | 780.99 |
| VII | Profit for the Period (V-VI) | | 5,967.09 | 2,894.28 |
| VIII | Other Comprehensive Income | | - | - |
| IX | Total Comprehensive Income for the period (VII+VIII) | | 5,967.09 | 2,894.28 |
| | Earnings per Equity Share (Par Value ₹ 10 each) | | | |
| X | (1) Basic (₹) | | 2.58 | 6.44 |
| | (2) Diluted (₹) | | 2.58 | 6.44 |

The accompanying Notes (1 to 47) form an Integral Part of Financial Statements.

As per Our Report on Even Date
For Abhijit Kelkar & Co.,
Chartered Accountants,
Firm Regn No. 121920W

CA Abhijit Kelkar
Partner
Mem. No. 110841



Place : Nagpur

Date : 20/05/2019

For & On Behalf of The Board of Directors

(Seema Gupta)
Chairperson
DIN- 06636330

(M Taj Mukarrum)
Director
DIN-08097837

(G. Ravikumar)
Chief Financial Officer

(Anjana Luthra)
Company Secretary

Place : Gurugram

Date : 20/05/2019

POWERGRID Warora Transmission Limited
CIN : U40300DL2014GOI269918
Statement of Cash Flow for the Year Ended 31st March 2019

| (₹ In Lakhs) | | |
|-----------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Particulars | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit Before Tax | 8,408.60 | 3,675.27 |
| Adjustment for: | | |
| Depreciation and Amortization Expense | 8,771.01 | 1,232.77 |
| Finance Costs | 10,101.80 | 1,461.21 |
| Operating Profit before Changes in Assets & Liabilities | 27,281.41 | 6,369.25 |
| Adjustments For Changes in Assets & Liabilities :- | | |
| (Increase)/Decrease in Other Non Current Assets | (1.50) | (11.69) |
| (Increase)/Decrease in Inventories | (536.37) | - |
| (Increase)/Decrease in Other Current Financial Assets | (3,090.88) | (403.93) |
| (Increase)/Decrease in Other Current Assets | (0.03) | 0.10 |
| (Increase)/Decrease in Trade Receivables | 0.91 | (0.91) |
| Increase/(Decrease) in Other Non Current Liabilities | - | (1,053.11) |
| Increase/(Decrease) in Other Current Financial Liabilities | (4,739.85) | (834.42) |
| Increase/(Decrease) in Other Current Liabilities | (503.13) | 246.80 |
| Increase/(Decrease) in Provisions | 27.16 | 0.17 |
| Increase/(Decrease) in Trade Payables | 10.84 | 1.51 |
| Increase/(Decrease) in Current Tax Liabilities | (6.49) | 6.49 |
| Cash Generated From Operations | 18,442.07 | 4,320.26 |
| Income Tax Paid | (1,836.64) | (799.13) |
| Net Cash from Operating Activities | 16,605.43 | 3,521.13 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Property Plant & Equipments and Capital Work in Progress including Advances for Capital Expenditure | (17,152.73) | (1,17,280.83) |
| Net Cash used in Investing Activities | (17,152.73) | (1,17,280.83) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Issue of Share capital | 15,000.00 | 15,120.00 |
| Inter Corporate Loan from Powergrid Corp. of India Ltd. | 9,667.50 | 98,244.62 |
| Loans repaid | (7,254.67) | - |
| Interest & Finance Cost Paid | (14,202.09) | 1,024.85 |
| Dividend Paid | (2,775.64) | - |
| Dividend Tax Paid | (570.54) | - |
| Net Cash from Financing Activities | (135.44) | 1,14,389.47 |
| D Net Change in Cash and Cash Equivalents (A+B+C) | (682.74) | 629.77 |
| E Cash and Cash Equivalents (Opening Balance) | 795.90 | 166.13 |
| F Cash and Cash Equivalents (Closing Balance) (D+E) (As Per Note 11) | 113.16 | 795.90 |

Note 1 - Cash & Cash Equivalents consists of Cheques, Drafts, Balances with Banks

Note 2 - Previous Year Figures have been re-grouped/re-arranged wherever necessary.

Note 3 - Reconciliation between the opening and closing balances in balance sheet for liabilities arising from financing activities.

| Particulars | Non-current borrowings |
|----------------------------------------|------------------------|
| Opening balance as at 1st April, 2018 | 1,69,887.46 |
| Net Cash flows during the year | 2,412.83 |
| Non-Cash changes due to : | |
| - Interest on borrowings | (4,100.29) |
| Closing balance as at 31st March, 2019 | 1,68,200.00 |

The accompanying Notes (1 to 47) form an Integral Part of Financial Statements.

As per Our Report on Even Date
For Abhijit Kelkar & Co.,
Chartered Accountants,
Firm Regn No. 121920W

CA Abhijit Kelkar
Partner
Mem. No. 110841



(Seema Gupta)
Chairperson
DIN- 06636330

(M Taj Mukarram)
Director
DIN-08097837

(G. Ravikumar)
Chief Financial Officer

(Anjana Luthra)
Company Secretary

Place : Nagpur
Date : 20/05/2019

Place : Gurugram
Date : 20/05/2019

POWERGRID Warora Transmission Limited

U40300DL2014GOI269918

Statement of Changes in Equity for the Year Ended 31st March 2019

A. Equity Share Capital

| Particulars | (₹ in Lacs) |
|---------------------------------|-------------|
| As at 1st April 2018 | 17,630.00 |
| Changes in equity share capital | 15,000.00 |
| As at 31st March 2019 | 32,630.00 |

| | |
|---------------------------------|-----------|
| As at 1st April 2017 | 2,510.00 |
| Changes in equity share capital | 15,120.00 |
| As at 31st March 2018 | 17,630.00 |

B. Other Equity

(₹ in Lacs)

| Particulars | | | Total |
|-----------------------------------------|------------------------|-------------------|------------|
| | Self Insurance Reserve | Retained Earnings | |
| Balance at 01st April 2018 | 37.90 | 2,987.77 | 3,025.67 |
| Total Comprehensive Income for the year | | 5,967.09 | 5,967.09 |
| Transfer to Self Insurance Reserve | 262.98 | (262.98) | 0.00 |
| Final Dividend : FY2017-18 | | (1,004.91) | (1,004.91) |
| Tax on Final Dividend : FY2017-18 | | (206.56) | (206.56) |
| Interim Dividend : FY2018-19 | | (1,770.73) | (1,770.73) |
| Tax on Interim Dividend : FY2018-19 | | (363.98) | (363.98) |
| Other Changes | | | 0.00 |
| As at 31st March 2019 | 300.88 | 5,345.70 | 5,646.58 |
| As at 1st April 2017 | 4.05 | 127.34 | 131.39 |
| Total Comprehensive Income for the year | | 2,894.28 | 2,894.28 |
| Transfer to Self Insurance Reserve | 33.85 | (33.85) | 0.00 |
| Other Changes | | | 0.00 |
| As at 31st March 2018 | 37.90 | 2,987.77 | 3,025.67 |

Refer Note 15 for Nature and Movement of Other Equity.

The accompanying Notes (1 to 47) form an Integral Part of Financial Statements.

As per Our Report on Even Date

For Abhijit Kelkar & Co.,

Chartered Accountants,

Firm Regn.No. 121920W

CA Abhijit Kelkar

Partner

Mem. No. 110841



For & On Behalf of The Board of Directors

(Seema Gupta)

Chairperson

DIN- 06636330

(G. Ravikumar)

Chief Financial Officer

(M Taj Mukarrum)

Director

DIN-08097837

(Anjana Luthra)

Company Secretary

Place : Nagpur

Date : 21/05/2019

Place : Gurugram

Date : 20/05/2019

POWERGRID Warora Transmission Limited
Note 4/Property, Plant and Equipment

| Particulars | Cost | | | | | Accumulated Depreciation | | | | | Net Book Value | |
|-------------------------------------------------|-----------------------------------|---------------------------|----------------|----------------------------|-----------------------------------|-----------------------------------|---------------------------|----------------|----------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | As at 01 st April 2018 | Additions during the year | Sale/ Disposal | Adjustment during the year | As at 31 st March 2019 | As at 01 st April 2018 | Additions during the year | Sale/ Disposal | Adjustment during the year | As at 31 st March 2019 | As at 31 st March 2019 | As at 31 st March 2018 |
| Land | | | | | | | | | | | | |
| Freehold | 1,264.34 | 34.27 | - | - | 1,298.61 | - | - | - | - | - | 1,298.61 | 1,264.34 |
| Plant & Equipment | | | | | | | | | | | | |
| Transmission Line | 26,939.42 | 1,47,925.50 | - | - | 1,74,864.92 | 1,269.85 | 7,117.43 | - | - | 8,387.28 | 1,66,477.64 | 25,669.57 |
| Substation | | 41,348.86 | | | 41,348.86 | | 1,588.85 | | | 1,588.85 | 39,760.01 | |
| Unified Load Despatch & Communication | | 291.82 | | | 291.82 | | 11.19 | | | 11.19 | 280.63 | |
| Furniture Fixtures | 8.34 | 54.19 | - | - | 62.53 | 0.66 | 3.74 | - | - | 4.40 | 58.13 | 7.68 |
| Office equipment | 0.79 | 0.11 | - | - | 0.90 | 0.08 | 0.07 | - | - | 0.15 | 0.75 | 0.71 |
| Elec. Data Processing & Word Processing Machine | 0.46 | - | - | - | 0.46 | 0.03 | 0.15 | - | - | 0.18 | 0.28 | 0.43 |
| Miscellaneous Assets/Equipments | - | 1.39 | - | - | 1.39 | - | 0.05 | - | - | 0.05 | 1.34 | |
| Total | 28,213.35 | 1,89,656.14 | - | - | 2,17,869.49 | 1,270.62 | 8,721.48 | - | - | 9,992.10 | 2,07,877.39 | 26,942.73 |

Further Note : The company owns 41.45 Hectare (Previous Year 41.45 Hectare) of Freehold Land amounting to ₹ 1298.61 Lakhs (Previous Year ₹ 1264.34 Lakhs) based on available Documentation.

| Particulars | Gross Block | | | | | Accumulated Depreciation | | | | | Net Book Value | |
|---------------------------------------------|-----------------------------------|---------------------------|----------|----------------------------|-----------------------------------|-----------------------------------|---------------------------|----------|----------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | As at 01 st April 2017 | Additions during the year | Disposal | Adjustment during the year | As at 31 st March 2018 | As at 01 st April 2017 | Additions during the year | Disposal | Adjustment during the year | As at 31 st March 2018 | As at 31 st March 2018 | As at 31 st March 2017 |
| Land | | | | | | | | | | | | |
| Freehold | 1,231.84 | 32.50 | - | - | 1,264.34 | - | - | - | - | - | 1,264.34 | 1,231.84 |
| Plant & Equipment | | | | | | | | | | | | |
| Transmission | 2,134.56 | 24,804.86 | - | - | 26,939.42 | 37.67 | 1,232.18 | - | - | 1,269.85 | 25,669.57 | 2,096.89 |
| Furniture Fixtures | 6.17 | 2.17 | - | - | 8.34 | 0.15 | 0.51 | - | - | 0.66 | 7.68 | 6.02 |
| Office Equipment | 0.69 | 0.10 | - | - | 0.79 | 0.03 | 0.05 | - | - | 0.08 | 0.71 | 0.66 |
| Elec Data Processing & word Processing Mach | - | 0.46 | - | - | 0.46 | - | 0.03 | - | - | 0.03 | 0.43 | - |
| Total | 3,373.26 | 24,840.09 | - | - | 28,213.35 | 37.85 | 1,232.77 | - | - | 1,270.62 | 26,942.73 | 3,335.41 |

Further Note : The company owns 41.45 Hectare (Previous Year 41.45 Hectare) of Freehold Land amounting to ₹ 1264.34 Lakhs (Previous Year ₹ 1231.84 Lakhs) based on available Documentation.



POWERGRID Warora Transmission Limited
Note 5/Capital Work in Progress

| (₹ in Lakhs) | | | | | |
|------------------------------------------------------------------|----------------------|---------------------------|------------------|-----------------------------|-----------------------|
| Particulars | As at 1st April 2018 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March 2019 |
| Land | | | | | |
| Development of land | 1.76 | - | -1.76 | - | - |
| Buildings | | | | | |
| Sub-Stations & Office | 1,889.57 | 1,370.82 | - | 3,260.39 | - |
| Plant & Equipments (including associated civil works) | | | | | |
| a) Transmission | 1,11,220.37 | 19,445.74 | - | 1,30,666.11 | - |
| b) Sub-Station | 28,001.08 | 5,072.72 | - | 33,073.80 | - |
| Expenditure Pending Allocation | | | | | |
| Expenditure During Construction Period (Net) (Note 28) | 18,600.82 | 4,185.34 | - | 22,786.16 | - |
| | 1,59,713.60 | 30,074.62 | -1.76 | 1,89,786.46 | - |
| Construction Stores | 11,349.33 | | 11,289.79 | | 59.54 |
| Total | 1,71,062.93 | 30,074.62 | 11,288.03 | 1,89,786.46 | 59.54 |

| (₹ in Lakhs) | | | | | |
|------------------------------------------------------------------|-----------------------|---------------------------|------------------|-----------------------------|-----------------------|
| Particulars | As at 01st April 2017 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March 2018 |
| Land | | | | | |
| Development of Land | 1.76 | - | - | - | 1.76 |
| Buildings | | | | | |
| Sub-Stations & Office | 585.43 | 1,304.14 | - | - | 1,889.57 |
| Plant & Equipments (including associated Civil Works) | | | | | |
| a) Transmission | 37,005.74 | 97,606.16 | - | 23,391.53 | 1,11,220.37 |
| b) Sub-Station | 534.12 | 27,466.96 | - | - | 28,001.08 |
| Expenditure During Construction Period (Net) (Note 28) | 5,995.87 | 14,018.28 | - | 1,413.33 | 18,600.82 |
| | 44,122.92 | 1,40,395.54 | - | 24,804.86 | 1,59,713.60 |
| Construction Stores | 30,454.94 | - | 19,105.61 | - | 11,349.33 |
| Total | 74,577.86 | 1,40,395.54 | 19,105.61 | 24,804.86 | 1,71,062.93 |



Note 5/Capital Work in Progress (Details of Construction Stores)

(At cost)

(₹ in Lakhs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|--------------------------------------------------------|--------------------------|--------------------------|
| Construction Stores | | |
| Towers | 15.34 | 2,285.58 |
| Conductors | 5.61 | 6,355.30 |
| Other Line Materials | 38.59 | 1,235.07 |
| Sub-Station Equipments | - | 1,199.85 |
| Unified Load Despatch & Communication (ULDC) Materials | - | 273.53 |
| | - | - |
| TOTAL | 59.54 | 11,349.33 |
| Construction Stores include: | | |
| i)Material in Transit | | |
| Towers | - | - |
| | - | - |
| Total | - | - |
| ii) Material with Contractors | | |
| Towers | 15.34 | 2,285.58 |
| Conductors | 5.61 | 6,355.30 |
| Other Line Materials | 38.59 | 1,235.07 |
| Sub-Station Equipments | - | 1,199.85 |
| Unified Load Despatch & Communication (ULDC) Materials | - | 273.53 |
| | - | - |
| Total | 59.54 | 11,349.33 |
| Grand Total | 59.54 | 11,349.33 |



POWERGRID Warora Transmission Limited
Note 6/OTHER INTANGIBLE ASSETS

| (₹ in Lacs) | | | | | | | | | | |
|-------------------------------------|----------------------|---------------------------|----------------|----------------------------|-----------------------|-----------------------------|---------------------------|----------------|----------------------------|-----------------------|
| Particulars | Gross Block | | | | | Depreciation / Amortisation | | | | |
| | As at 1st April 2018 | Additions during the year | Sale/ Disposal | Adjustment during the year | As at 31st March 2019 | As at 31st March 2018 | Additions during the year | Sale/ Disposal | Adjustment during the year | As at 31st March 2019 |
| Right of Way-Afforestation Expenses | - | 1,292.16 | - | - | 1,292.16 | - | 49.53 | - | - | 49.53 |
| Total | - | 1,292.16 | - | - | 1,292.16 | - | 49.53 | - | - | 49.53 |
| Previous Year | - | - | - | - | - | - | - | - | - | - |



POWERGRID Warora Transmission Limited
Note 7/Intangible Assets under Development

(₹ in Lakhs)

| Particulars | As at 1st April 2018 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March 2019 |
|-------------------------------------|----------------------|---------------------------|-------------|-----------------------------|-----------------------|
| Right of Way-Afforestation expenses | 1,054.85 | 72.76 | - | 1,127.61 | - |
| Total | 1,054.85 | 72.76 | - | 1,127.61 | - |

(₹ in Lakhs)

| Particulars | As at 01st April 2017 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March 2018 |
|-------------------------------------|-----------------------|---------------------------|-------------|-----------------------------|-----------------------|
| Right of Way-Afforestation expenses | 0.62 | 1,054.23 | - | - | 1,054.85 |
| Total | 0.62 | 1,054.23 | - | - | 1,054.85 |



POWERGRID Warora Transmission Limited**Note 8/Other Non-Current Assets**

(Unsecured considered Good unless otherwise stated)

| | | (₹ in Lakhs) | |
|-------------------------------------------------------|----------|--------------------------|--------------------------|
| Particulars | | As at 31st March 2019 | As at 31st March 2018 |
| A) Advances for Capital Expenditure | | | |
| Against Bank Guarantees | | - | 1,737.33 |
| B) Advances for Other Than Capital Expenditure | | | |
| i) Security Deposits | | 2.31 | 0.81 |
| C) Others | | | |
| i) Bal with other authorities | | 11.69 | 11.69 |
| ii) Advance Tax and Tax Deducted at Source | 2,642.57 | | 799.44 |
| Less: Current Tax | 2,596.51 | | 777.87 |
| | | 46.06 | 21.57 |
| Total | | 60.06 | 1,771.40 |



POWERGRID Warora Transmission Limited
Note 9/Inventories

| Particulars | (₹ in Lakhs) | |
|----------------------------------------|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| (For mode of valuation refer Note 2.9) | | |
| Components, Spares & Other Spare Parts | 536.37 | - |
| Total | 536.37 | - |



POWERGRID Warora Transmission Limited
Note 10/Trade Receivables

| | (₹ in Lakhs) | |
|-----------------------------|--------------------------|--------------------------|
| Particulars | As at 31st March 2019 | As at 31st March 2018 |
| i) Trade receivables | | |
| Considered Good -Unsecured | - | 0.91 |
| Total | - | 0.91 |



POWERGRID Warora Transmission Limited
Note 11/Cash and Cash Equivalents

| | (₹ in Lakhs) | |
|----------------------------|--------------------------|--------------------------|
| Particulars | As at 31st March 2019 | As at 31st March 2018 |
| Balance with Banks- | | |
| -In Current Accounts | 113.16 | 795.90 |
| Total | 113.16 | 795.90 |



POWERGRID Warora Transmission Limited

Note 12/Other Current Financial Assets

(Unsecured considered Good unless otherwise stated)

| Particulars | (₹ in Lakhs) | |
|-------------------|-----------------------|-----------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Unbilled Revenue* | 3,861.57 | 757.12 |
| Others ** | 0.53 | 14.10 |
| Total | 3,862.10 | 771.22 |

Further Note :

* Unbilled Revenue includes Transmission Charges for the month of March in the Financial Year amounting to ₹ 2930.38 Lakhs (Net of Provision for Rebate)(Previous Year ₹ 615.38 Lakhs) billed to beneficiaries in the month of April of Subsequent Financial Year and Transmission Incentive of ₹ 931.19 Lakhs (Previous Year ₹ 141.74 Lakhs) for the Financial Year 2018-19 to be billed in Financial Year 2019-20.

** Others Receivable includes ₹ 0.31 (Previous Year Nil) Lakhs Receivable from State Bank of India, Vadodara towards Excess Debit Made by Bank and ₹ 0.22 Lakhs (Previous Year Nil) Receivable from MSTC Ltd. towards Excess Commision Charged.

Disclosure of Ind AS 115 is given in Note 45



POWERGRID Warora Transmission Limited

Note 13/Other Current Assets

(Unsecured considered Good unless otherwise stated) (₹ in Lakhs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|----------------------------------------------------------|--------------------------|--------------------------|
| Advances recoverable in kind or for value to be received | | |
| Input Tax Credit - GST | 0.03 | |
| Total | 0.03 | - |



POWERGRID Warora Transmission Limited
Note 14/Equity Share Capital

(₹ in Lakhs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|----------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| Equity Share Capital | | |
| Authorised | | |
| 42,50,00,000 (22,50,00,000 on 31.03.2018) Equity Shares of ₹ 10/- each at par | 42,500 | 22,500 |
| Issued, subscribed and paid up | | |
| 32,63,00,000 (17,63,00,000 on 31.03.2018 respectively) equity shares of ₹ 10/- each fully paid up | 32,630 | 17,630 |
| Total | 32,630 | 17,630 |

Further Notes:

1) Reconciliation of Number and amount of share capital outstanding at the beginning and at the end of the reporting period

| Particulars | For the year ended 31st March 2019 | | For the year ended 31st March 2018 | |
|-------------------------------------------------|------------------------------------|--------------|------------------------------------|--------------|
| | No. of Shares | (₹ in Lakhs) | No. of Shares | (₹ in Lakhs) |
| Shares outstanding at the beginning of the year | 17,63,00,000 | 17,630.00 | 2,51,00,000 | 2,510.00 |
| Shares Issued during the year | 15,00,00,000 | 15,000.00 | 15,12,00,000 | 15,120.00 |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 32,63,00,000 | 32,630.00 | 17,63,00,000 | 17,630.00 |

2) The Company has only one class of equity shares having a par value of ₹ 10/- per share.

3) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at meetings of the Shareholders.

4) Shareholders holding more than 5% equity shares of the Company

| Particulars | As at 31st March 2019 | | As at 31st March 2018 | |
|-------------------------------------------------------|-----------------------|--------------|-----------------------|--------------|
| | No. of Shares # | % of holding | No. of Shares # | % of holding |
| Power Grid Corporation of India Limited (Holding Co.) | 326300000 | 100% | 176300000 | 100% |

Out of 32,63,00,000 Equity Shares, 6 Equity Shares are Held by Nominees of M/s Power Grid Corporation of India Ltd on its behalf.



POWERGRID Warora Transmission Limited
Note 15/Other Equity

| | | (₹ in Lakhs) | |
|--------------------------------------|----------|--------------------------|--------------------------|
| Particulars | | As at 31st March 2019 | As at 31st March 2018 |
| <u>Self Insurance Reserve</u> | | | |
| Balance at the Beginning of the Year | 37.90 | | 4.05 |
| Additions During The Year | 262.98 | | 33.85 |
| Balance at the End of the Year | | 300.88 | 37.90 |
| <u>Retained Earnings</u> | | | |
| Balance at the Beginning of the Year | 2,987.77 | | 127.34 |
| Net Profit for the Period | 5,967.09 | | 2,894.28 |
| <u>Less: Appropriations</u> | | | |
| Transfer To Self Insurance Reserve | 262.98 | | (33.85) |
| Final Dividend Paid | 1,004.91 | | |
| Tax on Final Dividend | 206.56 | | |
| Interim dividend paid | 1,770.73 | | |
| Tax on interim Dividend | 363.98 | | |
| Balance at the End of the Year | | 5,345.70 | 2,987.77 |
| Total | | 5,646.58 | 3,025.67 |

Further Note :

Self-Insurance Reserve

Self-Insurance Reserve is created @ 0.12% p.a. (Previous Year 0.12% p.a.) on Gross Block of Property, Plant and Equipments except assets covered under insurance as at the end of the year to mitigate future losses from un-insured risk and for taking care of Contingencies in future by procurement of Towers and Other Transmission Line Materials including Strengthening of Towers and Equipments of AC Substations



POWERGRID Warora Transmission Limited
Note 16/ Borrowings

| Description | (₹ in Lakhs) | |
|------------------------------------------------------------|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Term Loan From Others | | |
| Rupee Loans (Unsecured) | | |
| Loan From M/s Power Grid Corp. of India Ltd. (Holding Co.) | 1,56,700.00 | 1,65,787.17 |
| Total | 1,56,700.00 | 1,65,787.17 |

Further Note - Inter Corporate Loan is provided by Holding Company on Cost to Cost Basis, Loan converted on 01.11.2018 into Single Loan with Interest Rate -7.7820% repayable over a Period of 1 to 20 Years.

There is no default in repayment of Loan or Interest as at the end of the year



POWERGRID Warora Transmission Limited
Note 17/ Deferred Tax Liabilities (Net)

(₹ in Lakhs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|------------------------------------------------------|-----------------------|-----------------------|
| Deferred Tax Liability | | |
| Difference in book Depreciation and Tax Depreciation | 20,668.90 | 2,201.73 |
| Deferred Tax Liability (A) | 20,668.90 | 2,201.73 |
| Deferred Tax Assets | | |
| Unused Tax Losses (Income Tax Loss) | 17,273.02 | 1,247.36 |
| Unused Tax Credits (MAT Credit Entitlement) | 2658.72 | 846.57 |
| Deferred Tax Assets (B) | 19,931.74 | 2,093.93 |
| Deferred Tax Liability (Net) (A-B) | 737.16 | 107.80 |

Movements in Deferred Tax Liabilities

(₹ in Lakhs)

| | Property, Plant and Equipment | Others | Total |
|-----------------------------------------|-------------------------------|----------|------------------|
| As at 01st April 2017 | 111.17 | - | 111.17 |
| Charged/(Credited) | | | |
| - to Profit or Loss | 2,090.56 | - | 2,090.56 |
| - to Other Comprehensive Income | - | - | - |
| As at 31st March 2018 | 2,201.73 | - | 2,201.73 |
| Charged/(Credited) | | | |
| - to Profit or Loss | 18,467.17 | - | 18,467.17 |
| - to Other Comprehensive Income | - | - | - |
| As at 31st March 2019 | 20,668.90 | - | 20,668.90 |

Movements in Deferred Tax Assets

(₹ in Lakhs)

| | Property, Plant and Equipment | Unused Tax Losses | MAT Credit | Total |
|-----------------------------------------|-------------------------------|--------------------|-------------------|--------------------|
| As at 01st April 2017 | - | - | - | - |
| Charged/(Credited) | | | | |
| - to Profit or Loss | - | (1,247.36) | (846.57) | (2,093.93) |
| - to Other Comprehensive Income | - | - | - | 0.00 |
| As at 31st March 2018 | - | (1,247.36) | (846.57) | (2,093.93) |
| Charged/(Credited) | | | | |
| - to Profit or Loss | - | (16,025.66) | (1,812.15) | (17,837.81) |
| - to Other Comprehensive Income | - | - | - | 0.00 |
| As at 31st March 2019 | - | (17,273.02) | (2,658.72) | (19,931.74) |

Amount taken to Statement of Profit and Loss

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---------------------------------------------------------|-----------------------|-----------------------|
| Increase/(Decrease) in Deferred Tax Liabilities | 18,467.17 | 2,090.56 |
| (Increase)/Decrease in Deferred Tax Assets | (17,837.81) | (2,093.93) |
| Net Amount taken to Statement of Profit and Loss | 629.36 | (3.37) |



POWERGRID Warora Transmission Limited

Note 18/Trade Payables

| Particulars | (₹ in Lakhs) | |
|-------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| For Goods and Services | | |
| (i) Total Outstanding dues of Micro enterprises & Small enterprises | - | - |
| (ii) Total Outstanding dues of creditors other than Micro enterprises & Small enterprises | 12.35 | 1.51 |
| Total | 12.35 | 1.51 |

Further Note :

Disclosure With regards to Micro and Small Enterprise as required under "The Micro, Small and Medium Enterprise Development Act, 2006" is given in Note 37



POWERGRID Warora Transmission Limited
Note 19/Other Current Financial Liabilities

| Particulars | (₹ in Lakhs) | |
|------------------------------------------------------------------------------------|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| A) Current maturities of long term borrowings | | |
| Rupee Term Loan (Unsecured) | | |
| Loan From Related Parties*- M/s Power Grid Corporation of India Ltd. (Holding Co.) | 11,500.00 | - |
| B) Interest accrued but not due on borrowings from | | |
| Related Parties* - M/s Power Grid Corp. of India Ltd. | - | 4,100.29 |
| C) Others | | |
| i) Dues for Capital Expenditure | 1,381.47 | 2,217.48 |
| ii) Deposits/Retention money from contractors and others. | 4,597.51 | 7,873.77 |
| iii) Related Parties* -M/s Power Grid Corp. of India Ltd. | 318.18 | 932.28 |
| iv) Others ** | 133.57 | 147.05 |
| | 6,430.73 | 11,170.58 |
| Total | 17,930.73 | 15,270.87 |

Further Note :

Disclosure with regards to Micro and Small Enterprise as required Under "The Micro, Small and Medium Enterprise Development Act 2006" is given in Note 37

* Breakup of Related Parties is provided in Note 39

** Others include ₹ 3.07 Lakhs (Previous Year ₹ 19.91 Lakhs) towards TDS Deducted by Contractor on Interest on Advance & ₹ 129.69 Lakhs (Previous Year ₹ 127.14 Lakhs) towards Indian Agent Commission payable.



POWERGRID Warora Transmission Limited
Note 20/Other Current Liabilities

| Particulars | (₹ in Lakhs) | |
|----------------|--------------------------|--------------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Statutory Dues | 66.59 | 569.72 |
| Total | 66.59 | 569.72 |



POWERGRID Warora Transmission Limited

Note 21/ Provisions

(₹ in Lakhs)

| Description | As at 31st March 2019 | As at 31st March 2018 |
|--------------------------------|--------------------------|--------------------------|
| Provision Others | | |
| As per last balance sheet | 0.71 | 0.54 |
| Additions during the year | 27.99 | 0.59 |
| Paid/ Adjusted during the year | 0.83 | 0.42 |
| Closing Balance | 27.87 | 0.71 |
| Total | 27.87 | 0.71 |

Further Note :

Provision includes provision towards CERC Licence Fees ₹ 26.38 Lakhs (Previous Year Nil) and Audit & Other fees including Other Professional Charges ₹ 1.49 Lakh (Previous Year 0.71 Lakhs).



POWERGRID Warora Transmission Limited
Note 22/ Current Tax Liabilities (Net)

(₹ in Lakhs)

| Description | As at 31st March 2019 | As at 31st March 2018 |
|----------------------------------------------|--------------------------|--------------------------|
| Taxation (Including Interest on Tax) | | |
| As per last balance sheet | 784.36 | 62.21 |
| Additions during the year | 1,812.15 | 784.36 |
| Adjusted during the year | - | 62.21 |
| | <u>2,596.51</u> | <u>784.36</u> |
| Net off with Advance Tax Paid (Note 8) | 2,596.51 | 777.87 |
| Closing Balance | <u>-</u> | <u>6.49</u> |



POWERGRID Warora Transmission Limited
Note 23/Revenue From Operations

(₹ in Lakhs)

| Particulars | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
|-------------------------|------------------------------------------|------------------------------------------|
| Sale of Services | | |
| Transmission Charges | 28,043.97 | 6,369.72 |
| Total | 28,043.97 | 6,369.72 |

Further Note :

Disclosure of Ind AS 115 is given in Note 45



POWERGRID Warora Transmission Limited
Note 24/Other Income

| Particulars | (₹ in Lakhs) | |
|----------------------------------------------------------------------|------------------------------------|------------------------------------|
| | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
| Interest Income | | |
| Interest from Advances to Contractors | 18.46 | 87.22 |
| Miscellaneous income | 14.14 | 0.01 |
| | 32.60 | 87.23 |
| Less: Transferred to Expenditure During Construction (Net) - Note 28 | 14.97 | 87.22 |
| Total | 17.63 | 0.01 |



POWERGRID Warora Transmission Limited
Note 25/Finance Costs

(₹ in Lakhs)

| Particulars | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
|---------------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| Interest & Finance Charges | | |
| Interest on Loan From Holding Co. (M/s Power Grid Corp. of India Ltd.) | 13,170.51 | - |
| Interest -Others | 0.93 | - |
| | 13,171.44 | 9,910.94 |
| Other Finance charges | 0.77 | - |
| | 13,172.21 | 9,910.94 |
| Less: Transferred to Expenditure During Construction (Net) - Note 28 | 3,070.41 | 8,449.73 |
| Total | 10,101.80 | 1,461.21 |



POWERGRID Warora Transmission Limited
Note 26/Depreciation and Amortization Expenses

| Particulars | (₹ in Lakhs) | |
|-----------------------------------------------|------------------------------------|------------------------------------|
| | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
| Depreciation of Property, Plant and Equipment | 8,721.48 | 1,232.77 |
| Amortization of Intangible assets | 49.53 | - |
| Total | 8,771.01 | 1,232.77 |



POWERGRID Warora Transmission Limited
Note 27/Other Expenses

| | (₹ in Lakhs) | |
|-------------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| Particulars | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
| Repair & Maintenance | | |
| Sub-Stations | 124.30 | - |
| Transmission Lines | 511.45 | - |
| Power charges | 3.36 | - |
| Legal Expenses | 78.34 | 170.01 |
| Professional Charges | 1.41 | 0.37 |
| Consultancy Expenses | 990.13 | 5,455.59 |
| Communication expenses | - | 0.18 |
| Tender expenses | 7.51 | - |
| Payments to Statutory Auditors | | |
| Audit Fees | 0.94 | 0.35 |
| Tax Audit Fees | 0.18 | 0.16 |
| In Other Capacity | 0.04 | - |
| Out of pocket Expenses | 0.36 | 0.24 |
| | 1.52 | 0.75 |
| Advertisement and publicity | 0.72 | 0.99 |
| System & Markt. Operating Charges | 2.90 | 10.47 |
| Brokerage & Commission | 0.15 | - |
| Cost Audit and Physical verification Fees | 0.30 | - |
| CERC Petition & Other charges | 57.38 | 6.98 |
| Miscellaneous expenses | 9.68 | 3.37 |
| Rates and taxes | 72.54 | 7.54 |
| FERV (Net of FERV & amount recoverable) | 21.86 | - |
| Exp on Corporate Social Responsibility | 26.54 | - |
| | 1,910.09 | 5,656.25 |
| Less: Transferred to Expenditure During Construction (Net) - Note 28 | 1,129.90 | 5,655.77 |
| Total | 780.19 | 0.48 |



POWERGRID Warora Transmission Limited
Note 28/ Expenditure During Construction (Net)

| | | (₹ in Lakhs) | |
|--------------------------------------|----------|------------------------------------|------------------------------------|
| Particulars | | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
| A.Other Expenses | | | |
| Legal Expenses | 77.55 | | 170.01 |
| Professional charges | 0.06 | | 0.37 |
| Consultancy expenses | 990.13 | | 5,455.59 |
| Communication expenses | - | | 0.18 |
| Tender expenses | 1.35 | | - |
| Payment to Auditors | 0.35 | | 0.75 |
| Advertisement and Publicity | 0.72 | | 0.99 |
| CERC Petition & Other charges | 31.00 | | |
| Miscellaneous expenses | 2.99 | | 20.34 |
| Rates and taxes | 25.75 | | 7.54 |
| Total (A) | | 1,129.90 | 5,655.77 |
| B.Finance Costs | | | |
| Interest on Term Loans | 3,070.41 | | 8,449.73 |
| Total (B) | | 3,070.41 | 8,449.73 |
| C. Less: Other Income | | | |
| Interest from Advance To Contractors | 14.97 | | 87.22 |
| Others | | | |
| Total (C) | | 14.97 | 87.22 |
| Grand Total (A+B-C) | | 4,185.34 | 14,018.28 |



POWERGRID Warora Transmission Limited

Note 29/ Earnings Per Share

(in ₹)

| | Year Ended | |
|-----------------------------------------------------------------------------------------------------------------------|---------------------|--------------------|
| (a) Basic Earnings Per Share attributable to the Equity Holders of the Company | 31st March 2019 | 31st March 2018 |
| From Continuing Operations | 2.58 | 6.44 |
| Total Basic and Diluted Earnings Per Share attributable to the Equity Holders of the Company | 2.58 | 6.44 |
| (₹ in Lakhs) | | |
| (b) Reconciliation of Earnings used as Numerator in Calculating Earnings Per Share | 31st March 2019 | 31st March 2018 |
| Earnings attributable to the Equity Holders of the Company including Movement in Regulatory Deferral Balances | 5,967.09 | 2,894.28 |
| Earnings attributable to the Equity Holders of the Company excluding Movement in Regulatory Deferral Balances | 5,967.09 | 2,894.28 |
| Total Earnings attributable to the Equity Holders of the Company | 5,967.09 | 2,894.28 |
| | (No. of Shares) | (No. of Shares) |
| (c) Weighted Average Number of Shares used as the Denominator | 31st March 2019 | 31st March 2018 |
| Weighted Average Number of Equity Shares used as the Denominator in calculating Basic Earnings per Share | 23,10,36,986 | 4,49,24,110 |
| Adjustments for calculation of Diluted Earnings per Share: | - | - |
| Total Weighted Average Number of Equity Shares used as the Denominator in Calculating Basic Earnings per Share | 23,10,36,986 | 4,49,24,110 |



POWERGRID Warora Transmission Limited

Note 30/ Employee Benefit Obligations

The Company does not have any Permanent Employees. The Personnel Working for the Company are from Holding Company on Secondment Basis and are working on Time Share Basis. The Employee Cost (including Retirement Benefits such as Gratuity, Leave encashment, Post-Retirement Benefits etc.) in respect of personnel working for the company are paid by Holding Company and Holding Company is raising the Invoice to the Subsidiary Company towards Consultancy Charges.

Since there are no Employees in the Company, the Obligation as per Ind AS 19 "Employee Benefits" does not arise. Accordingly, no provision is considered necessary for any Retirement Benefit like Gratuity, Leave Salary, Pension etc., in the books of the Company.



POWERGRID Warora Transmission Limited

Note 31/ Fair Value Measurements

(₹ in Lakhs)

| Financial Instruments by Category | 31 st March 2019 | | 31 st March 2018 | |
|-----------------------------------------------------|-----------------------------|--------------------|-----------------------------|--------------------|
| | FVOCI | Amortised Cost | FVOCI | Amortised Cost |
| Financial Assets | | | | |
| Trade Receivables | - | - | - | 0.91 |
| Cash & Cash Equivalents | - | 113.16 | - | 795.90 |
| Other Financial Assets | - | 3,862.10 | - | 771.22 |
| Total Financial Assets | - | 3,975.26 | - | 1,568.03 |
| Financial Liabilities | | | | |
| Borrowings | - | 1,68,200.00 | - | 1,69,887.46 |
| Other Financial Liabilities (Current & Non-Current) | - | 6,430.73 | - | 11,172.09 |
| Total Financial Liabilities | - | 1,74,630.73 | - | 1,81,059.55 |

(i) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ in Lakhs)

| Assets and Liabilities which are Measured at Amortised Cost for which Fair Values are Disclosed | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------------------------------------------------------------|---------|--------------------|---------|--------------------|
| As at 31st March 2019 | | | | |
| Financial Assets | - | - | - | - |
| Total Financial Assets | - | - | - | - |
| Financial Liabilities | | | | |
| Borrowings | - | 1,63,389.96 | - | 1,63,389.96 |
| Other Financial Liabilities | - | 6,430.73 | - | 6,430.73 |
| Total Financial Liabilities | - | 1,69,820.69 | - | 1,69,820.69 |

(₹ in Lakhs)

| Assets and Liabilities which are Measured at Amortised Cost for which Fair Values are Disclosed | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------------------------------------------------------------|---------|--------------------|---------|--------------------|
| As at 31st March 2018 | | | | |
| Financial Assets | - | - | - | - |
| Total Financial Assets | - | - | - | - |
| Financial Liabilities | | | | |
| Borrowings | - | 1,64,110.57 | - | 1,64,110.57 |
| Other Financial Liabilities | - | 11,172.09 | - | 11,172.09 |
| Total Financial Liabilities | - | 1,75,282.66 | - | 1,75,282.66 |



Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year. The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of the financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2

(iii) Fair Value of Financial Assets and Liabilities measured at Amortised Cost

| | 31st March 2019 | | 31st March 2018 | |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial Assets | - | - | - | - |
| Total Financial Assets | - | - | - | - |
| Financial Liabilities | | | | |
| Borrowings | 1,68,200.00 | 1,63,389.96 | 1,69,887.46 | 1,64,110.57 |
| Other Financial Liabilities | 6,430.73 | 6,430.73 | 11,172.09 | 11,172.09 |
| Total Financial Liabilities | 1,74,630.73 | 1,69,820.69 | 1,81,059.55 | 1,75,282.66 |

The carrying amounts of Trade Payables, cash and cash equivalents, other current Financial Assets and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature. The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are observable. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.



POWERGRID Warora Transmission Limited

Note 32/ Capital Management

a) Risk Management

The Company's Objectives when Managing Capital are to

- maximize the Shareholder Value
- safeguard its ability to continue as a Going Concern
- maintain an Optimal Capital Structure to Reduce the Cost of Capital.

For the purpose of the Company's Capital Management, Equity Capital includes Issued Equity Capital, and all other Equity Reserves attributable to the Equity Holders of the Company. The Company manages its Capital Structure and makes adjustments in light of changes in Economic Conditions, Regulatory Framework. To maintain or adjust the Capital Structure, the company may adjust the Dividend Payment to Shareholders, Regulate Investments in New Projects, Return Capital to Shareholders or Issue New Shares.

The debt equity ratio of the company is as follows:

| Particulars | 31 st March 2019 | 31 st March 2018 |
|--------------------------------|-----------------------------|-----------------------------|
| Long Term Debt (₹ in Lakhs) | 1,68,200.00 | 1,65,787.17 |
| Equity (₹ in Lakhs) | 38,276.58 | 20,655.67 |
| Long Term Debt to Equity Ratio | 81:19 | 89:11 |

b) Dividend

| Particulars | (₹ in Lakhs) | |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| | 31 st March 2019 | 31 st March 2018 |
| Equity Shares | | |
| Final dividend for the year ended 31st March, 2018 of ₹ 0.57 (31st March, 2017 - NIL) per fully paid share (Excluding Dividend Distribution Tax) | 1,004.91 | Nil |
| Interim dividend for the year ended 31st March, 2019 of ₹ 0.71 (31st March, 2018 NIL) per fully paid share (Excluding Dividend Distribution Tax) | 1,770.73 | Nil |

Dividend Not Recognised at the End of the Reporting Period

The Board of Directors on 20.05.2019 recommended the payment of a Dividend of ₹ 0.40 per Fully Paid Equity Share. This proposed Dividend is subject to the approval of Shareholders in the ensuing Annual General Meeting.



POWERGRID Warora Transmission Limited

Note 33/Income Tax Expense

This Note provides an analysis of the Company's Income Tax Expense, and how the Tax Expense is affected by Non-Assessable and Non-Deductible Items. It also explains significant estimates made in relation to The company's Tax Positions.

(a) Income Tax Expense (₹ in Lakhs)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|---------------------------------------------------|------------------------------|------------------------------|
| <u>Current Tax</u> | | |
| Current Tax on Profits for the year | 1,812.15 | 784.36 |
| Total Current Tax Expense (A) | 1,812.15 | 784.36 |
| <u>Deferred Tax</u> | | |
| Origination and reversal of temporary differences | 629.36 | (3.37) |
| Total Deferred Tax Expense/(Benefit) (B) | 629.36 | (3.37) |
| Income Tax Expense (A+B) | 2,441.51 | 780.99 |

(b) Reconciliation of Tax Expense and the Accounting Profit multiplied by India's Domestic Tax Rate:

| Particulars | FY 2018-19 | FY 2017-18 |
|----------------------------------------------------------------------------|-----------------|---------------|
| Profit Before Tax | 8,408.60 | 3,675.27 |
| Tax using company's domestic Tax Rate i.e. 29.12% (Previous Year @ 28.84%) | 2,448.58 | 1,059.95 |
| Tax Effect of : | | |
| Non deductible tax expenses | 0.27 | - |
| Tax exempt income | - | - |
| Minimum Alternate Tax adjustments | (636.70) | (275.59) |
| Deferred Tax | 629.36 | (3.37) |
| Tax Expenses recognise in statement of Profit & Loss | 2,441.51 | 780.99 |

(c) MAT Credit

As Company has option to avail MAT Credit in future against Income Tax Payable and hence MAT paid during earlier & in Current Year are carried forward.



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Note 34/ Financial Risk Management

The Company's Principal Financial Liabilities Comprise Loans and Borrowings denominated in Indian Rupees or Foreign Currencies, Trade Payables and Other Payables. The Company Identifies, Evaluates and Manages Financial Risks in Close Co-Operation with the Company's Operating Units

The Company's Principal Financial Assets Comprise Advances to Contractors, Cash & Cash Equivalents that are generated from its Operations.

The Company's activities expose it to the following financial risks, namely,

- Credit risk,
- Liquidity risk,
- Market risk.

(A) Credit Risk

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

Credit Risk Management

Credit risk is the risk that 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 on account of trade receivables and loans and advances and from its financing activities due to deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

A default on a financial asset is when the counterparty fails to make contractual payments within 3 years of when they fall due. This definition of default is determined considering the business environment in which the Company operates and other macro-economic factors.

Assets are written-off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in the statement of profit and loss.

(i) Trade Receivables

The Company primarily provides transmission facilities to inter-state transmission service customers (DICs) comprising mainly state utilities owned by State Governments. CERC tariff regulations allows payment against monthly bills towards transmission charges within a period of 60 days from the date of the bill and levy of charge on delayed payment beyond 60 days. A graded rebate is provided by the company for payment made within 60 days.

(ii) Other Financial Assets (excluding trade receivables)

- Cash and Cash Equivalents

The Company held cash and cash equivalents of ₹ 113.16/- Lakhs (Previous Year ₹ 795.90/- Lakhs). The cash and cash equivalents are held with public sector banks and high rated private sector banks and do not have any significant credit risk.

o Exposure to credit risk

| (₹ in Lakhs) | | |
|-----------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Particulars | 31 st March 2019 | 31 st March 2018 |
| Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL) | | |
| Cash and cash equivalents | 113.16 | 795.90 |
| Other current financial assets | 3,862.10 | 771.22 |
| Total | 3,975.26 | 1,567.12 |
| Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL) | | |
| Trade receivables | | 0.91 |



o Provision for expected credit losses

(₹ in Lakhs)

| Ageing | Not due | 0-30 days past due | 31-60 days past due | 61-90 days past due | 91-120 days past due | More than 120 days past due |
|----------------------------------------------|---------|--------------------|---------------------|---------------------|----------------------|-----------------------------|
| Gross carrying amount as on 31st March, 2019 | - | - | - | - | - | - |
| Gross carrying amount as 31st March, 2018 | - | - | - | - | - | 0.91 |

(B) Liquidity Risk

Prudent Liquidity Risk Management implies maintaining Sufficient Cash and Marketable Securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company has entered into Inter-Corporate Loan Agreement for Funding of its Obligations. For this, Company Provided Quarterly Cash Flows in Advance To Holding Company along with Monthly Requirement.

(i) Financing Arrangements

The company had access to the borrowing facilities with the Parent Company as per Agreement at the end of the reporting period.

(ii) Maturities of Financial Liabilities

The tables below analyse The company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| (₹ in Lakhs) | | | | | |
|--------------------------------------------------|------------------|-----------------------|-----------------------|--------------------|--------------------|
| Contractual Maturities of Financial Liabilities: | Within 1 Year | Between 1 and 2 years | Between 2 and 5 years | Beyond 5 Years | Total |
| 31st March 2019 | | | | | |
| Non-Derivatives | | | | | |
| Borrowings | 24,214.09 | 23,285.34 | 64,504.49 | 1,60,196.73 | 2,72,200.65 |
| Other Financial Liabilities | 6,443.08 | - | - | - | 6,443.08 |
| Total Non-Derivative Liabilities | 30,657.17 | 23,285.34 | 64,504.49 | 1,60,196.73 | 2,78,643.73 |
| 31st March 2018 | | | | | |
| Non-Derivatives | | | | | |
| Borrowings | 11,430.25 | 11,959.71 | 66,445.99 | 1,82,554.71 | 2,72,390.65 |
| Other Financial Liabilities | 11,172.09 | - | - | - | 11,172.09 |
| Total Non-Derivative Liabilities | 22,602.34 | 11,959.71 | 66,445.99 | 1,82,554.71 | 2,83,562.74 |

(C) Market risk

(i) Foreign Currency Risk

The Company is exposed to Currency Risk mainly in respect of procurement of goods and services whose purchase consideration is denominated in foreign currency. Transmission Tariff are regulated by the Central Electricity Regulatory Commission (CERC). In Respect of goods and services procured for Capital Investment, the exchange rate variation is part of the project cost, for determination of Transmission Tariff. The currency risk in respect of goods and services procured for operation activities is not significant.

The Company's Exposure to Foreign Currency Risk at the end of the Reporting Period expressed in Rupees (₹) is Provided in Note 38



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Note 35.

- a) Balances of Trade Receivables and Recoverable shown under Assets and Trade and Other Payables shown under Liabilities include balances subject to confirmation/reconciliation and consequential adjustments if any. However reconciliations are carried out on ongoing basis.
- (b) In the opinion of the management, the value of any of the assets other than Property, Plant and Equipment and non-current investments on realization in the ordinary course of business will not be less than value at which they are stated in the Balance Sheet

Note 36.

- a) FERV Loss of ₹ 21.86 lakhs (Previous Year ₹ Nil) has been recognized in the Statement of Profit and Loss.
- b) Borrowing Cost of ₹ 3070.41 Lakhs (Previous Year ₹ 8449.73 Lakhs) has been adjusted in the Capital Work in Progress (CWIP) as per Ind AS 23- "Borrowing Costs".

Note 37.

Based on information available with the company, there are few suppliers/service providers who are registered as micro, small or medium enterprise under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Information in respect of micro and small enterprises as required by Companies Act 2013 and MSMED Act, 2006 is given as under:

(₹ in Lakhs)

| Sr. No. | Particulars | Trade Payables | | Others | |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|
| | | 31st March, 2019 | 31st March, 2018 | 31st March, 2019 | 31st March, 2018 |
| 1 | Principal amount and interest due thereon remaining unpaid to any supplier as at end of each accounting year: Principal Interest | Nil Nil | Nil Nil | Nil Nil | Nil Nil |
| 2 | The amount of Interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | Nil | Nil | Nil | Nil |



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| | | | | | |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----|-----|-----|
| 3 | 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 MSMED Act, 2006 | Nil | Nil | Nil | Nil |
| 4 | The amount of interest accrued and remaining unpaid at the end of each accounting year. | Nil | Nil | Nil | Nil |
| 5 | 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 MSMED Act 2006 | Nil | Nil | Nil | Nil |

Note 38. Foreign Currency Exposure

Not hedged by a derivative instrument or otherwise

| Particulars | | Amount in Foreign Currency (in Lakhs) | | (₹ in Lakhs) | |
|------------------------------------------------------------------|-----|---------------------------------------|------------|--------------|------------|
| | | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| Trade Payables/ Deposits and Retention Money | USD | 5.43 | 4.02 | 378.92 | 244.58 |
| Unexecuted Amount of contracts remaining to be executed | USD | Nil | 5.43 | Nil | 355.26 |

Note 39. Related Party Transactions

a) List of Holding Co.

| Name of Entity | Place of Business / Country of Incorporation | Proportion of Ownership Interest | |
|-----------------------------------------|----------------------------------------------------|-------------------------------------|--------------------------------|
| | | 31 st March 2019 | 31 st March 2018 |
| Power Grid Corporation of India Limited | India | 100% | 100% |



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b) List of Fellow Subsidiaries Co. (Subsidiary Co. of Holding Co.)

| Name of Entity | Place of Business / Country of Incorporation | Proportion of Ownership Interest | |
|-------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------|-----------------------------|
| | | 31 st March 2019 | 31 st March 2018 |
| Powergrid Vizag Transmission Limited | India | N/A | N/A |
| Powergrid NM Transmission Limited | India | N/A | N/A |
| Powergrid Unchahar Transmission Limited | India | N/A | N/A |
| Powergrid Kala Amb Transmission Limited | India | N/A | N/A |
| Powergrid Jabalpur Transmission Limited | India | N/A | N/A |
| Powergrid Parli Transmission Limited | India | N/A | N/A |
| Powergrid Southern Interconnector Transmission Limited | India | N/A | N/A |
| Powergrid Vemagiri Transmission Limited | India | N/A | N/A |
| Powergrid Medinipur Jeerat Transmission Limited | India | N/A | N/A |
| Powergrid Mithilanchal Transmission Limited [erstwhile ERSS XXI Transmission Limited] | India | N/A | N/A |
| Powergrid Varanasi Transmission System Limited (erstwhile WR-NR Power Transmission Limited) | India | N/A | N/A |
| Powergrid Jawaharpur Firozabad Transmission Limited (erstwhile Jawaharpur Firozabad Transmission Limited)# | India | N/A | N/A |

#100% equity in Powergrid Jawaharpur Firozabad Transmission Limited acquired from REC Transmission Projects Limited on 21st December, 2018 by Holding Company.

c) List of Fellow Joint Ventures (JVs of Holding Co.)

| Name of Entity | Place of Business / Country of Incorporation | Proportion of Ownership Interest | |
|-----------------------------------------------------|----------------------------------------------|----------------------------------|-----------------------------|
| | | 31 st March 2019 | 31 st March 2018 |
| Powerlinks Transmission Limited | India | N/A | N/A |
| Torrent Power Grid Limited | India | N/A | N/A |
| Jaypee Powergrid Limited | India | N/A | N/A |
| Parbati Koldam Transmission Company Limited | India | N/A | N/A |
| Teestavalley Power Transmission Limited*** | India | N/A | N/A |
| North East Transmission Company Limited | India | N/A | N/A |
| National High Power Test Laboratory Private Limited | India | N/A | N/A |
| Bihar Grid Company Limited | India | N/A | N/A |
| Kalinga Vidyut Prasaran Nigam Private Limited * | India | N/A | N/A |
| Cross Border Power Transmission Company Limited | India | N/A | N/A |
| RINL Powergrid TLT Private Limited** | India | N/A | N/A |
| Power Transmission Company Nepal Ltd | Nepal | N/A | N/A |



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* POWERGRID's Board of Directors in its meeting held on 16th August 2017 accorded approval for initiating proceedings for Winding Up / Removal for the Name of Kalinga Vidyut Prasaran Nigam Private Limited under Fast Track Exist Mode of Registrar of Companies (ROC).

** POWERGRID Board of Directors in its meeting held on 1st may 2018 accorded in principle approval for winding up / dissolution of RINL Powergrid TLT Private Limited.

*** POWERGRID & Teesta Urja Ltd. are the joint venture partners in Teestavalley Power Transmission Limited & holds 26% and 74% of equity respectively as per shareholding agreement. On call of additional equity by Teestavalley Power Transmission Limited, POWERGRID Contributed their share amounting 11.28 Crores while the other JV partner has not contributed their share of money as on 31.03.2019. Consequently, the holding of POWERGRID increased to 28.23% as on 31.03.2019 against 26% provided in shareholding agreement.

d) List of Key Management Personnel

| Name | Designation | Date of Appointment |
|---------------------|---------------------|---------------------------------------|
| Smt. Seema Gupta | Chairperson | 23.03.2018 and Continuing |
| Sh. D. K. Singh | Director | 24.04.2015 and Continuing |
| Shri. V. K. Khare | Director | 07.09.2017 and Continuing |
| Sh. P. N. Dixit | Director | 07.05.2018 and resigned on 15.10.2018 |
| Shri D.K.Valecha | Director | 24.04.2015 and resigned on 30.04.2018 |
| Shri S.Vaithilingam | Director | 24.04.2015 and resigned on 30.04.2018 |
| M. Taj Mukarrum | Director | 07.05.2018 and Continuing |
| Shri D.C.Joshi | Additional Director | 24.10.2018 and Continuing |
| Shri G. RaviKumar | CFO | 02.08.2018 and Continuing |
| Ms. Anjana Luthra | Company Secretary | 19.06.2017 and Continuing |

(e) Outstanding Balances arising from Sales/Purchases of Goods and Services

The following balances are outstanding at the end of the reporting period in relation to transactions with related Parties

| Particulars | 31 st March 2019 | 31 st March 2018 |
|-----------------------------------------|-----------------------------|-----------------------------|
| Purchases of Goods and Services | | |
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | 318.18 | 918.20 |

(f) Investments Received during the year (Equity)

| Particulars | 31 st March 2019 | 31 st March 2018 |
|-----------------------------------------|-----------------------------|-----------------------------|
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | 15000.00 | 15120.00 |

(g) Loans From Related Parties

| Particulars | 31 st March 2019 | 31 st March 2018 |
|-----------------------------------------|-----------------------------|-----------------------------|
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | 168200.00 | 165787.17 |



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(h) Interest Accrued on Loan

| (₹ in Lakhs) | | |
|-----------------------------------------|-----------------------------|-----------------------------|
| Particulars | 31 st March 2019 | 31 st March 2018 |
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | Nil | 4100.29 |

(i) Transactions with related parties

The following transactions occurred with related parties:

1. Consultancy Charges

| (₹ in Lakhs) | | |
|-----------------------------------------|------------------------------|------------------------------|
| Particulars | 31 st March 2019 | 31 st March 2018 |
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | 1377.37 (Excluding Taxes) | 4662.29 (Excluding Taxes) |

2. Interest on Loan

| (₹ in Lakhs) | | |
|-----------------------------------------|-----------------------------|-----------------------------|
| Particulars | 31 st March 2019 | 31 st March 2018 |
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | 13170.51 | 9910.94 |

Note 40. Segment Information

Business Segment

The Board of Directors is the company's Chief operating decision maker who monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. The Company has Single Reportable Segment i.e. Transmission, identified on the basis of product/services.

The Operations of the Company are mainly carried out within the Country and therefore, there is no reportable Geographical Segment.

Note 41. Corporate Social Responsibilities (CSR)

As per section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules 2014 read with DPE guidelines no. F.No.15 (13)/2013-DPE (GM), the company is required to spend, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in accordance with its CSR Policy. The details of CSR expenses for the year are as under.



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(₹ in Lakh)

| | Particulars | For the year ended 31 st March, 2019 | For the year ended 31 st March, 2018 |
|----|-----------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| A. | Amount Required to be spent during the year | 26.54 | NIL |
| B. | Amount spent on CSR - | | NIL |
| | i) Construction or acquisition of any asset | NIL | NIL |
| | ii) any purpose other than (i) above | 26.54 | |
| C. | Shortfall/ (Excess) amount appropriated to CSR Reserve | NIL | NIL |
| D. | Break-up of the amount spent on CSR | | |
| | Ecology and Environment Expenses | 26.54 | NIL |
| E. | Total amount of ₹ 26.54 Lakhs (Previous year ₹ Nil) has been spent in cash. | | |

Note 42. Auditors Remuneration

(₹ in Lakhs)

| S. No. | Particulars | FY 2018-19 (Including Taxes) | FY 2017-18 (Including Taxes) |
|--------|----------------------|---------------------------------|---------------------------------|
| 1 | Statutory Audit Fees | 0.94 | 0.35 |
| 2 | Tax Audit | 0.18 | 0.16 |
| 3 | Other Matters | 0.04 | 0 |
| | | | |
| | Total | 1.16 | 0.51 |

Note 43. Capital and Other Commitments

(₹ in Lakhs)

| Particulars | As at 31 st March 2019 | As at 31 st March 2018 |
|------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) | 4429.01 | 12787.40 |

Note 44. Contingent Liabilities and Contingent Assets

1) Contingent Liabilities

Claims against the Company not acknowledged as debts in respect of:

(i) Other claims

In respect of claims made by various State/Central Government Departments/Authorities towards building permission fees, penalty on diversion of agriculture land to non-agriculture



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use, Nala tax, water royalty etc. and by others, contingent liability of ₹ 33.14 Lakhs (Previous Year ₹ 33.14 Lakhs) has been estimated.

(ii) Others

Other contingent liabilities amounts to ₹ 7680.00 Lakhs (Previous Year ₹ Nil) related to Arbitration cases/Row cases.

- 2) Bank Guarantee of ₹ 6210 Lakhs (Previous Year ₹ 6210 Lakhs) has been given by Power Grid Corporation of India Ltd. (Holding Co.) on behalf of Company.

Note 45. Impact of application of Ind AS 115 Revenue from Contracts with Customers

Effective April 1, 2018, the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The company has applied Ind AS 115 retrospectively only to contracts that are not completed as at the date of initial application, with the cumulative effect of initial application recognised as an adjustment to the opening balance of General Reserve at April 1, 2018. In accordance with the transition guidance in Ind AS 115 has only been applied to contracts that are incomplete as at April 1, 2018.

The company's accounting policies for its revenue streams are disclosed in Note 2.14. The application of Ind AS 115 do not have any significant impact on the financial position and/or financial performance of the company. The amount of adjustment for each line item of financial statement affected by the application of Ind AS 115 is as given below.

Impacts on assets, liabilities and equity as at April 1, 2018

(₹ in Lakhs)

| | As previously reported | Ind AS 115 adjustments | As restated |
|--------------------------------|------------------------|------------------------|-------------|
| Contract liabilities | Nil | Nil | Nil |
| Other Equity - General Reserve | Nil | Nil | Nil |

Impacts on Statement of Profit and Loss for the period ended March 31, 2019

Due to Implementation of Ind AS 115, Revenue from Operation increased by ₹ Nil, Finance Cost increased by ₹ Nil and Other Expenses increase by ₹ Nil. Profit after Tax increased by ₹ Nil during the year.

The following table discloses the movement in unbilled revenue during the year ended 31 March, 2019 and 31 March, 2018.

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---------------------------------------------|------------------------------|------------------------------|
| Balance at the beginning | 757.12 | 366.22 |
| Add: Revenue recognised during the period | 3861.57 | 757.12 |
| Less: Invoiced during the period | 757.12 | 366.22 |
| Less: Impairment/reversal during the period | 0.00 | 0.00 |



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| | | |
|------------------------------|---------|--------|
| Add: Translation gain/(Loss) | 0.00 | 0.00 |
| Balance at the end | 3861.57 | 757.12 |

The following table discloses the movement in contract liability during the year ended 31 March 2019 and 31 March 2018.

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|----------------------------------------------------------|------------------------------|------------------------------|
| Balance at the beginning | Nil | Nil |
| Add: Advance billing during the period | Nil | Nil |
| Less: revenue recognised during the period | Nil | Nil |
| a) From contract liability as at beginning of the period | | |
| b) From contract liability recognised during the period | | |
| Add: Translation gain/ (Loss) | Nil | Nil |
| Balance at the end | Nil | Nil |

The entity determines transaction price based on expected value method considering its past experiences of refunds or significant reversals in amount of revenue. In estimating significant financing component, management considers the financing element inbuilt in the transaction price based on imputed rate of return. Reconciliation of revenue recognized vis-a-vis revenue recognized in profit or loss statement is as follows:-

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|-----------------------------------------------------------------------|------------------------------|------------------------------|
| Contracted price | 27586.85 | 6342.47 |
| Add/ (Less)- Discounts/ rebates provided to customer | (479.74) | (117.38) |
| Add/ (Less)- Performance bonus | 936.86 | 144.63 |
| Add/ (Less)- Adjustment for significant financing component-Surcharge | 0.00 | Nil |
| Add/ (Less)- Other adjustments | 0.00 | Nil |
| Revenue recognized in profit or loss statement | 28043.97 | 6369.72 |

* The previous year figures have been reclassified to confirm to Ind-AS presentation requirements for the purpose of this note.

A provision of ₹ Nil has been created in the current financial year against trade receivables and unbilled debtors outstanding as on 31.03.2018 from a few customers and revenue from transmission and surcharge thereon amounting to ₹. Nil Lakh has not been recognized during the year due to uncertainty of collection of consideration in line with Ind AS 115 'Revenue from Contracts with Customers'.



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Note 46. Recent Accounting Pronouncements

Standard issued but Not Yet Effective

Ind AS 116 was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 19, 'Employee Benefits'

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must :

- Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- Any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- Separately recognise any changes in the asset ceiling through other comprehensive income.

These amendments will apply to any future plan amendments, curtailments, or settlements of the Company on or after 1 April 2019. The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendment to Ind AS 12, 'Income Taxes'

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 23, 'Borrowing Costs'

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Company is evaluating the requirements of the amendment and the effect on financial statements.



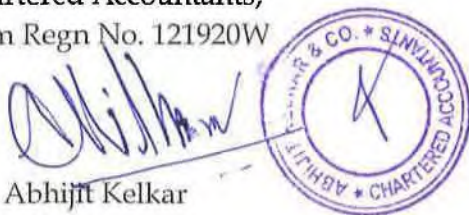
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Note 47. Previous Year Figures

1. The Previous Year's Figures have been reclassified/re-grouped wherever necessary
2. Figures have been rounded off to nearest Rupees in Lakhs up to Two Decimal

As per Our Report on Even Date


For Abhijit Kelkar & Co.,
Chartered Accountants,
Firm Regn No. 121920W



CA Abhijit Kelkar
Partner
Mem. No. 110841

For & On Behalf of The Board of Directors


(Seema Gupta)
Chairperson
DIN- 06636330


(G. Ravikumar)
Chief Financial Officer


(M Taj Mukarrum)
Director
DIN-08097837


(Anjana Luthra)
Company Secretary

Place : Nagpur
Date : 24.05.2019

Place : Gurugram
Date : 20/05/2019

Powergrid Warora Transmission Limited

Notes to Separate Financial Statements

1. Corporate and General Information

M/s POWERGRID Warora Transmission Limited ("the Company") domiciled and incorporated in India under the provisions of Companies Act and is wholly owned subsidiary of M/s Power Grid Corporation of India Limited. The Registered Office of the Company is situated at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi, India.

The company is engaged in business of Power Systems Network, construction operation and maintenance of transmission lines and other related allied activities.

The Financial Statements of the Company for the year ended 31st March 2019 were approved for issue by the Board of Directors on 20th May 2019.

2. Significant Accounting Policies

2.1. Basis of Preparation

i) Compliance with Ind AS

The financial statements are prepared in compliance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015, the relevant provisions of the Companies Act, 2013 (to the extent notified), The Companies Act, 1956 and the provisions of Electricity Act, 2003, in each case, to the extent applicable and as amended thereafter.

ii) Basis of Measurement

The financial statements have been prepared on accrual basis and under the historical cost convention except certain financial assets and liabilities measured at fair value at Note no. 2.11.

iii) Functional and presentation currency

The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency and all amounts are rounded to the nearest lakhs and two decimals thereof, except as stated otherwise.

iv) Use of estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and



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prudent basis taking into account all available information, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Note no. 3 on critical accounting estimates, assumptions and judgments).

v) Current and 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 realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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 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 settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

The Company recognizes twelve months period as its operating cycle.

2.2. Property, Plant and Equipment

Initial Recognition and Measurement

Property, Plant and Equipment is initially measured at cost of acquisition/construction including any costs directly attributable to bringing the asset to the location and



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condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation/amortisation and accumulated impairment losses, if any.

Property, Plant and Equipment acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized.

If the cost of the replaced part or earlier inspection is not available, the estimated cost of similar new parts/inspection is used as an indication of what the cost of the existing part/ inspection component was when the item was acquired or inspection was carried out.

In the case of commissioned assets, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

Transmission system assets are considered as ready for intended use after meeting the conditions for Commercial Operation as stipulated in Transmission Service Agreement (TSA) and capitalized accordingly.

The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken.

Expenditure on leveling, clearing and grading of land is capitalized as part of cost of the related buildings.

Spares parts whose cost is ₹ 5,00,000/- and above, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized.

Subsequent costs

Subsequent expenditure is recognized as an increase in carrying amount of assets when it is probable that future economic benefits deriving from the cost incurred will flow to the company and cost of the item can be measured reliably.

The cost of replacing part of an item of Property, Plant & Equipment is recognized in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit & Loss as incurred.



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Derecognition

An item of Property, Plant and Equipment is derecognized when no future economic benefits are expected from their use or upon disposal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

2.3. Capital Work-In-Progress (CWIP)

Cost of material, erection charges and other expenses incurred for the construction of Property, Plant and Equipment are shown as CWIP based on progress of erection work till the date of capitalization.

Expenditure of Offices and Projects, attributable to construction of property, plant and equipment are identified and allocated on a systematic basis to the cost of the related assets.

Interest during construction and expenditure (net) allocated to construction as per policy above are kept as a separate item under CWIP and apportioned to the assets being capitalized in proportion to the closing balance of CWIP.

Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.

2.4. Intangible Assets and Intangible Assets under development

Intangible assets are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on already capitalized Intangible assets is capitalised when it increases the future economic benefits embodied in an existing asset and is amortised prospectively.

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognized as an intangible asset when the same is ready for its use.

Afforestation charges for acquiring right-of-way for laying transmission lines are accounted for as intangible assets on the date of capitalization of related transmission lines.



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Expenditure incurred, eligible for capitalization under the head Intangible Assets, are carried as "Intangible Assets under Development" till such assets are ready for their intended use.

Expenditure on research shall be recognised as an expense when it is incurred.

Expenditure on development shall be recognised as Intangible asset if it meets the eligibility criteria as per Ind AS 38 'Intangible Assets', otherwise it shall be recognised as an expense.

An item of Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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 and Loss when the asset is derecognised.

2.5. Depreciation / Amortisation

Property, Plant & Equipment

Depreciation/amortisation on the assets related to transmission business is provided on straight line method following the rates and methodology notified by the CERC for the purpose of recovery of tariff, except for assets specified in the following paragraphs.

Leasehold land is fully amortized over lease period or life of the related plant whichever is lower in accordance with the rates and methodology specified in CERC Tariff Regulation. Leasehold land acquired on perpetual lease is not amortized.

Depreciation on spares parts, standby equipment and servicing equipment which are capitalized, is provided on straight line method from the date they are available for use over the remaining useful life of the related assets of transmission business, following the rates and methodology notified by the CERC.

Depreciation on following assets is provided based on estimated useful life as per technical assessment.

| Particulars | Useful life |
|---------------------------------|-------------|
| a. Computers & Peripherals | 3 Years |
| b. Servers & Network Components | 5 years |

Residual value of above assets is considered as Nil.

Mobile phones are charged off in the year of purchase.

Fixed Assets costing ₹ 5,000/- or less, are fully depreciated in the year of acquisition.



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Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively at the rates and methodology as specified by the CERC Tariff Regulations.

Depreciation on additions to/deductions from Property, Plant and Equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The residual values, useful lives and methods of depreciation for assets are reviewed at each financial year-end and adjusted prospectively, wherever required.

Intangible Assets

Cost of software capitalized as intangible asset is amortized over the period of legal right to use or 3 years, whichever is less with Nil residual value.

Afforestation charges are amortized over Thirty Five years from the date of capitalization of related transmission assets following the rates and methodology notified by Central Electricity Regulatory Commission (CERC) Tariff Regulations.

Amortisation on additions to/deductions from Intangible Assets during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The amortization period and the amortization method for an intangible asset are reviewed at each financial year-end and are accounted for as change in accounting estimates in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

2.6. Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised (net of income on temporary deployment of funds) as part of the cost of such assets till the assets are ready for the intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use.

Other borrowing costs are charged to revenue.

2.7. Impairment of non-financial assets, other than Inventories

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.



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The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.8. Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, and deposits held at call with banks having a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.9. Inventories

Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.

Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.

Spares which do not meet the recognition criteria as Property, Plant and Equipment, including spare parts whose cost is less than ₹ 5,00,000/- are recorded as inventories.

Surplus materials as determined by the management are held for intended use and are included in the inventory.

The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.



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2.10. Leases

i) As a Lessor

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 fulfillment of the 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.

A lease is classified at the inception date as a finance lease or an operating lease.

a) Finance leases

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is classified as a finance lease.

b) Operating leases

An operating lease is a lease other than a finance lease. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

For operating leases, the asset is capitalized as property, plant and equipment and depreciated over its economic life. Rental income from operating lease is recognized over the term of the arrangement.

ii) As a Lessee

a) Finance leases

Leases of property, plant and equipment where the company, as lessee has substantially all risks and rewards of ownership are classified as finance lease. On initial recognition, assets held under finance lease are recorded as property, plant and equipment and related liability is recognized under borrowings. At inception of the lease, finance leases are recorded at amount equal to fair value of leased asset or if lower the present value of minimum lease payments. The minimum lease payments made under finance leases are apportioned between the finance expense and reduction of the finance liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

b) Operating leases

Payments made under operating leases are recognized as an expense over the lease term.



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2.11. Financial instrument

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 - Classification

The Company classifies its financial assets in the following categories:

- at amortised cost,
- at fair value through other comprehensive income

The classification depends on the following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset

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, if any, that are attributable to the acquisition of the financial asset.

Subsequent measurement

Debt Instruments at Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Debt Instruments at Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI).

Equity investments

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The company may, on initial recognition, make an irrevocable election to present subsequent changes in the fair value in other comprehensive income (FVOCI) on an instrument by-instrument basis.

For equity instruments classified as at FVOCI, all fair value changes on the instrument, excluding dividends are recognized in the OCI. There is no recycling of the amounts



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from OCI to Profit or Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

De-recognition of financial assets

A financial asset is derecognized only when

The right to receive cash flows from the assets have expired, or

- The company has transferred the rights to receive cash flows from the financial asset, or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Impairment of financial assets:

For trade receivables, the company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For recognition of impairment loss on other financial assets and risk exposure, the company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Financial Liabilities

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company.

The Company's financial liabilities include loans & borrowings, trade and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable to the issue of financial liabilities. Financial liabilities are classified as subsequently measured at amortized cost. 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 effective interest rate (EIR). Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the EIR.



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Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing 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 between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other income or finance cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.12. Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items are translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-Monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of initial recognition of the non-monetary prepayment asset or deferred income liability, or the date that related item is recognized in the financial statements, whichever is earlier.



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Foreign exchange gains and losses (other than related to foreign currency loans outstanding) are presented in the statement of profit and loss on a net basis within other gains/(losses).

The Company has availed the exemption available in Ind AS 101, to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary liabilities outstanding as on March 31, 2016.

Exchange differences arising from foreign currency borrowing to the extent regarded as an adjustment to interest costs are treated as borrowing cost.

Other exchange differences are recognized in the Statement of Profit and Loss.

2.13. Income Tax

Income tax expense represents the sum of current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case the tax is also recognised directly in equity or in other comprehensive income.

Current income tax

The current tax is based on taxable profit for the year under the Income Tax Act, 1961.

Deferred tax

Deferred Tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.



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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

2.14. Revenue

2.14.1 Transmission Income

Transmission Income is accounted for based on tariff orders notified by the CERC u/s 63 of Electricity Act, 2003 for adoption of transmission charges.

The Transmission system incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees and in accordance with the Transmission Service Agreement (TSA) entered between the Transmission Service Provider and the Long Term Transmission Customers. Where certification by RPCs is not available, incentive/disincentive is accounted for on provisional basis as per estimate of availability by the company and differences, if any is accounted on certification by RPCs.

2.14.2 Other Income

Interest income is recognized, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

Surcharge recoverable from trade receivables, liquidated damages, warranty claims and interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.

Scrap other than steel scrap & conductor scrap are accounted for as and when sold.

Dividend income is recognized when right to receive payment is established.

Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realization.



Powergrid Warora Transmission Limited

Revenue from rentals and operating leases is recognized on an accrual basis in accordance with the substance of the relevant agreement.

2.15. Dividends

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognised directly in equity.

2.16. Provisions and Contingencies

a) 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. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

b) Contingencies

Contingent liabilities are disclosed on the basis of judgment of the management / independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised.

2.17. Share capital and Other Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.



Powergrid Warora Transmission Limited

Self-insurance reserve is created @ 0.12% p.a. on Gross Block of Property, Plant and Equipment except assets covered under insurance as at the end of the year by appropriation of current year profit to mitigate future losses from un-insured risks and for taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers and equipment of AC substation. The Reserve created as above is shown as "Self Insurance Reserve" under 'Other Equity'.

2.18. Prior Period Items

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

2.19. Earnings per Share

Basic earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the net profit for the year attributable to the shareholders and weighted average number of equity and potential equity shares outstanding during the year, except where the result would be anti-dilutive.

Additionally, basic and diluted earnings per share are computed using the earnings amounts excluding the movements in Regulatory Deferral Account Balances.

2.20. Cash Flow Statement

Cash flow statement is prepared as per indirect method prescribed in the Ind AS 7 'Statement of Cash Flows'.



Powergrid Warora Transmission Limited

3. Critical Estimates and Judgments

The preparation of financial statements requires the use of accounting estimates which may significantly vary from the actual results. Management also needs to exercise judgment while applying the company's accounting policies.

The areas involving critical estimates or judgments are:

Revenue Recognition

Transmission income is accounted for based on orders issued by the CERC under section 63 of Electricity Act for adoption of transmission charges. Transmission income in respect of additional capital expenditure incurred after the date of commercial operation is accounted for based on expenditure incurred on year to year basis as per CERC tariff regulations.

Useful life of property, plant and equipment

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The Company reviews at the end of each reporting date the useful plant and equipment, other than the assets of transmission business which are governed by CERC Regulations, and are adjusted prospectively, if appropriate.

Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets". The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

Estimates and judgments are periodically evaluated. They are based on historical experience and other factors, including exceptions of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.





ABHIJIT KELKAR & CO.

CHARTERED ACCOUNTANTS

Ground Floor," Shrinivas," Kelkar Bldg.,
Badkas Chowk, Mahal, Nagpur - 440 032

Tel : (0712) 2734514, 2773649

E-mail: info@kelkarcoca.com

Website : www.kelkarcoca.com

Compliance Certificate

We have conducted the audit of annual stand-alone accounts of **M/s POWERGRID Warora Transmission Limited** for the year ended 31st March 2019 in accordance with the directions / sub - directions issued by the C&AG of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with all the direction/Sub-directions issued to us.



For M/s Abhijit Kelkar & Co.,
Chartered Accountants
Firm Regn.No-121920W

Signature:-
CA Abhijit Kelkar
Partner
Mem. No. 110841

Dated: - 21/05/2019

Place: - Nagpur

POWERGRID Warora Transmission Limited

(A 100% Subsidiary of Power Grid Corporation of India Ltd.)

Corporate Office: - Sampri Nagar, Nari Ring Road, Uppalwadi, Nagpur-440026

Ref: PWTL/F&A/18-19/

Dated: - 20.05.2019

COMPLIANCE CERTIFICATE

The Annual Accounts for the Financial Year 2018-19 have been prepared keeping in view the provisions of Section 134(5) of the Companies Act, 2013 relating to Director's Responsibilities Statement i.e.

- i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) The Accounting Policies of the Company have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for Safeguarding the Assets of the Company and for Preventing and Detecting Fraud and other Irregularities;
- iv) The Annual Accounts have been prepared on a going concern basis.
- v) The laid down Internal Financial Controls (#) have been followed and such Internal Financial Controls are adequate and are operating effectively.
- vi) proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems are adequate and operating effectively



(CFO)

G. Ravikumar

Date : 20.05.2019

Place : Gurgaon

(#)Explanation: For the purposes of this clause, the term "internal financial controls" means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to 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.

POWERGRID Warora Transmission Limited

(A 100% Subsidiary of Power Grid Corporation of India Ltd.)

Corporate Office: - Sampri Nagar, Nari Ring Road, Uppalwadi, Nagpur-440026

Ref: PWTL/F&A/18-19/

Dated: - 20.05.2019

CERTIFICATE

This is to certify that, Financial Results of M/s POWERGRID Warora Transmission Limited for the Financial Year ended 31st March 2019, does not contain any false or misleading statement or figure and do not omit any material fact which may make the statement or figures contained therein misleading.



(Seema Gupta)

Chairperson



(G. Ravikumar)

CFO

POWERGRID Warora Transmission Limited

(A 100% Subsidiary of Power Grid Corporation of India Ltd.)

Corporate Office: - Sampri Nagar, Nari Ring Road, Uppalwadi, Nagpur-440026

Ref: PWTL/F&A/18-19/

Dated: - 20.05.2019

CERTIFICATE

This is to certify that, all the provisions relating to various Tax Laws, Companies Act and other laws as may be applicable from time to time have been complied with for the Financial Year 2018-19 in respect of the Company.

Signature :



Name : G. Ravikumar

Designation : CFO

Date : 20.05.2019

POWERGRID PARLI TRANSMISSION LIMITED
Wholly Owned Subsidiary of Power Grid Corporation of India Limited
(CIN: U40109DL2014GOI269652)

ANNUAL REPORT (2018-19)

POWERGRID PARLI TRANSMISSION LIMITED

CIN: U40109DL2014GOI269652

Regd. Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016

Tel: 011-26560121; Fax: 011-26601081

DIRECTORS' REPORT

To,

Dear Members,

I am delighted to present on behalf of the Board of Directors, the Fifth Annual Report of POWERGRID Parli Transmission Limited (PPTL) on the working of the Company together with Audited Financial Statements and Auditors' Report for the financial year ended 31st March, 2019.

State of the Company's Affairs

POWERGRID Parli Transmission Limited (PPTL) was acquired by Power Grid Corporation of India Limited (POWERGRID) on April 24, 2015 under Tariff Based Competitive bidding from REC Transmission Projects Company Limited (the Bid Process Co-ordinator) for establishment of Transmission System Associated with Gadawara STPS (2 x 800 MW) of NTPC (Part-B). The transmission system traverses through the State of Maharashtra and comprises 765kV D/C, 400kV D/C transmission lines and establishment of 2X1500 MVA 765/400 kV new substation in Parli. The Company was granted transmission license by CERC in July, 2015. The project had been progressively completed and declared for commercial operation on 04th June, 2018.

Financial Performance

(₹ In Lakhs)

| Particulars | 2018-19 | 2017-18 |
|-------------------------------|------------------|---------|
| Revenue from Operations | 28,296.58 | - |
| Other Income | 95.00 | - |
| Total Income | 28,391.58 | - |
| Expenses | 19,219.30 | - |
| Profit before Tax | 9172.28 | - |
| Profit after Tax | 6501.31 | - |
| Earnings Per Equity Share (₹) | 6.12 | - |

Share Capital

The Authorised Share Capital and Paid up Share Capital as on 31st March, 2019 of the Company were ₹350crore and ₹228.50crore respectively. Further the Subscribed and Paid up Capital was increased to ₹246.50Crore.

Dividend

For FY 2018-19, the Directors have proposed a final dividend of ₹0.90 per equity share amounting to ₹22.19crore in addition to interim dividend of ₹0.90 per equity share amounting to ₹12.47crore paid in December 2018 and second interim dividend of ₹0.15 per equity share amounting to ₹3.43crore paid in March 2019. Thus, the total dividend payout for the year amounts to ₹38.09crore (including an interim dividend of ₹ 15.90crore).

Reserves

The Company has transferred an amount of ₹217.94 Lakh to Self Insurance Reserve and retained ₹4367.32 Lakh in the Retained Earnings. Retained Earnings as on 31.03.2019 stood at ₹4366.99 Lakh.

Particulars of Loans, Guarantees or Investments made under section 186 of the Companies Act, 2013

Your Company has not given any loans, provided any guarantee or security to any other entity.

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related parties referred to Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, are given as ***Annexure - I*** to the Directors' Report.

Details of Significant & Material Orders passed by the regulators, courts, tribunals impacting the going concern status and company's operation in future

No significant / material orders passed by any authority during the Financial Year impacting the going concern status and Company's operation in future.

Deposits

Your Company has not accepted any deposit for the period under review.

Subsidiaries, Joint Ventures and Associate Companies

Your Company does not have any subsidiaries, joint ventures and associate companies.

Directors' Responsibility Statement

As required under section 134(3)(c) & 134(5) of the Companies Act, your Directors confirm that:

- a. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors had prepared the Annual Accounts on a going concern basis; and
- e. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go

There is no Conservation of Energy, Technology absorption and also there is no Foreign Exchange Earnings during the Financial Year 2018-19 however there is an outgo of Foreign Exchange amounting to ₹6,73,32,973.98/- during the Financial Year 2018-19.

Extract of Annual Return

The extract of Annual Return in Form MGT- 9 is enclosed at ***Annexure –II*** to this Report.

Board of Directors and Key Managerial Personnel

As on 31st March, 2019, the Board comprised four Directors viz. Smt. Seema Gupta, Shri Abhay Choudhary, Mohammed Taj Mukarrum and Shri. V. K. Khare.

There were some changes in the Board of Directors of the Company during the financial year 2018-19. Shri D.K. Valecha and Shri S. Vaithilingam ceased to be Directors of the Company w.e.f 30/04/2018. Shri Prem Narayan Dixit and Mohammed Taj Mukarrum had been appointed as Additional Directors w.e.f. 07/05/2018 and after your approval in the last

Annual General Meeting (AGM) held on 17/09/2018, these Directors were appointed as the Directors of the Company.

Subsequently Shri Prem Narayan Dixit had resigned and ceased to be Director of the Company w.e.f 15/10/2018 and Shri Abhay Choudhary has been appointed as Additional Director w.e.f 15/10/2018 who hold office upto the date of ensuing AGM.

The Company has received a notice under section 160 of the Companies Act, 2013 from a member of the Company for appointment of Shri Abhay Choudhary as Director, liable to retire by rotation, in the ensuing AGM.

In accordance with the provisions of the Companies Act, 2013 read with the Articles of Association of the Company, Smt. Seema Gupta shall retire by rotation at the ensuing AGM of your Company and being eligible, offers herself for re-appointment.

The Board placed on record its appreciation for the valuable contribution, guidance & support given by Shri D.K. Valecha, Shri S. Vaithilingam and Shri Prem Narayan Dixit during their tenure as Directors of the Company.

None of the Directors is disqualified from being appointed/re-appointed as Director.

As on 31st March, 2019, Shri Arunasis Basu is Chief Financial Officer (CFO) and Ms. Shikha Gupta is Company Secretary, of the Company, appointed as such w.e.f 02/08/2018.

Number of Board meetings during the year

During the financial year ended 31st March, 2019, twenty one (21) meetings of Board of Directors were held on 04/04/2018, 13/04/2018, 26/04/2018, 23/05/2018, 29/05/2018, 11/07/2018, 02/08/2018, 21/08/2018, 06/09/2018, 28/09/2018, 03/10/2018, 15/10/2018, 30/10/2018, 19/11/2018, 04/12/2018, 14/12/2018, 10/01/2019, 30/01/2019, 14/02/2019, 27/02/2019 and 29/03/2019. The details of number of meetings attended by each Director during the financial year 2018-19 are as under:

| Name of Director | Designation | No. of Board Meetings which were entitled to attend during 2018-19 | No. of Board Meetings attended during 2018-19 |
|-------------------------|--------------------|---------------------------------------------------------------------------|------------------------------------------------------|
| Smt. Seema Gupta | Chairperson | 21 | 21 |
| Shri V.K. Khare | Director | 21 | 2 |
| Shri D.K. Valecha* | Director | 3 | 3 |
| Shri S. Vaithilingam* | Director | 3 | 2 |

| | | | |
|-------------------------|---------------------|----|----|
| Mohammed Taj Mukarrum** | Director | 18 | 16 |
| Shri P.N. Dixit^ | Director | 8 | 6 |
| Shri Abhay Choudhary^^ | Additional Director | 9 | 8 |

*Ceased to be Director w.e.f 30/04/2018

**Appointed as Director w.e.f 07/05/2018

^Appointed as Director w.e.f 07/05/2018 and then Ceased to be Director w.e.f 15/10/2018

^^Appointed as Director w.e.f 15/10/2018

Committees of the Board

Audit Committee

The Audit Committee of the Company has been constituted in line with the provisions of Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014. As on 31/03/2019, the Audit Committee comprised Mohammed Taj Mukarrum, Shri Abhay Choudhary and Shri V.K. Khare as its members with Mohammed Taj Mukarrum as Chairman.

During the financial year 2018-19, seven (7) meetings of Audit committee were held on 22/05/2018, 11/07/2018, 21/08/2018, 30/10/2018, 21/01/2019, 25/01/2019 and 29/03/2019, respectively.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee (NRC) has been constituted in line with the requirement of the provisions of Section 178 of the Companies Act, 2013. As on 31/03/2019, the NRC comprised three members viz. Shri Abhay Choudhary, Mohammed Taj Mukarrum and Shri V.K. Khare as its members with Shri Abhay Choudhary as Chairman.

During the financial year 2018-19, two (2) meetings of NRC were held on 02/08/2018 and 06/09/2018, respectively.

Declaration by Independent Directors

Ministry of Corporate Affairs (MCA) vide notification dated 05th July 2017 had amended the Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 {said Rule 4} as per which the unlisted public companies in the nature of wholly owned subsidiaries are exempted from the requirement of appointing Independent Directors on their Board. Accordingly, PPTL, being a Wholly Owned Subsidiary of Power Grid Corporation of India Limited is exempted from the requirement of appointing Independent Directors on their Board.

Performance Evaluation

Your Company, being wholly-owned Subsidiary of POWERGRID, is a Government Company. The Whole time Directors & senior officials of POWERGRID (the holding company) are nominated as Directors of your Company. POWERGRID, being a Government Company, the Directors so nominated by it in your Company, are being evaluated under a well laid down procedure for evaluation of CMD / Functional Directors by Administrative Ministry and for evaluation of senior officials by POWERGRID (the holding company).

Statutory Auditors

M/s Abhijit Kelkar & Co., Chartered Accounts, Nagpur, was appointed by Comptroller and Auditor General (C&AG) of India as Statutory Auditors of the Company for the financial year 2018-19.

Statutory Auditors' Report

M/s Abhijit Kelkar & Co., Chartered Accounts, Statutory Auditors for the financial year 2018-19 have given an unqualified report. The report is self-explanatory and does not require any further comments by the Board.

Details in respect of frauds reported by auditors other than those which are reportable to the Central Government

The Statutory Auditors of the Company have not reported any frauds to the Board of Directors under section 143(12) of the Companies Act, 2013, including rules made thereunder.

Comptroller and Auditor General's (C&AG) Comments

Comptroller and Auditor General of India have conducted a supplementary audit under section 143(6)(a) of the Companies Act, 2013 of the financial statements of the Company for the year ended 31st March, 2019. C&AG vide letter dated 1st July, 2019 has stated that on the basis of said supplementary audit nothing significant has come to their knowledge which would give rise to any comment upon or supplement to statutory auditors' report. Copy of letter dated 1st July, 2019 of NIL comments received from C&AG is placed at **Annexure-III** to this report.

Secretarial Audit Report

Shri Shashikant Tiwari, Practicing Company Secretary has conducted Secretarial Audit of the Company for the financial year ended 31st March, 2019. The Secretarial Audit report is placed at **Annexure – IV** to this report. The Secretarial Auditors have given an unqualified report. The report is self-explanatory and does not require any further comments by the Board.

Cost Auditors

Since the Turnover of the Company exceeded the prescribed limits under the Section 148 read with Companies (Cost Record and Audit) Rules, 2014, the requirement of appointing Cost Auditor became applicable with effect from the Financial Year 2019-20.

Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013, every Company having net worth of ₹500 Crore or more, or Turnover of ₹1000 Crore or more or a Net Profit of ₹5 Crore or more during immediately preceding Financial Year, is required to spend, atleast 2% of the Average Net Profits of the Company made during the three immediately preceding Financial Years, in pursuance of its Corporate Social Responsibility Policy. Since, PPTL has not satisfied any of the above criteria during the FY 2018-19, the provisions of Section 135 requiring to incur expenditure on CSR were not applicable on the Company for FY 2018-19.

Development & Implementation of Risk Management Policy

Your Company being a wholly owned subsidiary of POWERGRID is covered under the Risk Management Framework as being done in POWERGRID, the holding company.

Particulars of Employees

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 of the Companies Act, 2013 & corresponding rules of Chapter XIII are exempted for Government Companies. As your Company is a Government Company, the information has not been included as a part of Directors' report.

Prevention of Sexual Harassment at Workplace

There was no incidence of Sexual Harassment during the Financial Year 2018-19.

Internal Financial Control Systems and their adequacy

Your Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March, 2019.

Right to Information

In compliance with 'Right to Information Act, 2005', an appropriate mechanism is in place for promoting transparency and accountability, wherein your Company has nominated Central Public Information Officer / Appellate Authorities to provide required information under the provisions of Act.

Acknowledgement

The Board extends its sincere thanks to the Ministry of Power, the Central Electricity Regulatory Commission, POWERGRID, the Comptroller & Auditor General of India, and the Auditors of the Company.

For and on behalf of
POWERGRID Parli Transmission Limited

Sd/-
(Seema Gupta)
Chairperson
DIN: 06636330

Date: 29th July, 2019
Place: Gurgaon

POWERGRID PARLI TRANSMISSION LIMITED**FORM NO. AOC -2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act
and Rule 8(2) of the Companies (Accounts) Rules, 2014**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

| Sl. No. | Particulars | Details |
|---------|-------------------------------------------------------------------------------------------------------------------|---------|
| a. | Name (s) of the related party & nature of relationship | - |
| b. | Nature of contracts/arrangements/transaction | - |
| c. | Duration of the contracts/arrangements/transaction | - |
| d. | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e. | Justification for entering into such contracts or arrangements or transactions' | - |
| f. | Date of approval by the Board | - |
| g. | Amount paid as advances, if any | - |
| h. | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| Sl. No. | Particulars | Details |
|---------|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. | Name (s) of the related party & nature of relationship | Power Grid Corporation of India Limited (POWERGRID)) [holding company w.e.f. 24.04.2015] |
| b. | Nature of contracts/arrangements/transaction | Part (A) to take any security(ies) / guarantee(s) in connection with loan(s) / any form of debt including ECBs and/or to avail Inter corporate loan(s) on cost to cost basis, or a combination thereof, upto an amount of ₹1780 crore from POWERGRID. Part (B) to avail all inputs and services as may be required by the Company from POWERGRID @ 5% of the actual project cost (excl. IDC and Consultancy Fee) plus GST as applicable. Part (C) to avail services of POWERGRID for undertaking all post CoD activities including Operation & Maintenance activities for the transmission line elements of the Company as consultancy charges of ₹9.80Crore plus GST as applicable for FY 2018-19. |
| c. | Duration of the contracts/arrangements/transaction | Part (A) As mutually agreed Part (B) Commissioning of the project including associated reconciliation activities. Part (C) As mutually agreed |
| d. | Salient terms of the contracts or arrangements or transaction including the value, if any | Refer (b) |
| e. | Date of approval by the Board | 09.06.2015 & 27.12.2016 [for Part (A)], 29.02.2016 [for Part (B)], |

| | | |
|----|---------------------------------|---------------------------|
| | | 11.07.2018 [for Part (C)] |
| f. | Amount paid as advances, if any | - |

For and on behalf of
POWERGRID Parli Transmission Limited

Sd/-
(Seema Gupta)
Chairperson
DIN: 06636330

Date: 29th July, 2019
Place: Gurgaon

POWERGRID PARLI TRANSMISSION LIMITED

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
As on the Financial Year ended on March 31, 2019

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies
(Management and Administration) Rules, 2014]*

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i. | CIN | U40109DL2014GOI269652 |
| ii. | Registration Date | 30 th July, 2014 |
| iii. | Name of the Company | POWERGRID Parli Transmission Limited |
| iv. | Category/ Sub-Category of the Company | Company Limited by Shares / Union Government Company |
| v. | Address of the Registered office and contact details | B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 Tel: 011-26560121.Fax:011-26601081 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, If any | CDSL Ventures Limited A Wing, 25th Floor, Marathon Futurex, Mafatlal Mills Compounds, N M Joshi Marg, Lower Parel (E), Mumbai - 400013 Phone No. 022-61216903 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|-------------------------------------------------|----------------------------------|------------------------------------|
| 1 | Transmission | 35107 | 100 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary /Associate | %of shares held | Applicable Section |
|---------|------------------------------------------------------|-----------------------|--------------------------------|-----------------|--------------------|
| 1. | Power Grid Corporation of India Limited (POWERGRID)* | L40101DL1989GOI038121 | Holding company | 100% | 2(46) |

* Holding Company w.e.f. 24.04.2015

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

[illegible]

| | | | | | | | | | |
|--------------------------------------------------------|----------|---------------|---------------|------------|------------------|----------|------------------|------------|----------|
| Total Public Shareholding (B)=(B)(1)+(B)(2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 0 | 100000 | 100000 | 100 | 228500000 | 0 | 228500000 | 100 | 0 |

* 6 equity shares held by POWERGRID's nominees (Individuals) jointly with POWERGRID.

ii. Shareholding of Promoters

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|-----------|-----------------------------------------------------|-------------------------------------------|----------------------------------|-------------------------------------------------|-------------------------------------|----------------------------------|-------------------------------------------------|---------|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | |
| 1. | Power Grid Corporation of India Limited (POWERGRID) | 99994 | 99.994 | - | 228499994 | 100 | - | 0.006 |
| 2. | Shri Ravi P Singh jointly with POWERGRID | 01 | 0.001 | - | 01 | 00 | - | (0.001) |
| 3. | Smt. Seema Gupta jointly with POWERGRID | 01 | 0.001 | - | 01 | 00 | - | (0.001) |
| 4. | Shri K S R Murty jointly with POWERGRID | 01 | 0.001 | - | 01 | 00 | - | (0.001) |
| 5. | Shri D.K. Valecha jointly with | 01 | 0.001 | - | 00 | 00 | - | (0.001) |

| | | | | | | | | |
|--------------|------------------------------------------------|---------------|------------|----------|------------------|------------|----------|-----------|
| 6. | Shri S. Vaithilingam jointly with POWERGRID** | 01 | 0.001 | - | 00 | 00 | - | (0.001) |
| 7. | Mohammed Taj Mukarrum jointly with POWERGRID** | 00 | 00 | - | 01 | 00 | - | 00 |
| 8. | Shri Abhay Choudhary jointly with POWERGRID* | 00 | 00 | - | 01 | 00 | - | 00 |
| 9. | Shri I.S. Jha, jointly with POWERGRID*** | 01 | 0.001 | - | 00 | 00 | - | (0.001) |
| 10. | Shri R. N. Singh jointly with POWERGRID*** | 00 | 00 | - | 01 | 00 | - | 00 |
| Total | | 100000 | 100 | - | 228500000 | 100 | - | 00 |

*01 Equity share held by Shri S. Vaithilingam (jointly with POWERGRID) transferred to Mohammed Taj Mukarrum (jointly with POWERGRID) on 23.05.2018

**01 Equity share held by Shri D.K.Valecha (jointly with POWERGRID) transferred to Shri P. N. Dixit (jointly with POWERGRID) on 23.05.2018 which was then transferred to Shri Abhay Choudhary (jointly with POWERGRID) on 11.01.2019

*01 Equity share held by Shri I.S.Jha (jointly with POWERGRID) transferred to Shri R.N.Singh (jointly with POWERGRID) on 13.02.2019.

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 100000 | 100 | 100000 | 100 |

| | | |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | <ol style="list-style-type: none"> 1. 1,99,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 26.04.2018 in terms of Section 62(1) of the Companies Act, 2013. 2. 3,00,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 29.05.2018 in terms of Section 62(1) of the Companies Act, 2013. 3. 2,50,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 11.07.2018 in terms of Section 62(1) of the Companies Act, 2013. 4. 4,15,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 21.08.2018 in terms of Section 62(1) of the Companies Act, 2013. 5. 1,90,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 28.09.2018 in terms of Section 62(1) of the Companies Act, 2013. 6. 3,40,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 10.01.2019 in terms of Section 62(1) of the Companies Act, 2013. 7. 1,10,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 14.02.2019 in terms of Section 62(1) of the Companies Act, 2013. 8. 4,80,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 29.03.2019 in terms of Section 62(1) of the Companies Act, 2013. 9. 01 Equity share held by Shri S. Vaithilingam (jointly with POWERGRID) transferred to Mohammed Taj Mukarrum (jointly with POWERGRID) on 23.05.2018. 10. 01 Equity share held by Shri D.K.Valecha (jointly with POWERGRID) transferred to Shri P. N. Dixit (jointly with POWERGRID) on 23.05.2018 which was then transferred to Shri Abhay Choudhary (jointly with POWERGRID) on 11.01.2019. 11. 01 Equity share held by Shri I.S.Jha (jointly with POWERGRID) transferred to Shri R. N. Singh (jointly with POWERGRID) on 13.02.2019. <p><i>(May please also refer information provided under Sr. No. IV (ii) above).</i></p> |
| | At the End of the year | <div>228500000</div> <div>100</div> <div>228500000</div> <div>100</div> |

iv. **Share holding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Top ten shareholders | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |

v. **Shareholding of Directors and Key Managerial Personnel:**

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Directors and KMP | | | | |
| | For each of Directors | | | | |
| 1 | Smt. Seema Gupta, Chairperson | | | | |
| | At the beginning of the year | 01** | 0.001 | 01** | 0.001 |

| | | | | | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|------|-------|
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| | At the End of the year | 01** | 0.000 | 01** | 0.000 |
| 2 | Shri Abhay Choudhary, Director^ | | | | |
| | At the beginning of the year | 00 | 0.000 | 00 | 0.000 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 01 Equity share held by Shri D.K.Valecha (jointly with POWERGRID) transferred to Shri P. N. Dixit (jointly with POWERGRID) on 23.05.2018 which was then transferred to Shri Abhay Choudhary (jointly with POWERGRID) on 11.01.2019. | | | |
| | At the End of the year | 01** | 0.000 | 01** | 0.000 |
| 3 | Mohammed Taj Mukarrum, Director* | | | | |
| | At the beginning of the year | 00 | 0.000 | 00 | 0.000 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 01 Equity share held by Shri S. Vaithilingam (jointly with POWERGRID) transferred to Mohammed Taj Mukarrum (jointly with POWERGRID) on 23.05.2018. | | | |
| | At the End of the year | 01** | 0.000 | 01** | 0.000 |
| 4 | Shri V. K. Khare, Director | | | | |
| | At the beginning of the year | 00 | 0.000 | 000 | 0.000 |

| | | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-------|-----|-------|--|
| Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | | |
| At the End of the year | 00 | 0.000 | 000 | 0.000 | |

^ Appointed as Director w.e.f. 15.10.2018

*Appointed as Director w.e.f. 07.05.2018

** Jointly with POWERGRID

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding /accrued but not due for payment.

(₹ In Lakh)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|-----------------------------------------------------|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | 147658.49 | - | 147658.49 |
| ii) Interest due but not paid | - | 182.3 | - | 182.3 |
| iii) Interest accrued but not due | - | 3166.46 | - | 3166.46 |
| Total(i+ii+iii) | - | 151007.25 | - | 151007.25 |
| Change in Indebtedness during the financial year | | | | |
| - Addition | - | 5493.91 | - | 5493.91 |
| - Reduction | - | (8951.16) | - | (8951.16) |
| Net Change | - | (3457.25) | - | (3457.25) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | 147550.40 | - | 147550.40 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but | - | - | - | - |

| | | | | |
|------------------|---|-----------|---|-----------|
| not due | | | | |
| Total (i+ii+iii) | - | 147550.40 | - | 147550.40 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: **[Not Applicable]**

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | | Total Amount |
|---------|------------------------------------------------------------------------------------|------------------------|---|---|---|--------------|
| 1. | Gross salary | - | - | - | - | - |
| | a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | | | | | |
| | b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | | | | | |
| | c) Profits in lieu of salary u/S 17(3) Income Tax Act, 1961 | | | | | |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission | - | - | - | - | - |
| | - as% of profit | | | | | |
| | - Others, specify... | | | | | |
| 5. | Others, please specify | - | - | - | - | - |
| 6. | Total(A) | - | - | - | - | - |
| | Ceiling as per the Act | - | - | - | - | - |

B. Remuneration to other directors: **[Not Applicable]**

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | | Total Amount |
|---------|----------------------------------------------|------------------------|---|---|---|--------------|
| | <u>Independent Directors</u> | - | - | - | - | - |
| | • Fee for attending board committee meetings | | | | | |
| | • Commission | | | | | |
| | • Others ,please specify | | | | | |
| | Total(1) | - | - | - | - | - |
| | <u>Other Non-Executive Directors</u> | - | - | - | - | - |
| | • Fee for attending board committee | | | | | |

| | | | | | | |
|--|----------------------------------------------------|---|---|---|---|---|
| | meetings •Commission •Others ,please specify | | | | | |
| | Total(2) | - | - | - | - | - |
| | Total(B)=(1+2) | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - |
| | Over all Ceiling as per the Act | - | - | - | - | - |

C. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD:
[Not Applicable]

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------|-----|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income Tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as % of profit - others, specify... | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total | - | - | - | - |

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD /NCLT/Court] | Appeal made. If any (give details) |
|-------------------------------------|------------------------------|-------------------|----------------------------------------------------------|----------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| B. Directors | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| C. Other Officers In Default | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |

For and on behalf of
POWERGRID Parli Transmission Limited

Sd/-
(Seema Gupta)
Chairperson
DIN: 06636330

Date: 29th July, 2019
Place: Gurgaon

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF POWERGRID PARLI TRANSMISSION LIMITED FOR THE
YEAR ENDED 31 MARCH 2019**

The preparation of financial statements of POWERGRID Parli Transmission Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 21-05-2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of POWERGRID Parli Transmission Limited for the year ended 31 March 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report under section 143(6)(b) of the Act.

**For and on behalf of the
Comptroller & Auditor General of India**

Place: New Delhi

Date: 11/7/2019


(Raj Kumar)

**Principal Director of Commercial Audit &
Ex-officio Member, Audit Board – III,**

CS SHASHIKANT TIWARI

PRACTISING COMPANY SECRETARY

SECRETARIAL AUDIT REPORT **FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019**

To,
The Members
POWERGRID Parli Transmission Limited
B-9, Qutab Institutional Area,
Katwaria Sarai.
New Delhi-110016

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by POWERGRID Parli Transmission Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the "Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 (including erstwhile regulation);
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;- Not applicable
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- Not Applicable during the period under review
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

CS SHASHIKANT TIWARI

PRACTISING COMPANY SECRETARY

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (including erstwhile regulation);
- (vi) The Management has identified and confirmed the following laws as being specifically applicable to the Company:
 - 1) Electricity Act, 2003 and rules and regulations made thereunder;

I have also examined compliance with the applicable clauses/ Regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; Not Applicable during the period under review.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned

I further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board/Committee Meetings. Agenda and detailed notes on agenda were sent in advance (and at a shorter notice for which necessary approvals obtained) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

CS SHASHIKANT TIWARI
PRACTISING COMPANY SECRETARY

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, no specific events / actions took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Shashikant Tiwari
Practicing Company Secretaries



Shashikant Tiwari
Membership No. A28994
Certificate of Practice No. 13050

Date: 25/07/2019
Place: New Delhi

Note: This report is to be read with my letter of even date which is annexed as Annexure-A and forms an integral part of this report.

CS SHASHIKANT TIWARI

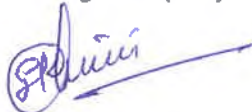
PRACTISING COMPANY SECRETARY

Annexure-A to Secretarial Audit report

To,
The Members
POWERGRID Parli Transmission Limited
B-9, Qutab Institutional Area,
Katwaria Sarai,
New Delhi-110016

1. Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Whenever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Shashikant Tiwari
Practicing Company Secretaries



Shashikant Tiwari
Membership No. A28994
Certificate of Practice No. 13050

Date: 25/07/2019
Place: New Delhi



ABHIJIT KELKAR & CO.

CHARTERED ACCOUNTANTS

Ground Floor, " Shrinivas," Kelkar Bldg.,
Badkas Chowk, Mahal, Nagpur - 440 032
Tel : (0712) 2734514, 2773649
E-mail: info@kelkarcoca.com
Website : www.kelkarcoca.com

INDEPENDENT AUDITORS' REPORT

To the Members of **M/s POWERGRID Parli Transmission Limited**

Report on the Ind-AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of **M/s POWERGRID Parli Transmission Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to financial statement including a summary of the 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 Act in the manner so required and give a True and Fair view in conformity with the Accounting Principles generally accepted in India including the Ind AS, of the state of affairs (Financial Position) of the Company as at 31st March 2019, and its Profit (Financial Performance 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 in accordance with the Standard on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 Ind AS financial statements under the provisions of the Companies Act, 2013



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 opinion.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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, Changes in Equity and Cash Flows of the Company in accordance with the Accounting Principles Generally Accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order issued under section 143 (11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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.


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 Section 143(11) of the Act, we give in **Annexure "A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. In terms of sub section (5) of section 143 of the Companies Act, 2013, we give in the **Annexure "B"** a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.
3. 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, 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 Indian Accounting Standards prescribed under section 133 of the Act read with relevant rules issued there under.
 - e. Being a Subsidiary of a Government Company, Section 164(2) of the Act pertaining to disqualification of Directors are not applicable to the Company.



- 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 "C".
- g. 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 Abhijit Kelkar & Co.,
Chartered Accountants
Firm Regn. No. 121920W


CA Abhijit Kelkar
Partner
Mem. No. 110841
Place: Nagpur
Date: 21/05/2019



As referred to in our Independent Auditors' Report to the members of the M/s POWERGRID Parli Transmission Limited ('the Company'), on the Financial Statements for the Year Ended 31st March 2019, we report that:

| | | Clauses of CARO Report, 2016 | Auditor's Comment |
|-------|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| (i) | (a) | Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; | The Company has maintained records, showing full particulars including quantitative details and situation of Fixed Assets. |
| | (b) | Whether these fixed assets have been physically verified by the management at reasonable intervals; Whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account; | No physical verification of Fixed Assets conducted during the year. |
| | (c) | Whether the title deeds of immovable properties are held in the name of the company. If not, provide the details thereof; | Title Deeds of Land Purchased are held in the Name of the Company. |
| (ii) | | Whether physical verification of inventory has been conducted at reasonable intervals by the management; Whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account; | No physical verification of Inventory Conducted during the year. |
| (iii) | | Whether the company has granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013. If so, | The Company has not granted any Loans to any parties Covered under section 189 of the Companies Act, 2013. |
| | (a) | Whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest. | Not Applicable |
| | (b) | Whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular; | Not Applicable |
| | (c) | If the amount is overdue, state the total amount overdue for more than 90 days, and whether reasonable steps have been taken by the company for recovery of the principal and interest. | Not Applicable |
| (iv) | | In respect of loans, investments, guarantees, and security whether | According to the information and explanations given to us, the Company |

| | | | |
|-------|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof. | does not have loans, investments and guarantees under section 185 and 186 of the Companies Act, 2013. Accordingly clause 3(iv) of the Order is not applicable |
| (v) | | In case, the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, where applicable, have been complied with? If not, the nature of such contraventions be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not? | The company has not accepted any deposits from Public and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the act and the Companies (Acceptance of Deposits) Rules, 2015 with regard to the deposits accepted from the public are not applicable. |
| (vi) | | whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and whether such accounts and records have been so made and maintained | There is no such Cost Records specified by Central Government u/s 148 of the Companies Act, 2013. |
| (vii) | (a) | Whether the company is regular in depositing undisputed statutory dues to the appropriate authorities including: i) Provident fund; ii) Employees' state insurance; iii) Income-tax; iv) Sales-tax; v) Service tax; vi) Duty of customs; vii) Duty of excise; viii) Value Added Tax (VAT); ix) Cess; and x) Any other statutory dues. If the company is not regular in depositing such statutory dues, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated by the auditor. | According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues with appropriate authorities including Goods and Services tax (GST), Income Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to the Company and that there are no undisputed statutory dues outstanding as at 31 st March, 2018 for a period of more than six months from the date they became payable. |
| | (b) | where dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been | Based on our audit and explanations given to us, there are no disputed dues of Duty of Customs or Duty of Excise of Sales Tax |



| | | | |
|--------|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be Mentioned. (A mere representation to the concerned Department shall not be treated as a dispute). | which have not been deposited. |
| (viii) | | Whether the company has defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders? If yes, the period and the amount of default to be reported. (In case of defaults to banks, financial institutions, and Government, lender wise details to be provided. | No Default |
| (ix) | | Whether moneys raised by way of Initial Public Offer (IPO) or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported; | The company has not raised Money by way of IPO & FPO including debt instruments. However, Loan from holding Company are applied for the purposes for which they are raised. |
| (x) | | Whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated; | Based on our audit Procedures performed and the information and explanations given by the management, we report that no fraud by the company or on the company by its officers or employees has been noticed or reported during the year. |
| (xi) | | Whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013? If not, state the amount involved and steps taken by the company for securing refund of the same; | Based on our audit Procedures performed and the information and explanations given by the management, Managerial Remuneration & Other Payments relating to Staff are made from Holding Co. Hence, the clause is Not Applicable |
| (xii) | | Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability and whether the Nidhi Company is maintaining 10% unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability; | Not Applicable |
| (xiii) | | Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements | All transactions with the "Related Parties" in compliance with sections 177 and 188 of the Companies Act, 2013 are disclosed. |



| | | | |
|-------|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | etc., as required by the applicable accounting standards; | |
| (xiv) | | Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliance; | The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. |
| (xv) | | Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with; | Based on our audit Procedures performed and 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. |
| (xvi) | | Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained. | The Co. is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 as the Co. is not a NBFC. |

For Abhijit Kelkar & Co.,
Chartered Accountants
Firm Regn. No. 121920W



CA Abhijit Kelkar
Partner
Mem. No. 110841



Place: Nagpur
Date: 21/05/2019

Annexure - "B"

As referred to in our Independent Auditors' Report to the Members of the M/s POWERGRID Parli Transmission Limited ('The Company'), on the Financial Statements for the Year Ended 31st March 2019, we Report that:

| Sl. No. | Directions u/s 143(5) of the Companies Act, 2013 | Auditor's reply on action taken on the directions | Impact on financial statement |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| 1 | Whether the company has system in place to process all the accounting transactions through IT system? If yes, then the implications of accounting transaction outside IT system on the integrity of accounts along with the financial implications, if any, may be stated. | Yes, all the accounting transactions are processed through IT Systems. Accounts are prepared in SAP. | ----- |
| 2 | Whether there is any restructuring of any existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? if yes, the financial impact may be stated. | Restructuring (Clubbing) of Loan has been done during the year due to multiple rate of interest and different repayment schedule. There is no case of non-repayment/inability to repay the loans has come to our notice and hence restructuring due to company's inability to repay the loan is not applicable. | ----- |
| 3 | Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation. | Not Applicable | ----- |

For Abhijit Kelkar & Co.,
Chartered Accountants
Firm Regn. No. 121920W

CA Abhijit Kelkar
Partner
Mem. No. 110841



Place: Nagpur

Date: 21/05/2019

ANNEXURE - "C"

As referred to in our Independent Auditors' Report to the members of the M/s **POWERGRID Parli Transmission Limited** ("the Company"), on the Financial Statements for the year ended 31st March 2019

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

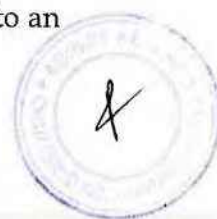
We have audited the Internal Financial Controls over Financial Reporting of the company as at 31st March 2019 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining Internal Financial Control 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 (ICAI)". 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 business, including adherence to 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 Act.

Auditors' 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 Control over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed 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 Company's Internal Financial Controls System over Financial Reporting.

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 authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's Assets that could have a material effect on the Financial Statements.



Inherent Limitations of Internal Financial Controls over Financial Reporting

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 controls 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 and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March 2019, based on "the Internal Financial Controls 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 Abhijit Kelkar & Co.,
Chartered Accountants
Firm Regn. No. 121920W


CA Abhijit Kelkar
Partner
Mem. No. 110841



Place : Nagpur
Date : 21.05.2019

POWERGRID Parli Transmission Limited

CIN : U40109DL2014GOI269652

Balance Sheet as at 31st March 2019

(₹ in Lacs)

| Particulars | Note | As at 31st March 2019 | As at 31st March 2018 |
|-------------------------------------------------------------------------------------------|-----------|-----------------------|-----------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, Plant and Equipment | <u>4</u> | 1,72,488.23 | 413.91 |
| Capital Work-in-Progress | <u>5</u> | - | 1,65,041.29 |
| Other intangible assets | <u>6</u> | 884.69 | - |
| Intangible assets under Development | <u>7</u> | - | 816.83 |
| Other Non-Current Assets | <u>8</u> | 76.17 | 1,186.27 |
| | | 1,73,449.09 | 1,67,458.30 |
| Current Assets | | | |
| Inventories | <u>9</u> | 480.33 | - |
| Financial Assets | | | |
| (i) Trade Receivables | <u>10</u> | 5,106.36 | - |
| (ii) Cash and Cash Equivalents | <u>11</u> | 101.50 | 765.87 |
| (iii) Other Current Financial Assets | <u>12</u> | 3,307.57 | 0.85 |
| Other Current Assets | <u>13</u> | 0.02 | - |
| | | 8,995.78 | 766.72 |
| Total Assets | | 1,82,444.87 | 1,68,225.02 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share Capital | <u>14</u> | 22,850.00 | 10.00 |
| Other Equity | <u>15</u> | 4,585.24 | (0.02) |
| | | 27,435.24 | 9.98 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Financial Liabilities | | | |
| Borrowings | <u>16</u> | 1,38,050.00 | 1,47,658.49 |
| Deferred Tax Liabilities (Net) | <u>17</u> | 694.45 | - |
| | | 1,38,744.45 | 1,47,658.49 |
| Current Liabilities | | | |
| Financial Liabilities | | | |
| Trade Payables | | | |
| (i) Total Outstanding dues of Micro enterprises & Small enterprises | <u>18</u> | - | - |
| (ii) Total Outstanding dues of creditors other than Micro enterprises & Small enterprises | <u>18</u> | 21.17 | - |
| Other Current Financial Liability | <u>19</u> | 16,155.03 | 20,003.34 |
| Other Current Liabilities | <u>20</u> | 61.80 | 552.65 |
| Provisions | <u>21</u> | 27.18 | 0.56 |
| Current Tax Liabilities (Net) | <u>22</u> | - | - |
| | | 16,265.18 | 20,556.55 |
| Total Equity and Liabilities | | 1,82,444.87 | 1,68,225.02 |

The accompanying Notes (1 to 47) form an Integral Part of Financial Statements

As Per Our Report of Even Date

For Abhijit Kelkar & Co.,

Chartered Accountants,

Firm Regn No. 121920W

CA Abhijit Kelkar
Partner

Mem. No. 110841

Place : Nagpur

Date : 21/05/2019



For & On Behalf of M/s POWERGRID Parli Transmission Ltd.

Seema Gupta
(Chairperson)
DIN-06636330

A. Basu
(Chief Financial Officer)

M. Taj Mukarrum
(Director)
DIN- 08097837

Shikha Gupta
(Company Secretary)

Place : Gurugram

Date : 20/05/2019

POWERGRID Parli Transmission Limited

CIN : U40109DL2014GOI269652

Statement of Profit and Loss for the year ended 31st March 2019

(₹ in Lacs)

| | Particulars | Note | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
|------|------------------------------------------------------|------|------------------------------------|------------------------------------|
| I | Revenue From Operations | 23 | 28,296.58 | - |
| II | Other Income | 24 | 95.00 | - |
| III | Total Income (I+II) | | 28,391.58 | - |
| IV | EXPENSES | | | |
| | Finance Costs | 25 | 10,139.16 | - |
| | Depreciation and Amortization Expenses | 26 | 8,243.43 | - |
| | Other Expenses | 27 | 836.71 | - |
| | Total Expenses (IV) | | 19,219.30 | - |
| V | Profit Before Tax (III- IV) | | 9,172.28 | - |
| VI | Tax Expense: | | | |
| | (1) Current Tax | | 1,976.52 | - |
| | (2) Deferred Tax | | 694.45 | - |
| | Total Tax Expense | | 2,670.97 | - |
| VII | Profit for the Period (V-VI) | | 6,501.31 | - |
| VIII | Other Comprehensive Income | | - | - |
| IX | Total Comprehensive Income for the period (VII+VIII) | | 6,501.31 | - |
| | Earnings per Equity Share (Par Value ₹ 10 each) | | | |
| X | (1) Basic (₹) | | 6.12 | - |
| | (2) Diluted (₹) | | 6.12 | - |

The accompanying Notes (1 to 47) form an Integral Part of Financial Statements

As Per Our Report of Even Date
For Abhijit Kelkar & Co.,
Chartered Accountants,
Firm Regn No. 121920W

CA Abhijit Kelkar
Partner
Mem. No. 110841

Place : Nagpur

Date : 21/05/2019



For & On Behalf of M/s POWERGRID Parli Transmission Ltd.

Seema Gupta
(Chairperson)
DIN- 06636330

A. Basu
(Chief Financial Officer)

M. Taj Mukarrum
(Director)
DIN- 08097837

Shikha Gupta
(Company Secretary)

Place : Gurugram

Date : 20/05/2019

POWERGRID Parli Transmission Limited

CIN : U40109DL2014GOI269652

Statement of Cash Flows for the Year Ended 31st March 2019

| | (₹ in Lakhs) | |
|-----------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Particulars | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit / (Loss) Before Tax | 9,172.28 | - |
| Adjustment for: | | |
| Finance Cost | 10,139.16 | - |
| Depreciation and Amortization Expense | 8,243.43 | - |
| Operating Profit/(Loss) before Working Capital Changes | 27,554.87 | - |
| Adjustments For Changes in Assets and Liabilities: | | |
| (Increase)/Decrease in Other Non-Current Assets | (1.50) | - |
| (Increase)/Decrease in Inventories | (480.33) | - |
| (Increase)/Decrease in Trade Receivables | (5,106.36) | - |
| (Increase)/Decrease in Other Current Financial Assets | (3,306.72) | 0.39 |
| (Increase)/Decrease in Other Current Assets | (0.02) | - |
| Increase/(Decrease) in Other Non Current Financial Liabilities | - | (1,716.23) |
| Increase/(Decrease) in Trade Payable | 21.17 | - |
| Increase/(Decrease) in Other Current Financial Liabilities | (10,181.85) | 7,626.27 |
| Increase/(Decrease) in Other Current Liabilities | (490.85) | 273.51 |
| Increase/(Decrease) in Provisions | 26.62 | 0.13 |
| Cash Generated From Operations | 8,035.03 | 6,184.07 |
| Income Tax Paid | (2,028.96) | (9.00) |
| Net Cash from Operating Activities | 6,006.07 | 6,175.07 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Property Plant & Equipments and Capital Work in Progress including Advances for Capital Expenditure | (14,180.28) | (1,10,772.86) |
| Net Cash used in Investing Activities | (14,180.28) | (1,10,772.86) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Issue of Share Capital | 22,840.00 | - |
| Inter Corporate Loan from Powergrid Corp. of India Ltd. | 5,493.91 | 1,03,119.23 |
| Loans repaid | (5,602.40) | - |
| Interest & Finance Cost Paid | (13,305.62) | 2,167.73 |
| Dividend Paid | (1,589.35) | - |
| Dividend Tax Paid | (326.70) | - |
| Net Cash from Financing Activities | 7,509.84 | 1,05,286.96 |
| D Net Change in Cash and Cash Equivalents (A+B+C) | (664.37) | 689.17 |
| E Cash and Cash Equivalents (Opening Balance) | 765.87 | 76.70 |
| F Cash and Cash Equivalents (Closing Balance) (D+E) (As Per Note 11) | 101.50 | 765.87 |

Note 1 - Cash & Cash Equivalents consists of Cheques, Drafts, Balances with Banks

Note 2 - Previous Year Figures have been re-grouped/re-arranged wherever necessary.

Note 3 - Reconciliation between the opening and closing balances in balance sheet for liabilities arising from financing activities.

| Particulars | Non-Current borrowings |
|----------------------------------------|------------------------|
| Opening balance as at 1st April, 2018 | 1,50,824.95 |
| Net Cash flows during the year | (108.49) |
| Non-Cash changes due to: | |
| - Interest on borrowings | (3,166.46) |
| Closing balance as at 31st March, 2019 | 1,47,550.00 |

The accompanying Notes (1 to 47) form an Integral Part of Financial Statements

As Per Our Report of Even Date
For Abhijit Kelkar & Co.,
Chartered Accountants,
Firm Reg. No. 121920W

CA Abhijit Kelkar
Partner
Mem. No. 110841

Place : Nagpur
Date : 21/05/2019



For & On Behalf of M/s POWERGRID Parli Transmission Ltd.

Seema Gupta
(Chairperson)
DIN- 06636330

A. Basu
(Chief Financial Officer)

M. Taj Mukarrum
(Director)
DIN- 08097837

Shikha Gupta
(Company Secretary)

Place : Gurugram
Date : 20/05/2019

POWERGRID Parli Transmission Limited

CIN : U40109DL2014GOI269652

Statement of Changes in Equity for the year ended 31st march 2019

A. Equity Share Capital

| Particulars | (₹ in Lacs) |
|---------------------------------|-------------|
| As at 1st April 2018 | 10.00 |
| Changes in equity share capital | 22,840.00 |
| As at 31st March 2019 | 22,850.00 |
| As at 1st April 2017 | 10.00 |
| Changes in equity share capital | - |
| As at 31st March 2018 | 10.00 |

B. Other Equity

(₹ in Lacs)

| Particulars | Self Insurance Reserve | Retained Earnings | Other Comprehensive Income | Total |
|-----------------------------------------|------------------------|-------------------|----------------------------|------------|
| As at 1st April 2018 | 0.31 | (0.33) | - | (0.02) |
| Total Comprehensive Income for the Year | - | 6,501.31 | - | 6,501.31 |
| Transfer to Self Insurance Reserve | 217.94 | (217.94) | - | - |
| Interim Dividends : FY2018-19 | - | (1,589.35) | - | (1,589.35) |
| Tax on Interim Dividends : FY2018-19 | - | (326.70) | - | (326.70) |
| Other Changes | - | - | - | - |
| As at 31st March 2019 | 218.25 | 4,366.99 | - | 4,585.24 |
| As at 1st April 2017 | 0.31 | (0.33) | - | (0.02) |
| Total Comprehensive Income for the Year | - | - | - | - |
| Transfer to Self Insurance Reserve | - | - | - | - |
| Other Changes | - | - | - | - |
| As at 31st March 2018 | 0.31 | (0.33) | - | (0.02) |

The accompanying Notes (1 to 47) form an Integral Part of Financial Statements

Refer to Note 15 for Nature & Movement of Other Equity.

As Per Our Report of Even Date

For Abhijit Kelkar & Co.,

Chartered Accountants,

Firm Regn No. 121920W

CA Abhijit Kelkar

Partner

Mem. No. 110841

Place : Nagpur

Date : 21/05/2019



For & On Behalf of M/s POWERGRID Parli Transmission Ltd.

Seema Gupta

(Chairperson)

DIN- 06636330

A. Basu

(Chief Financial Officer)

Place : Gurugram

Date : 20/05/2019

M. Taj Mukarrum

(Director)

DIN- 08097837

Shikha Gupta

(Company Secretary)

POWERGRID Parli Transmission Limited
Note 4/Property, Plant and Equipment

(₹ in Lacs)

| Particulars | Cost | | | | | Accumulated Depreciation | | | | | Net Book Value | |
|-------------------------------|----------------------|---------------------------|----------------|----------------------------|-----------------------|--------------------------|---------------------------|----------------|----------------------------|-----------------------|-----------------------|-----------------------|
| | As at 1st April 2018 | Additions during the year | Sale/ Disposal | Adjustment during the year | As at 31st March 2019 | As at 31st March 2018 | Additions during the year | Sale/ Disposal | Adjustment during the year | As at 31st March 2019 | As at 31st March 2019 | As at 31st March 2018 |
| Land | | | | | | | | | | | | |
| Freehold | 413.91 | - | - | - | 413.91 | - | - | - | - | - | 413.91 | 413.91 |
| Buildings | | | | | | | | | | | | |
| a) Sub-Stations & Office | - | 376.23 | | | 376.23 | | 4.20 | | | 4.20 | 372.03 | |
| Plant & Equipment | | | | | | | | | | | | |
| a) Transmission | - | 1,50,256.76 | | | 1,50,256.76 | | 6,771.93 | | | 6,771.93 | 1,43,484.83 | |
| a) Substation | - | 29,639.60 | | | 29,639.60 | | 1,426.79 | | | 1,426.79 | 28,212.81 | |
| Workshop & Testing Equipments | - | 4.89 | | | 4.89 | | 0.24 | | | 0.24 | 4.65 | |
| Total | 413.91 | 1,80,277.48 | - | - | 1,80,691.39 | - | 8,203.16 | - | - | 8,203.16 | 1,72,488.23 | 413.91 |

Further Note - The Company owns 27.11 Hectare (Previous Year 27.11 Hectare) of Freehold Land amounting to ₹ 413.91/- Lakhs (Previous Year ₹ 413.91 Lakhs) based on available documentation.

(₹ in Lakhs)

| Particulars | Cost | | | | | Accumulated Depreciation | | | | | Net Book Value | |
|--------------|-----------------------------------|---------------------------|----------|----------------------------|-----------------------------------|-----------------------------------|---------------------------|----------|----------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | As at 01 st April 2017 | Additions during the year | Disposal | Adjustment during the year | As at 31 st March 2018 | As at 01 st April 2017 | Additions during the year | Disposal | Adjustment during the year | As at 31 st March 2018 | As at 31 st March 2018 | As at 31 st March 2017 |
| Land | | | | | | | | | | | | |
| Freehold | 413.91 | - | - | - | 413.91 | - | - | - | - | - | 413.91 | 413.91 |
| Total | 413.91 | - | - | - | 413.91 | - | - | - | - | - | 413.91 | 413.91 |

Further Note - The Company owns 27.11 Hectare (Previous Year 27.11 Hectare) of Freehold Land amounting to ₹ 413.91/- Lakhs (Previous Year ₹ 413.91 Lakhs) based on available documentation.



POWERGRID Parli Transmission Limited
Note 5/Capital Work in Progress

| (₹ in Lacs) | | | | | |
|------------------------------------------------------------------|------------------------|---------------------------|-----------------|-----------------------------|-----------------------|
| Particulars | As at 01st April, 2018 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March 2019 |
| Buildings | | | | | |
| Sub-Stations & Office | 1,921.61 | 966.68 | - | 2,888.29 | - |
| Plant & Equipments (including associated civil works) | | | | | |
| a) Transmission | 1,21,790.29 | 12,965.21 | - | 1,34,755.50 | - |
| b) Sub-Station | 21,546.49 | 2,720.09 | - | 24,266.58 | - |
| Expenditure Pending Allocation | | | | | |
| Expenditure During Construction Period (Net) (Note 28) | 15,641.30 | 2,828.57 | - | 18,469.87 | - |
| | 1,60,899.69 | 19,480.55 | - | 1,80,380.24 | - |
| Construction Stores | 4,141.60 | - | 4,141.60 | - | - |
| Total | 1,65,041.29 | 19,480.55 | 4,141.60 | 1,80,380.24 | - |

| (₹ in Lakhs) | | | | | |
|------------------------------------------------------------------|-----------------------------------|---------------------------|------------------|-----------------------------|-----------------------------------|
| Particulars | As at 01 st April 2017 | Additions during the year | Adjustments | Capitalised during the year | As at 31 st March 2018 |
| Buildings | | | | | |
| Sub-Stations & Office | 204.92 | 1,716.69 | - | - | 1,921.61 |
| Plant & Equipments (including associated civil works) | | | | | |
| a) Transmission | 28,645.46 | 93,144.83 | - | - | 1,21,790.29 |
| b) Sub-Station | 25.69 | 21,520.80 | - | - | 21,546.49 |
| Expenditure Pending Allocation | | | | | |
| Expenditure During Construction Period (Net) (Note 28) | 4,052.24 | 11,589.06 | - | - | 15,641.30 |
| Total | 32,928.31 | 1,27,971.38 | - | - | 1,60,899.69 |
| Construction Stores | 17,700.16 | | 13,558.56 | | 4,141.60 |
| Grand Total | 50,628.47 | 1,27,971.38 | 13,558.56 | - | 1,65,041.29 |



Note 5/Capital Work in Progress (Details of Construction Stores)

(At cost)

(₹ in Lacs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|--------------------------------------------------------|--------------------------|--------------------------|
| Costruction Stores | | |
| Towers | - | 630.21 |
| Conductors | - | 1,874.42 |
| Other Line Materials | - | 908.66 |
| Sub-Station Equipments | - | 599.14 |
| Unified Load Despatch & Communication (ULDC) Materials | - | 128.50 |
| Others | - | 0.67 |
| Total | - | 4,141.60 |
| Construction Stores include: | | |
| i) Material in Transit | | |
| Other Line Materials | - | 9.89 |
| Total | - | 9.89 |
| ii) Material with Contractors | | |
| Towers | - | 630.21 |
| Conductors | - | 1,874.42 |
| Other Line Materials | - | 898.77 |
| Sub-Station Equipments | - | 599.14 |
| Unified Load Despatch & Communication (ULDC) Materials | - | 128.50 |
| Others | - | 0.67 |
| Total | - | 4,131.71 |
| Grand Total | - | 4,141.60 |



POWERGRID Parli Transmission Limited
Note 6/OTHER INTANGIBLE ASSETS

| (₹ in Lacs) | | | | | | | | | | |
|-------------------------------------|----------------------|---------------------------|----------------|----------------------------|-----------------------|-----------------------------|----------------|----------------------------|-----------------------|-----------------------|
| Particulars | Gross Block | | | | | Depreciation / Amortisation | | | | Net Block |
| | As at 1st April 2018 | Additions during the year | Sale/ Disposal | Adjustment during the year | As at 31st March 2019 | Additions during the year | Sale/ Disposal | Adjustment during the year | As at 31st March 2019 | As at 31st March 2019 |
| Right of Way-Afforestation Expenses | - | 924.96 | - | - | 924.96 | 40.27 | - | - | 40.27 | 884.69 |
| Total | - | 924.96 | - | - | 924.96 | 40.27 | - | - | 40.27 | 884.69 |
| Previous Year | - | - | - | - | - | - | - | - | - | - |



POWERGRID Parli Transmission Limited
Note 7/Intangible Asset under Development

(₹ in Lacs)

| Particulars | As at 01st April, 2018 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March 2019 |
|-------------------------------------|------------------------|---------------------------|-------------|-----------------------------|-----------------------|
| Right of Way-Afforestation Expenses | 816.83 | 5.50 | - | 822.33 | - |
| Total | 816.83 | 5.50 | - | 822.33 | - |

(₹ in Lakhs)

| Particulars | As at 01 st April 2017 | Additions during the year | Adjustments | Capitalised during the year | As at 31 st March 2018 |
|-------------------------------------|-----------------------------------|---------------------------|-------------|-----------------------------|-----------------------------------|
| Right of Way-Afforestation Expenses | - | 816.83 | - | - | 816.83 |
| Total | - | 816.83 | - | - | 816.83 |



POWERGRID Parli Transmission Limited

Note 8/Other Non-Current Assets

(Unsecured considered Good unless otherwise stated)

| | | (₹ in Lacs) | |
|-------------------------------------------------------|----------|--------------------------|--------------------------|
| Particulars | | As at 31st March 2019 | As at 31st March 2018 |
| A) Advances for Capital Expenditure | | | |
| Against Bank Guarantees | | - | 1,164.04 |
| B) Advances for Other Than Capital Expenditure | | | |
| i) Security Deposits | | 1.75 | 0.25 |
| C) Others | | | |
| i) Advance Tax and Tax Deducted at Source | 2,051.07 | | 21.98 |
| Less: Current Tax | 1,976.65 | | - |
| | | 74.42 | 21.98 |
| Total | | 76.17 | 1,186.27 |



POWERGRID Parli Transmission Limited
Note 9/Inventories

(₹ in Lacs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|----------------------------------------|--------------------------|--------------------------|
| (For mode of valuation refer Note 2.9) | | |
| Components, Spares & Other Spare Parts | 479.65 | - |
| Loose tools | 0.68 | - |
| Total | 480.33 | - |



POWERGRID Parli Transmission Limited
Note 10/Trade Receivables

(₹ in Lacs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|------------------------------|--------------------------|--------------------------|
| Trade Receivables | | |
| Considered Good -Unsecured * | 5,106.36 | - |
| Total | 5,106.36 | - |

* includes receivables from various DICs through CTU



POWERGRID Parli Transmission Limited**Note 11/Cash and Cash Equivalents**

(₹ in Lacs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---------------------------|--------------------------|--------------------------|
| Balance with Banks | | |
| -In Current accounts | 101.50 | 765.87 |
| Total | 101.50 | 765.87 |



POWERGRID Parli Transmission Limited

Note 12/Other Current Financial Assets

(Unsecured considered Good unless otherwise stated)

| (₹ in Lacs) | | |
|----------------------|-----------------------|-----------------------|
| Particulars | As at 31st March 2019 | As at 31st March 2018 |
| Unbilled Revenue * | 3,307.13 | - |
| Others Receivable ** | 0.44 | 0.85 |
| Total | 3,307.57 | 0.85 |

Further Note :-

* Unbilled Revenue includes Transmission Charges for the month of March in the Financial Year amounting to ₹ 2590.64 Lakhs (Net of Provision for Rebate) (Previous Year ₹ Nil) billed to beneficiaries in the month of April of Subsequent Financial Year, Transmission Incentive of ₹ 700.63 Lakhs (Previous Year ₹ Nil) and Surcharge of ₹ 15.86 Lakhs (Previous Year ₹ Nil) for the Financial Year 2018-19 to be billed in Financial Year 2019-20.

** Others Receivable includes ₹ 0.06 Lakhs (Previous Year 0.85 Lakhs) Receivable from State Bank of India, Chhaoni Branch, Nagpur and ₹ 0.37 (Previous Year Nil) Lakhs Receivable from ICICI Bank, Civil Lines, Nagpur, towards Excess Debit Made by Bank.

Disclosure of Ind AS 115 is given in Note 45



POWERGRID Parli Transmission Limited

Note 13/OTHER CURRENT ASSETS

(Unsecured considered good unless otherwise stated)

(₹ in Lacs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|----------------------------------------------------------|--------------------------|--------------------------|
| Advances recoverable in kind or for value to be received | | |
| Input Tax Credit - GST | 0.02 | - |
| Total | 0.02 | - |



POWERGRID Parli Transmission Limited
Note 14/Equity Share capital

| Particulars | (₹ in Lacs) | |
|-------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| | As at 31st March 2019 | As at 31st March 2018 |
| Equity Share Capital | | |
| Authorised | | |
| 35,00,00,000 (Previous Year 2,00,00,000) Equity Shares of ₹ 10/- each at par | 35,000 | 2,000 |
| Issued, subscribed and paid up | | |
| 22,85,00,000 (Previous Year 1,00,00,000) Equity Shares of ₹10/- each at par fully paid up | 22,850 | 10 |
| Total | 22,850 | 10 |

Further Notes:

1) Reconciliation of Number and amount of share capital outstanding at the beginning and at the end of the reporting period

| Particulars | For the year ended 31st March 2019 | | For the year ended 31st March 2018 | |
|-------------------------------------------------|------------------------------------|-------------|------------------------------------|-------------|
| | No. of Shares | (₹ in Lacs) | No. of Shares | (₹ in Lacs) |
| | | | | |
| Shares outstanding at the beginning of the year | 1,00,000 | 10 | 1,00,000 | 10 |
| Shares Issued during the year | 22,84,00,000 | 22,840 | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 22,85,00,000 | 22,850 | 1,00,000 | 10 |

2) The Company has only one class of equity shares having a par value of ₹ 10/- per share.

3) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at meetings of the Shareholders.

4) Shareholders holding more than 5% equity shares of the Company :-

| Particulars | As at 31st March 2019 | | As at 31st March 2018 | |
|-------------------------------------------------------|-----------------------|--------------|-----------------------|--------------|
| | No. of Shares # | % of holding | No. of Shares # | % of holding |
| Power Grid Corporation of India Limited (Holding Co.) | 22,85,00,000 | 100% | 100000 | 100% |

Out of 22,85,00,000 Equity Shares, 6 Equity Shares are Held by Nominees of M/s Power Grid Corporation of India Ltd on its behalf.



POWERGRID Parli Transmission Limited
Note 15/Other Equity

(₹ in Lacs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|--------------------------------------|--------------------------|--------------------------|
| Reserve & Surplus | | |
| <u>Self Insurance Reserve</u> | | |
| Balance at the Beginning of the Year | 0.31 | 0.31 |
| Additions During The Year | 217.94 | |
| Balance at the End of the Year | 218.25 | 0.31 |
| <u>Retained Earnings</u> | | |
| Balance at the Beginning of the Year | (0.33) | (0.33) |
| Net Profit for the Period | 6,501.31 | |
| Less: Appropriations | | |
| Transfer To Self Insurance Reserve | 217.94 | |
| Interim dividend paid | 1,589.35 | |
| Tax on interim Dividend | 326.70 | |
| Balance at the End of the Year | 4,366.99 | (0.33) |
| Total | 4,585.24 | (0.02) |

Self-Insurance Reserve

Self-Insurance Reserve is created in Previous Year @ 0.12% p.a. on Gross Block of Property, Plant and Equipments except assets covered under insurance as at the end of the year to mitigate future losses from un-insured risk and for taking care of Contingencies in future by procurement of Towers and Other Transmission Line Materials including Strengthening of Towers and Equipments of AC Substations



POWERGRID Parli Transmission Limited
Note 16/Borrowings

(₹ in Lacs)

| Description | As at 31st March 2019 | As at 31st March 2018 |
|------------------------------------------------------------|--------------------------|--------------------------|
| Term Loan From Others | | |
| Rupee Loans (Unsecured) | | |
| Loan From M/s Power Grid Corp. of India Ltd. (Holding Co.) | 1,38,050.00 | 1,47,658.49 |
| Total | 1,38,050.00 | 1,47,658.49 |

Further Note - Inter Corporate Loan is provided by Holding Company on Cost to Cost Basis, Loan converted on 22.01.19 into Single Loan with Interest Rate -7.8138% repayable over a Period of 1 to 22 Years.

There is no default in repayment of Loan or Interest as at the end of the year



POWERGRID Parli Transmission Limited
Note 17/Deferred tax liabilities (Net)

(₹ in Lacs)

| Description | As at 31st March 2019 | As at 31st March 2018 |
|------------------------------------------------------|-----------------------|-----------------------|
| Deferred Tax Liability | | |
| Difference in book Depreciation and Tax Depreciation | 16,482.23 | - |
| Deferred Tax Liability (A) | 16,482.23 | - |
| Deferred Tax Assets | | |
| Unused Tax Losses (Income Tax Loss) | 13,811.27 | - |
| Unused Tax Credits (MAT Credit Entitlement) | 1,976.51 | - |
| Deferred Tax Assets (B) | 15,787.78 | - |
| Net Deferred Tax Liability (Net) (A-B) | 694.45 | - |

Movements in Deferred Tax Liabilities (₹ in Lakhs)

| | Property, Plant and Equipment | Others | Total |
|-----------------------------------------|-------------------------------|----------|------------------|
| As at 01st April 2017 | - | - | - |
| Charged/(Credited) | | | |
| - to Profit or Loss | - | - | - |
| - to Other Comprehensive Income | - | - | - |
| As at 31st March 2018 | - | - | - |
| Charged/(Credited) | | | |
| - to Profit or Loss | 16,482.23 | - | 16,482.23 |
| - to Other Comprehensive Income | - | - | - |
| As at 31st March 2019 | 16,482.23 | - | 16,482.23 |

Movements in Deferred Tax Assets (₹ in Lakhs)

| | Property, Plant and Equipment | Unused Tax Losses | MAT Credit | Total |
|-----------------------------------------|-------------------------------|--------------------|-------------------|--------------------|
| As at 01st April 2017 | - | - | - | - |
| Charged/(Credited) | | | | |
| - to Profit or Loss | - | - | - | 0.00 |
| - to Other Comprehensive Income | - | - | - | 0.00 |
| As at 31st March 2018 | - | - | - | - |
| Charged/(Credited) | | | | |
| - to Profit or Loss | - | (13,811.27) | (1,976.51) | (15,787.78) |
| - to Other Comprehensive Income | - | - | - | 0.00 |
| As at 31st March 2019 | - | (13,811.27) | (1,976.51) | (15,787.78) |

Amount taken to Statement of Profit and Loss

| Particulars | As at 31 st March 2019 | As at 31 st March 2018 |
|---------------------------------------------------------|-----------------------------------|-----------------------------------|
| Increase/(Decrease) in Deferred Tax Liabilities | 16,482.23 | - |
| (Increase)/Decrease in Deferred Tax Assets | (15,787.78) | 0.00 |
| Net Amount taken to Statement of Profit and Loss | 694.45 | - |



POWERGRID Parli Transmission Limited

Note 18/Trade Payables

(₹ in Lacs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|-------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| For Goods and Services | | |
| (i) Total Outstanding dues of Micro enterprises & Small enterprises | - | - |
| (ii) Total Outstanding dues of creditors other than Micro enterprises & Small enterprises | 21.17 | - |
| Total | 21.17 | - |

Further Note :

Disclosure with regard to Micro and Small Enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note 37



POWERGRID Parli Transmission Limited
Note 19/Other Current Financial Liability

| (₹ in Lacs) | | |
|------------------------------------------------------------------------------------|-----------------------|-----------------------|
| Particulars | As at 31st March 2019 | As at 31st March 2018 |
| A) Current maturities of long term borrowings | | |
| Rupee Term Loan (Unsecured) | | |
| Loan From Related Parties*- M/s Power Grid Corporation of India Ltd. (Holding Co.) | 9,500.00 | - |
| B) Interest accrued but not due on borrowings from | | |
| Related Parties* - M/s Power Grid Corp. of India Ltd. | | 3,166.46 |
| | - | 3,166.46 |
| C) Others | | |
| i) Dues for Capital Expenditure | 1,016.42 | 6,875.59 |
| ii) Deposits/Retention money from contractors and others. | 5,322.72 | 8,445.39 |
| iii) Related Parties* -M/s Power Grid Corp. of India Ltd. | 261.91 | 1,461.49 |
| iv) Others ** | 53.98 | 54.41 |
| | 6,655.03 | 16,836.88 |
| Total | 16,155.03 | 20,003.34 |

Further Note :

Disclosure with regard to Micro and Small Enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note 37

* Breakup of Related Parties is provided in Note 39

** Others include ₹ 53.60 Lakhs (Previous Year ₹ 50.50 Lakhs) towards Indian Agent Commission payable.



POWERGRID Parli Transmission Limited
Note 20/Other Current Liabilities

| (₹ in Lacs) | | |
|----------------|--------------------------|--------------------------|
| Particulars | As at 31st March 2019 | As at 31st March 2018 |
| Statutory Dues | 61.80 | 552.65 |
| Total | 61.80 | 552.65 |



POWERGRID Parli Transmission Limited

Note 21/ Provisions

(₹ in Lacs)

| Description | As at 31st March 2019 | As at 31st March 2018 |
|------------------------------------|--------------------------|--------------------------|
| Provision Others | | |
| As per Last Balance Sheet | 0.56 | - |
| Additions during the year | 27.30 | - |
| Paid/(Adjustments) during the year | 0.68 | - |
| Closing Balance | - | 27.18 |
| Total | 27.18 | 0.56 |

Further Note :

Provision includes provision towards CERC Licence Fees ₹ 26.36 Lakhs (Previous Year Nil) and Audit & Other fees including Other Professional Charges ₹ 0.82 Lakhs (Previous Year 0.56 Lakhs).



POWERGRID Parli Transmission Limited
Note 22/ Current Tax Liabilities (Net)

(₹ in Lacs)

| Description | As at 31st March 2019 | As at 31st March 2018 |
|----------------------------------------------|--------------------------|--------------------------|
| Taxation (Including Interest on Tax) | | |
| As per last balance sheet | - | - |
| Additions during the year | 1,976.52 | - |
| Adjusted during the year | -0.13 | - |
| | 1,976.65 | - |
| Net off with Advance Tax Paid (Note 8) | 1,976.65 | - |
| Closing Balance | - | - |



POWERGRID Parli Transmission Limited
Note 23/Revenue From Operations

| | (₹ in Lacs) | |
|-------------------------|------------------------------------|------------------------------------|
| Particulars | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
| Sale of Services | | |
| Transmission Charges | 28,296.58 | - |
| Total | 28,296.58 | - |

Further Note :

Disclosure of Ind AS 115 is given in Note 45



POWERGRID Parli Transmission Limited
Note 24/Other Income

| Particulars | (₹ in Lacs) | |
|---------------------------------------------------------------------|------------------------------------|------------------------------------|
| | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
| Interest from Advances to Contractors | 10.64 | 145.96 |
| Surcharge | 87.36 | - |
| Miscellaneous income | 5.48 | - |
| | 103.48 | 145.96 |
| Less: Transferred to Expenditure during Construction(Net) - Note 28 | 8.48 | 145.96 |
| Total | 95.00 | - |



POWERGRID Parli Transmission Limited
Note 25/Finance Costs

| Particulars | (₹ in Lacs) | |
|-----------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
| A) Interest and finance charges on financial liabilities at amortised cost | | |
| Interest on Loan From Holding Co. (M/s Power Grid Corp. of India Ltd.) | 11,712.17 | 6,920.29 |
| B) Other Finance charges | | |
| Others | 0.73 | 0.03 |
| | 11,712.90 | 6,920.32 |
| Less: Transferred to Expenditure during Construction (Net) - Note 28 | 1,573.74 | 6,920.32 |
| Total | 10,139.16 | - |



POWERGRID Parli Transmission Limited
Note 26/Depreciation and Amortization Expense

| | (₹ in Lacs) | |
|---------------------------------------------------|------------------------------------------|------------------------------------------|
| Particulars | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
| Depreciation of Property, Plant and Equipments | 8,203.16 | - |
| Amortization of Intangible assets | 40.27 | - |
| Total | 8,243.43 | - |



POWERGRID Parli Transmission Limited**Note 27/Other Expenses**

(₹ in Lacs)

| Particulars | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
|-------------------------------------------------------------------------|------------------------------------------|---------------------------------------|
| R&M Sub Station | 658.88 | - |
| Legal Expenses | 248.77 | 5.90 |
| Professional Charges | 0.57 | 0.24 |
| Consultancy Expenses | 1,046.46 | 4,799.42 |
| Tender expenses | 7.10 | 2.06 |
| System & Market Op. Charges | 3.20 | - |
| Payments to Statutory Auditors | | - |
| Audit Fees | 0.94 | 0.35 |
| Tax Audit Fees | 0.18 | - |
| In Other Capacity | 0.03 | - |
| | 1.15 | 0.35 |
| Advertisement and Publicity | - | 1.30 |
| Brokerage & Commission | 0.14 | - |
| CERC petition & Other charges | 57.36 | 5.00 |
| Miscellaneous expenses | 8.60 | 0.07 |
| Hiring of Vehicle | - | 0.33 |
| Rates and Taxes | 55.38 | 0.03 |
| FERV (Net of FERV & amount recoverable) | 12.41 | - |
| | 2,100.02 | 4,814.70 |
| Less: Transferred to Expenditure during Construction (Net) - Note 28 | 1,263.31 | 4,814.70 |
| Total | 836.71 | - |



POWERGRID Parli Transmission Limited
Note 28/ Expenditure during Construction (Net)

(₹ in Lacs)

| Particulars | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
|--------------------------------------|------------------------------------------|------------------------------------------|
| A. Other Expenses | | |
| Professional Charges | 0.14 | 0.24 |
| Legal Expenses | 165.08 | 5.90 |
| Consultancy Expenses | 1,046.46 | 4,799.42 |
| Tender expenses | 3.88 | 2.06 |
| Payment to Auditors | - | 0.35 |
| Advertisement and Publicity | - | 1.30 |
| CERC petition & Other charges | 31.00 | 5.00 |
| Miscellaneous expenses | 1.73 | 0.07 |
| Hiring of Vehicles | - | 0.33 |
| Rates & Taxes | 15.02 | 0.03 |
| Non Operation Expenses | | |
| Total (A) | 1,263.31 | 4,814.70 |
| B. Finance Costs | | |
| Interest on Term Loans | 1,573.74 | 6,920.29 |
| Others | | 0.03 |
| Total (B) | 1,573.74 | 6,920.32 |
| C. Less: Other Income | | |
| Interest from Advance To Contractors | 8.48 | 145.96 |
| Others | - | - |
| Total (C) | 8.48 | 145.96 |
| Grand Total (A+B-C) | 2,828.57 | 11,589.06 |



POWERGRID Parli Transmission Limited

Note 29/ Earnings Per Share

(in ₹)

| | Year Ended | |
|----------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
| (a) Basic Earnings Per Share attributable to the Equity Holders of the Company | | |
| From Continuing Operations | 6.12 | - |
| Total Basic and Diluted Earnings Per Share attributable to the Equity Holders of the Company | 6.12 | - |

(₹ in Lakhs)

| (b) Reconciliation of Earnings used as Numerator in Calculating Earnings Per Share | Year Ended | |
|---------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
| Earnings attributable to the Equity Holders of the Company including Movement in Regulatory Deferral Balances | 6,501.31 | - |
| Earnings attributable to the Equity Holders of the Company excluding Movement in Regulatory Deferral Balances | 6,501.31 | - |
| Total Earnings attributable to the Equity Holders of the Company | 6,501.31 | - |

(No. of Shares)

| (c) Weighted Average Number of Shares used as the Denominator | Year Ended | |
|----------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
| Weighted Average Number of Equity Shares used as the Denominator in calculating Basic Earnings per Share | 10,62,63,014 | 1,00,000 |
| Adjustments for calculation of Diluted Earnings per Share: | - | - |
| Total Weighted Average Number of Equity Shares used as the Denominator in Calculating Basic Earnings per Share | 10,62,63,014 | 1,00,000 |



POWERGRID Parli Transmission Limited

Note 30/ Employee Benefit Obligations

The Company does not have any Permanent Employees. The Personnel Working for the Company are from Holding Company on Secondment basis and are working on Time Share Basis. The Employee Cost (including Retirement Benefits such as Gratuity, Leave encashment, Post-Retirement Benefits etc.) in respect of personnel working for the company are paid by Holding Company and Holding Company is raising the Invoice to the Subsidiary Company towards Consultancy Charges.

Since there are no Employees in the Company, the Obligation as per Ind AS 19 "Employee Benefits" does not arise. Accordingly, no provision is considered necessary for any Retirement Benefit like Gratuity, Leave Salary, Pension etc., in the books of the Company.



POWERGRID Parli Transmission Limited

Note 31/ Fair Value Measurements

(₹ in Lakhs)

| Financial Instruments by Category | 31 st March 2019 | | 31 st March 2018 | |
|-----------------------------------------------------|-----------------------------|--------------------|-----------------------------|--------------------|
| | FVOCI | Amortised Cost | FVOCI | Amortised Cost |
| Financial Assets | | | | |
| Trade Receivables | - | 5,106.36 | - | - |
| Cash & Cash Equivalents | - | 101.50 | - | 765.87 |
| Other Financial Assets | - | 3,307.57 | - | 0.85 |
| Total Financial Assets | - | 8,515.43 | - | 766.72 |
| Financial Liabilities | | | | |
| Borrowings | - | 1,47,550.00 | - | 1,50,824.95 |
| Other Financial Liabilities (Current & Non-Current) | - | 6,676.20 | - | 16,836.88 |
| Total Financial Liabilities | - | 1,54,226.20 | - | 1,67,661.83 |

(i) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ in Lakhs)

| Assets and Liabilities which are Measured at Amortised Cost for which Fair Values are Disclosed | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------------------------------------------------------------|---------|--------------------|---------|--------------------|
| As at 31st March 2019 | | | | |
| Financial Assets | - | - | - | - |
| Total Financial Assets | - | - | - | - |
| Financial Liabilities | | | | |
| Borrowings | - | 1,43,375.87 | - | 1,43,375.87 |
| Other Financial Liabilities | - | 6,676.20 | - | 6,676.20 |
| Total Financial Liabilities | - | 1,50,052.07 | - | 1,50,052.07 |

(₹ in Lakhs)

| Assets and Liabilities which are Measured at Amortised Cost for which Fair Values are Disclosed | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------------------------------------------------------------|---------|--------------------|---------|--------------------|
| As at 31st March 2018 | | | | |
| Financial Assets | - | - | - | - |
| Total Financial Assets | - | - | - | - |
| Financial Liabilities | | | | |
| Borrowings | - | 1,45,570.25 | - | 1,45,570.25 |
| Other Financial Liabilities | - | 16,836.88 | - | 16,836.88 |
| Total Financial Liabilities | - | 1,62,407.13 | - | 1,62,407.13 |



Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year. The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of the financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2

| (iii) Fair Value of Financial Assets and Liabilities measured at Amortised Cost | | | | (₹ in Lakhs) |
|----------------------------------------------------------------------------------------|------------------------|--------------------|------------------------|---------------------|
| | 31st March 2019 | | 31st March 2018 | |
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial Assets | - | - | - | - |
| Total Financial Assets | - | - | - | - |
| Financial Liabilities | | | | |
| Borrowings | 1,47,550.00 | 1,43,375.87 | 1,50,824.95 | 1,45,570.25 |
| Other Financial Liabilities | 6,676.20 | 6,676.20 | 16,836.88 | 16,836.88 |
| Total Financial Liabilities | 1,54,226.20 | 1,50,052.07 | 1,67,661.83 | 1,62,407.13 |

The carrying amounts of Trade Payables, cash and cash equivalents, other current Financial Assets and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature. The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are observable. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.



POWERGRID Parli Transmission Limited

Note 32/ Capital Management

a) Risk Management

The Company's Objectives when Managing Capital are to

- maximize the Shareholder Value
- safeguard its ability to continue as a Going Concern
- maintain an Optimal Capital Structure to Reduce the Cost of Capital.

For the purpose of the Company's Capital Management, Equity Capital includes Issued Equity Capital, and all other Equity Reserves attributable to the Equity Holders of the Company. The Company manages its Capital Structure and makes adjustments in light of changes in Economic Conditions, Regulatory Framework. To maintain or adjust the Capital Structure, the company may adjust the Dividend Payment to Shareholders, Regulate Investments in New Projects, Return Capital to Shareholders or Issue New Shares.

The debt equity ratio of the company is as follows:

| Particulars | 31 st March 2019 | 31 st March 2018 |
|--------------------------------|-----------------------------|-----------------------------|
| Long Term Debt (₹ in Lakhs) | 1,47,550.00 | 1,47,658.49 |
| Equity (₹ in Lakhs) | 27,435.24 | 9.98 |
| Long Term Debt to Equity Ratio | 84:16 | 100 |

b) Dividend

| (₹ in Lakhs) | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Particulars | 31 st March 2019 | 31 st March 2018 |
| Equity Shares | | |
| Interim dividend for the year ended 31st March, 2019 of ₹ 1.07 (31st March, 2018 - ₹ Nil) per fully paid share (Excluding Dividend Distribution Tax) | 1,589.35 | Nil |

) Dividend Not Recognised at the End of the Reporting Period

The Board of Directors on 20.05.2019 recommended the payment of a Dividend of ₹ 0.90 per Fully Paid Equity Share. This proposed Dividend is subject to the approval of Shareholders in the ensuing Annual General Meeting.



POWERGRID Parli Transmission Limited

Note 33/Income Tax Expense

This Note provides an analysis of the Company's Income Tax Expense, and how the Tax Expense is affected by Non-Assessable and Non-Deductible Items. It also explains significant estimates made in relation to The company's Tax Positions.

| (a) Income Tax Expense | | (₹ in Lakhs) | |
|------------------------|---------------------------------------------------|-----------------------------|-----------------------------|
| | Particulars | 31 st March 2019 | 31 st March 2018 |
| <u>Current Tax</u> | | | |
| | Current Tax on Profits for the year | 1,976.52 | - |
| | Total Current Tax Expense (A) | 1,976.52 | - |
| <u>Deferred Tax</u> | | | |
| | Origination and reversal of temporary differences | 694.45 | - |
| | Total Deferred Tax Expense/(Benefit) (B) | 694.45 | - |
| | Income Tax Expense | 2,670.97 | - |

(b) Reconciliation of Tax Expense and the Accounting Profit multiplied by India's Domestic Tax Rate:

| | | (₹ in Lakhs) | |
|--|-------------------------------------------------------------------------|-----------------|------------|
| | Particulars | FY 2018-19 | FY 2017-18 |
| | Profit Before Tax | 9,172.28 | - |
| | Tax using company's domestic Tax Rate i.e. 29.12% (Previous Year @ Nil) | 2,670.97 | - |
| | Tax Effect of : | | |
| | Non deductible tax expenses | - | - |
| | Tax exempt income | - | - |
| | Minimum Alternate Tax adjustments | (694.45) | - |
| | Deferred Tax | 694.45 | - |
| | Tax Expenses recognise in statement of Profit & Loss | 2,670.97 | - |

(c) MAT Credit

As Company has option to avail MAT Credit in future against Income Tax Payable and hence MAT paid during earlier & in Current Year are carried forward.



POWERGRID Parli Transmission Limited

Note 34/ Financial Risk Management

The Company's Principal Financial Liabilities Comprise Loans and Borrowings denominated in Indian Rupees or Foreign Currencies, Trade Payables and Other Payables. The Company Identifies, Evaluates and Manages Financial Risks in Close Co-Operation with the Company's Operating Units

The Company's Principal Financial Assets Comprise Advances to Contractors, Cash & Cash Equivalents that are generated from its Operations.

The Company's activities expose it to the following financial risks, namely,

- Credit risk,
- Liquidity risk,
- Market risk.

(A) Credit Risk

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

Credit Risk Management

Credit risk is the risk that 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 on account of trade receivables and loans and advances and from its financing activities due to deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

A default on a financial asset is when the counterparty fails to make contractual payments within 3 years of when they fall due. This definition of default is determined considering the business environment in which the Company operates and other macro-economic factors.

Assets are written-off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in the statement of profit and loss.

(i) Trade Receivables

The Company primarily provides transmission facilities to inter-state transmission service customers (DICs) comprising mainly state utilities owned by State Governments. CERC tariff regulations allows payment against monthly bills towards transmission charges within a period of 60 days from the date of the bill and levy of charge on delayed payment beyond 60 days. A graded rebate is provided by the company for payment made within 60 days.

(ii) Other Financial Assets (excluding trade receivables)

- Cash and Cash Equivalents

The Company held cash and cash equivalents of ₹ 101.50/- Lakhs (Previous Year ₹ 765.87/- Lakhs). The cash and cash equivalents are held with public sector banks and high rated private sector banks and do not have any significant credit risk.

o Exposure to credit risk

| Particulars | (₹ in Lakhs) | |
|-----------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| | 31 st March 2019 | 31 st March 2018 |
| Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL) | | |
| Cash and cash equivalents | 101.50 | 765.87 |
| Other current financial assets | 3,307.57 | 0.85 |
| Total | 3,409.07 | 766.72 |
| Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL) | | |
| Trade receivables | 5,106.36 | - |



o Provision for expected credit losses

(₹ in Lakhs)

| Ageing | Not due | 0-30 days past due | 31-60 days past due | 61-90 days past due | 91-120 days past due | More than 120 days past due |
|----------------------------------------------|---------|--------------------|---------------------|---------------------|----------------------|-----------------------------|
| Gross carrying amount as on 31st March, 2019 | - | 2069.05 | 1748.18 | 1003.26 | 161.95 | 123.92 |
| Gross carrying amount as on 31st March, 2018 | - | - | - | - | - | - |

(B) Liquidity Risk

Prudent Liquidity Risk Management implies maintaining Sufficient Cash and Marketable Securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company has entered into Inter-Corporate Loan Agreement for Funding of its Obligations. For this, Company Provided Quarterly Cash Flows in Advance To Holding Company along with Monthly Requirement.

(i) Financing Arrangements

The company had access to the borrowing facilities with the Parent Company as per Agreement at the end of the reporting period.

(ii) Maturities of Financial Liabilities

The tables below analyse The company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(₹ in Lakhs)

| Contractual Maturities of Financial Liabilities: | Within 1 Year | Between 1 and 2 years | Between 2 and 5 years | Beyond 5 Years | Total |
|--------------------------------------------------|------------------|-----------------------|-----------------------|--------------------|--------------------|
| 31st March 2019 | | | | | |
| Non-Derivatives | | | | | |
| Borrowings | 20,719.86 | 19,947.66 | 55,405.45 | 1,51,167.25 | 2,47,240.22 |
| Other Financial Liabilities | 6,676.20 | - | - | - | 6,676.20 |
| Total Non-Derivative Liabilities | 27,396.06 | 19,947.66 | 55,405.45 | 1,51,167.25 | 2,53,916.42 |
| 31st March 2018 | | | | | |
| Non-Derivatives | | | | | |
| Borrowings | 10,457.67 | 10,961.18 | 53,468.13 | 1,77,960.70 | 2,52,847.68 |
| Other Financial Liabilities | 16,836.88 | - | - | - | 16,836.88 |
| Total Non-Derivative Liabilities | 27,294.55 | 10,961.18 | 53,468.13 | 1,77,960.70 | 2,69,684.56 |

(C) Market risk

(i) Foreign Currency Risk

The Company is exposed to Currency Risk mainly in respect of procurement of goods and services whose purchase consideration is denominated in foreign currency. Transmission Tariff are regulated by the Central Electricity Regulatory Commission (CERC). In Respect of goods and services procured for Capital Investment, the exchange rate variation is part of the project cost, for determination of Transmission Tariff. The currency risk in respect of goods and services procured for operation activities is not significant.

The Company's Exposure to Foreign Currency Risk at the end of the Reporting Period expressed in Rupees (₹) is Provided in Note 38



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Note 35.

- a) Balances of Trade Receivables and Recoverable shown under Assets and Trade and Other Payables shown under Liabilities include balances subject to confirmation/reconciliation and consequential adjustments if any. However, reconciliations are carried out on ongoing basis.
- b) In the opinion of the management, the value of any of the assets other than Property, Plant and Equipment and non-current investments on realization in the ordinary course of business will not be less than value at which they are stated in the Balance Sheet

Note 36.

- a) FERV Loss of ₹ 12.41 Lakhs (Previous Year Nil) has been recognized in the Statement of Profit and Loss.
- b) Borrowing Cost of ₹ 1573.74/- Lakhs (Previous Year ₹ 6920.32/- Lakhs) has been adjusted in the Capital Work in Progress (CWIP) as per Ind AS 23- "Borrowing Costs".

Note 37.

Based on information available with the company, there are few suppliers/service providers who are registered as micro, small or medium enterprise under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Information in respect of micro and small enterprises as required by Companies Act 2013 and MSMED Act, 2006 is given as under:

(₹ in Lakhs)

| Sr. No. | Particulars | Trade Payables | | Others | |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|
| | | 31st March, 2019 | 31st March, 2018 | 31st March, 2019 | 31st March, 2018 |
| 1 | Principal amount and interest due thereon remaining unpaid to any supplier as at end of each accounting year: | | | | |
| | Principal | Nil | Nil | Nil | Nil |
| | Interest | Nil | Nil | Nil | Nil |
| 2 | The amount of Interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | Nil | Nil | Nil | Nil |



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| | | | | | |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----|-----|-----|
| 3 | 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 MSMED Act, 2006 | Nil | Nil | Nil | Nil |
| 4 | The amount of interest accrued and remaining unpaid at the end of each accounting year. | Nil | Nil | Nil | Nil |
| 5 | 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 MSMED Act 2006 | Nil | Nil | Nil | Nil |

Note 38. Foreign Currency Exposure

Not hedged by a derivative instrument or otherwise

| Particulars | | Amount in Foreign Currency (in Lakhs) | | (₹ in Lakhs) | |
|---------------------------------------------------------|-----|---------------------------------------|------------|--------------|------------|
| | | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| Trade Payables/ Deposits and Retention Money | USD | 2.97 | 2.43 | 207.34 | 155.98 |
| Unexecuted Amount of contracts remaining to be executed | USD | 0.11 | 1.31 | 7.39 | 85.44 |

Note 39: Related Party Transactions

a) List of Holding Co.

| Name of Entity | Place of Business / Country of Incorporation | Proportion of Ownership Interest | |
|-----------------------------------------|----------------------------------------------|----------------------------------|-----------------------------|
| | | 31 st March 2019 | 31 st March 2018 |
| Power Grid Corporation of India Limited | India | 100% | 100% |



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b) List of Fellow Subsidiaries Co. (Subsidiary Co. of Holding Co.)

| Name of Entity | Place of Business / Country of Incorporation | Proportion of Ownership Interest | |
|-------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------|-----------------------------|
| | | 31 st March 2019 | 31 st March 2018 |
| Powergrid Vizag Transmission Limited | India | N/A | N/A |
| Powergrid NM Transmission Limited | India | N/A | N/A |
| Powergrid Unchahar Transmission Limited | India | N/A | N/A |
| Powergrid Kala Amb Transmission Limited | India | N/A | N/A |
| Powergrid Jabalpur Transmission Limited | India | N/A | N/A |
| Powergrid Warora Transmission Limited | India | N/A | N/A |
| Powergrid Southern Interconnector Transmission Limited | India | N/A | N/A |
| Powergrid Vemagiri Transmission Limited | India | N/A | N/A |
| Powergrid Medinipur Jeerat Transmission Limited | India | N/A | N/A |
| Powergrid Mithilanchal Transmission Limited [erstwhile ERSS XXI Transmission Limited] | India | N/A | N/A |
| Powergrid Varanasi Transmission System Limited (erstwhile WR-NR Power Transmission Limited) | India | N/A | N/A |
| Powergrid Jawaharpur Firozabad Transmission Limited (erstwhile Jawaharpur Firozabad Transmission Limited)# | India | N/A | N/A |

#100% equity in Powergrid Jawaharpur Firozabad Transmission Limited acquired from REC Transmission Projects Limited on 21st December, 2018 by Holding Company.

c) List of Fellow Joint Ventures (JVs of Holding Co.)

| Name of Entity | Place of Business / Country of Incorporation | Proportion of Ownership Interest | |
|-----------------------------------------------------|----------------------------------------------|----------------------------------|-----------------------------|
| | | 31 st March 2019 | 31 st March 2018 |
| Powerlinks Transmission Limited | India | N/A | N/A |
| Torrent Power Grid Limited | India | N/A | N/A |
| Jaypee Powergrid Limited | India | N/A | N/A |
| Parbati Koldam Transmission Company Limited | India | N/A | N/A |
| Teestavalley Power Transmission Limited*** | India | N/A | N/A |
| North East Transmission Company Limited | India | N/A | N/A |
| National High Power Test Laboratory Private Limited | India | N/A | N/A |
| Bihar Grid Company Limited | India | N/A | N/A |
| Kalinga Vidyut Prasaran Nigam Private Limited * | India | N/A | N/A |
| Cross Border Power Transmission Company Limited | India | N/A | N/A |



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| | | | |
|--------------------------------------|-------|-----|-----|
| RINL Powergrid TLT Private Limited** | India | N/A | N/A |
| Power Transmission Company Nepal Ltd | Nepal | N/A | N/A |

* POWERGRID's Board of Directors in its meeting held on 16th August 2017 accorded approval for initiating proceeding for Winding Up / Removal for the Name of Kalinga Vidyut Prasaran Nigam Private Limited under Fast Track Exist Mode of Registrar of Companies (ROC).

** POWERGRID Board of Directors in its meeting held on 1st May 2018 accorded in principle approval for winding up / dissolution of RINL Powergrid TLT Private Limited.

*** POWERGRID & Teesta Urja Ltd. are the joint venture partners in Teestavalley Power Transmission Limited & holds 26% and 74% of equity respectively as per shareholding agreement. On call of additional equity by Teestavalley Power Transmission Limited, POWERGRID Contributed their share amounting 11.28 Crores while the other JV partner has not contributed their share of money as on 31.03.2019. Consequently, the holding of POWERGRID increased to 28.23% as on 31.03.2019 against 26% provided in shareholding agreement.

d) List of Key Management Personnel

| Name | Designation | Date of Appointment |
|---------------------|---------------------|---------------------------------------|
| Smt. Seema Gupta | Chairperson | 23.03.2018 and Continuing |
| Sh. P. N. Dixit | Director | 07.05.2018 and resigned on 15.10.2018 |
| Shri. V. K. Khare | Director | 07.09.2017 and Continuing |
| Shri D.K.Valecha | Director | 24.04.2015 and resigned on 30.04.2018 |
| Shri S.Vaithilingam | Director | 24.04.2015 and resigned on 30.04.2018 |
| M. Taj Mukarrum | Director | 07.05.2018 and Continuing |
| Sh. Abhay Choudhary | Additional Director | 15.10.2018 and Continuing |
| Sh. Arunasis Basu | CFO | 02.08.2018 and Continuing |
| Ms. Shikha Gupta | Company Secretary | 02.08.2018 and Continuing |

(e) Outstanding Balances arising from Sales/Purchases of Goods and Services

The following balances are outstanding at the end of the reporting period in relation to transactions with related Parties

| | (₹ in Lakhs) | |
|-----------------------------------------|-----------------------------|-----------------------------|
| Particulars | 31 st March 2019 | 31 st March 2018 |
| Purchases of Goods and Services | | |
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | 261.91 | 1461.49 |

(f) Investments Received during the year (Equity)

| | (₹ in Lakhs) | |
|-----------------------------------------|-----------------------------|-----------------------------|
| Particulars | 31 st March 2019 | 31 st March 2018 |
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | 22840.00 | Nil |

(g) Loans From Related Parties



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(g) Loans From Related Parties

| (₹ in Lakhs) | | |
|-----------------------------------------|-----------------------------|-----------------------------|
| Particulars | 31 st March 2019 | 31 st March 2018 |
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | 147550.00 | 147658.49 |

(h) Interest Accrued on Loan

| (₹ in Lakhs) | | |
|-----------------------------------------|-----------------------------|-----------------------------|
| Particulars | 31 st March 2019 | 31 st March 2018 |
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | Nil | 3166.46 |

(i) Transactions with related parties

The following transactions occurred with related parties:

1. Consultancy Charges

| (₹ in Lakhs) | | |
|-----------------------------------------|------------------------------|------------------------------|
| Particulars | 31 st March 2019 | 31 st March 2018 |
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | 1444.98 (Excluding Taxes) | 4091.48 (Excluding Taxes) |

2. Interest on Loan

| (₹ in Lakhs) | | |
|-----------------------------------------|-----------------------------|-----------------------------|
| Particulars | 31 st March 2019 | 31 st March 2018 |
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | 11712.17 | 6920.29 |

Note 40. Segment Information

Business Segment

The Board of Directors is the company's Chief operating decision maker who monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. The Company has Single Reportable Segment i.e. Transmission, identified on the basis of product/services.

The Operations of the Company are mainly carried out within the Country and therefore, there is no reportable Geographical Segment.



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Note 41. Corporate Social Responsibilities (CSR)

As per section 135 of the Companies Act 2013, every company having net worth of Rupees Five Hundred Crore or more, or Turnover of Rupees One Thousand Crore or more or a Net Profit of Rupees Five Crore or more during any Financial Year, every year the company is required to spend, at least Two per cent of the Average Net Profits of the Company made during the Three immediately preceding Financial Years, in pursuance of its Corporate Social Responsibility Policy. Since, PPTL has not satisfied any of the above criteria, Expenditure on account of CSR does not apply to the company."

Note 42. Auditors Remuneration

| (₹ in Lakhs) | | | |
|--------------|----------------------|---------------------------------|---------------------------------|
| S. No. | Particulars | FY 2018-19 (Including Taxes) | FY 2017-18 (Including Taxes) |
| 1 | Statutory Audit Fees | 0.94 | 0.35 |
| 2 | Tax Audit | 0.18 | 0 |
| 3 | Other Matters | 0.03 | 0 |
| | | | |
| | Total | 1.15 | 0.35 |

Note 43. Capital and Other Commitments

| (₹ in Lakhs) | | |
|------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Particulars | As at 31 st March 2019 | As at 31 st March 2018 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) | 3,002.81 | 12491.36 |

Note 44. Contingent Liabilities and Contingent Assets

1) Contingent Liabilities

Claims against the Company not acknowledged as debts in respect of:

(i) Land compensation cases

In respect of land acquired for the projects, the land losers have claimed higher compensation before various authorities/courts which are yet to be settled. In such cases, contingent liability of ₹ 0.12 lakhs (Previous Year Nil) has been estimated.



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(ii) Other claims

In respect of claims made by various State/Central Government Departments/ Authorities towards building permission fees, penalty on diversion of agriculture land to non-agriculture use, Nala tax, water royalty etc. and by others, contingent liability of ₹ 25.79 Lakhs (Previous Year ₹ 25.79 Lakhs) has been estimated.

- 2) Bank Guarantee of ₹ 6390 Lakhs (Previous Year ₹ 6390 Lakhs) has been given by Power Grid Corporation of India Ltd. (Holding Co.) on behalf of Company.

Note 45. Impact of application of Ind AS 115 Revenue from Contracts with Customers

Effective April 1, 2018, the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The company has applied Ind AS 115 retrospectively only to contracts that are not completed as at the date of initial application, with the cumulative effect of initial application recognised as an adjustment to the opening balance of General Reserve at April 1, 2018. In accordance with the transition guidance in Ind AS 115 has only been applied to contracts that are incomplete as at April 1, 2018.

The company's accounting policies for its revenue streams are disclosed in Note 2.14. The application of Ind AS 115 do not have any significant impact on the financial position and/or financial performance of the company. The amount of adjustment for each line item of financial statement affected by the application of Ind AS 115 is as given below.

Impacts on assets, liabilities and equity as at April 1, 2018

(₹ in Lakhs)

| | As previously reported | Ind AS 115 adjustments | As restated |
|--------------------------------|------------------------|------------------------|-------------|
| Contract liabilities | Nil | Nil | Nil |
| Other Equity - General Reserve | Nil | Nil | Nil |

Impacts on Statement of Profit and Loss for the period ended March 31, 2019

Due to Implementation of Ind AS 115, Revenue from Operation increased by ₹ Nil, Finance Cost increased by ₹ Nil and Other Expenses increase by ₹ Nil. Profit after Tax increased by ₹ Nil during the year.

The following table discloses the movement in unbilled revenue during the year ended 31 March, 2019 and 31 March, 2018.

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---------------------------------------------|---------------------------|---------------------------|
| Balance at the beginning | Nil | Nil |
| Add: Revenue recognised during the period | 3307.13 | Nil |
| Less: Invoiced during the period | Nil | Nil |
| Less: Impairment/reversal during the period | Nil | Nil |
| Add: Translation gain/(Loss) | Nil | Nil |



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| | | |
|--------------------|---------|-----|
| Balance at the end | 3307.13 | Nil |
|--------------------|---------|-----|

The following table discloses the movement in contract liability during the year ended 31 March 2019 and 31 March 2018.

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|----------------------------------------------------------|------------------------------|------------------------------|
| Balance at the beginning | Nil | Nil |
| Add: Advance billing during the period | Nil | Nil |
| Less: revenue recognised during the period | Nil | Nil |
| a) From contract liability as at beginning of the period | | |
| b) From contract liability recognised during the period | | |
| Add: Translation gain/(Loss) | Nil | Nil |
| Balance at the end | Nil | Nil |

The entity determines transaction price based on expected value method considering its past experiences of refunds or significant reversals in amount of revenue. In estimating significant financing component, management considers the financing element inbuilt in the transaction price based on imputed rate of return. Reconciliation of revenue recognized vis-a-vis revenue recognized in profit or loss statement is as follows:-

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|-------------------------------------------------------------|------------------------------|------------------------------|
| Contracted price | 27550.16 | Nil |
| Add/ (Less)- Discounts/ rebates provided to customer | (165.70) | Nil |
| Add/ (Less)- Performance bonus | 912.12 | Nil |
| Add/ (Less)- Adjustment for significant financing component | Nil | Nil |
| Add/ (Less)- Other adjustments | 0.00 | Nil |
| Revenue recognized in profit or loss statement | 28296.58 | Nil |

* The previous year figures have been reclassified to confirm to Ind-AS presentation requirements for the purpose of this note.

A provision of ₹Nil has been created in the current financial year against trade receivables and unbilled debtors outstanding as on 31.03.2018 from a few customers and revenue from transmission and surcharge thereon amounting to ₹ 61.02 Lakh has not been recognized during the year due to uncertainty of collection of consideration in line with Ind AS 115 'Revenue from Contracts with Customers'.



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Note 46. Recent Accounting Pronouncements

Standard issued but Not Yet Effective

Ind AS 116 was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 19, 'Employee Benefits'

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must :

- Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- Any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- Separately recognise any changes in the asset ceiling through other comprehensive income.

These amendments will apply to any future plan amendments, curtailments, or settlements of the Company on or after 1 April 2019. The Company is evaluating the requirements of the amendment and the effect on financial statements.

) Amendment to Ind AS 12, 'Income Taxes'

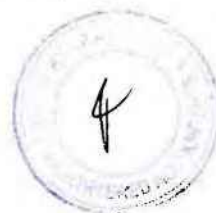
The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 23, 'Borrowing Costs'

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Company is evaluating the requirements of the amendment and the effect on financial statements.




Powergrid Parli Transmission Limited

Note 47. Previous Year Figures

1. The Previous Year's Figures have been reclassified/re-grouped wherever necessary.
2. Figures have been rounded off to nearest Rupees in Lakhs up to Two Decimal.

As Per Our Report of Even Date

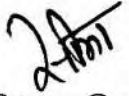
For Abhijit Kelkar & Co.,
Chartered Accountants
Firm Regn. No. 121920W



CA Abhijit Kelkar
Partner
Mem. No. 110841



Place : Nagpur
Date : 20.05.2019


For & On Behalf of The Board of Directors


(Seema Gupta)
Chairperson
DIN-06636330


(A. Basu)
Chief Financial Officer

Place : Gurugram
Date : 20/05/2019


(M Taj Mukarrum)
Director
DIN-08097837


(Shikha Gupta)
Company Secretary

Powergrid Parli Transmission Limited

Notes to Separate Financial Statements

1. Corporate and General Information

M/s POWERGRID Parli Transmission Limited ("the Company") domiciled and incorporated in India under the provisions of Companies Act and is wholly owned subsidiary of M/s Power Grid Corporation of India Limited. The Registered Office of the Company is situated at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi, India.

The company is engaged in business of Power Systems Network, construction operation and maintenance of transmission lines and other related allied activities.

The Financial Statements of the Company for the year ended 31st March 2019 were approved for issue by the Board of Directors on 20th May 2019.

2. Significant Accounting Policies

2.1. Basis of Preparation

i) Compliance with Ind AS

The financial statements are prepared in compliance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015, the relevant provisions of the Companies Act, 2013 (to the extent notified), The Companies Act, 1956 and the provisions of Electricity Act, 2003, in each case, to the extent applicable and as amended thereafter.

ii) Basis of Measurement

The financial statements have been prepared on accrual basis and under the historical cost convention except certain financial assets and liabilities measured at fair value at Note no. 2.11.

iii) Functional and presentation currency

The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency and all amounts are rounded to the nearest lakhs and two decimals thereof, except as stated otherwise.

iv) Use of estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and



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prudent basis taking into account all available information, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Note no. 3 on critical accounting estimates, assumptions and judgments).

v) Current and 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 realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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 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 settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

The Company recognizes twelve months period as its operating cycle.

2.2. Property, Plant and Equipment

Initial Recognition and Measurement

Property, Plant and Equipment is initially measured at cost of acquisition/construction including any costs directly attributable to bringing the asset to the location and



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condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation/amortisation and accumulated impairment losses, if any.

Property, Plant and Equipment acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized.

If the cost of the replaced part or earlier inspection is not available, the estimated cost of similar new parts/inspection is used as an indication of what the cost of the existing part/ inspection component was when the item was acquired or inspection was carried out.

In the case of commissioned assets, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

Transmission system assets are considered as ready for intended use after meeting the conditions for Commercial Operation as stipulated in Transmission Service Agreement (TSA) and capitalized accordingly.

The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken.

Expenditure on leveling, clearing and grading of land is capitalized as part of cost of the related buildings.

Spares parts whose cost is ₹ 5,00,000/- and above, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized.

Subsequent costs

Subsequent expenditure is recognized as an increase in carrying amount of assets when it is probable that future economic benefits deriving from the cost incurred will flow to the company and cost of the item can be measured reliably.

The cost of replacing part of an item of Property, Plant & Equipment is recognized in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit & Loss as incurred.



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Derecognition

An item of Property, Plant and Equipment is derecognized when no future economic benefits are expected from their use or upon disposal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

2.3. Capital Work-In-Progress (CWIP)

Cost of material, erection charges and other expenses incurred for the construction of Property, Plant and Equipment are shown as CWIP based on progress of erection work till the date of capitalization.

Expenditure of Offices and Projects, attributable to construction of property, plant and equipment are identified and allocated on a systematic basis to the cost of the related assets.

Interest during construction and expenditure (net) allocated to construction as per policy above are kept as a separate item under CWIP and apportioned to the assets being capitalized in proportion to the closing balance of CWIP.

Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.

2.4. Intangible Assets and Intangible Assets under development

Intangible assets are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on already capitalized Intangible assets is capitalised when it increases the future economic benefits embodied in an existing asset and is amortised prospectively.

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognized as an intangible asset when the same is ready for its use.

Afforestation charges for acquiring right-of-way for laying transmission lines are accounted for as intangible assets on the date of capitalization of related transmission lines.



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Expenditure incurred, eligible for capitalization under the head Intangible Assets, are carried as "Intangible Assets under Development" till such assets are ready for their intended use.

Expenditure on research shall be recognised as an expense when it is incurred.

Expenditure on development shall be recognised as Intangible asset if it meets the eligibility criteria as per Ind AS 38 'Intangible Assets', otherwise it shall be recognised as an expense.

An item of Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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 and Loss when the asset is derecognised.

2.5. Depreciation / Amortisation

Property, Plant & Equipment

Depreciation/amortisation on the assets related to transmission business is provided on straight line method following the rates and methodology notified by the CERC for the purpose of recovery of tariff, except for assets specified in the following paragraphs.

Leasehold land is fully amortized over lease period or life of the related plant whichever is lower in accordance with the rates and methodology specified in CERC Tariff Regulation. Leasehold land acquired on perpetual lease is not amortized.

Depreciation on spares parts, standby equipment and servicing equipment which are capitalized, is provided on straight line method from the date they are available for use over the remaining useful life of the related assets of transmission business, following the rates and methodology notified by the CERC.

Depreciation on following assets is provided based on estimated useful life as per technical assessment.

| Particulars | Useful life |
|---------------------------------|-------------|
| a. Computers & Peripherals | 3 Years |
| b. Servers & Network Components | 5 years |

Residual value of above assets is considered as Nil.

Mobile phones are charged off in the year of purchase.

Fixed Assets costing ₹ 5,000/- or less, are fully depreciated in the year of acquisition.



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Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively at the rates and methodology as specified by the CERC Tariff Regulations.

Depreciation on additions to/deductions from Property, Plant and Equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The residual values, useful lives and methods of depreciation for assets are reviewed at each financial year-end and adjusted prospectively, wherever required.

Intangible Assets

Cost of software capitalized as intangible asset is amortized over the period of legal right to use or 3 years, whichever is less with Nil residual value.

Afforestation charges are amortized over Thirty Five years from the date of capitalization of related transmission assets following the rates and methodology notified by Central Electricity Regulatory Commission (CERC) Tariff Regulations.

Amortisation on additions to/deductions from Intangible Assets during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The amortization period and the amortization method for an intangible asset are reviewed at each financial year-end and are accounted for as change in accounting estimates in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

2.6. Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised (net of income on temporary deployment of funds) as part of the cost of such assets till the assets are ready for the intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use.

Other borrowing costs are charged to revenue.

2.7. Impairment of non-financial assets, other than Inventories

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.



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The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.8. Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, and deposits held at call with banks having a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.9. Inventories

Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.

Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.

Spares which do not meet the recognition criteria as Property, Plant and Equipment, including spare parts whose cost is less than ₹ 5,00,000/- are recorded as inventories.

Surplus materials as determined by the management are held for intended use and are included in the inventory.

The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.



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2.10. Leases

i) As a Lessor

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 fulfillment of the 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.

A lease is classified at the inception date as a finance lease or an operating lease.

a) Finance leases

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is classified as a finance lease.

b) Operating leases

An operating lease is a lease other than a finance lease. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

For operating leases, the asset is capitalized as property, plant and equipment and depreciated over its economic life. Rental income from operating lease is recognized over the term of the arrangement.

ii) As a Lessee

a) Finance leases

Leases of property, plant and equipment where the company, as lessee has substantially all risks and rewards of ownership are classified as finance lease. On initial recognition, assets held under finance lease are recorded as property, plant and equipment and related liability is recognized under borrowings. At inception of the lease, finance leases are recorded at amount equal to fair value of leased asset or if lower the present value of minimum lease payments. The minimum lease payments made under finance leases are apportioned between the finance expense and reduction of the finance liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

b) Operating leases

Payments made under operating leases are recognized as an expense over the lease term.



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2.11. Financial instrument

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 - Classification

The Company classifies its financial assets in the following categories:

- at amortised cost,
- at fair value through other comprehensive income

The classification depends on the following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset

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, if any, that are attributable to the acquisition of the financial asset.

Subsequent measurement

Debt Instruments at Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Debt Instruments at Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI).

Equity investments

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The company may, on initial recognition, make an irrevocable election to present subsequent changes in the fair value in other comprehensive income (FVOCI) on an instrument by-instrument basis.

For equity instruments classified as at FVOCI, all fair value changes on the instrument, excluding dividends are recognized in the OCI. There is no recycling of the amounts



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from OCI to Profit or Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

De-recognition of financial assets

A financial asset is derecognized only when

The right to receive cash flows from the assets have expired, or

- The company has transferred the rights to receive cash flows from the financial asset, or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Impairment of financial assets:

For trade receivables, the company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For recognition of impairment loss on other financial assets and risk exposure, the company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 -month ECL.

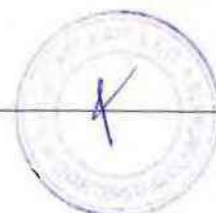
Financial Liabilities

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company.

The Company's financial liabilities include loans & borrowings, trade and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable to the issue of financial liabilities. Financial liabilities are classified as subsequently measured at amortized cost. 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 effective interest rate (EIR). Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the EIR.



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Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing 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 between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other income or finance cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.12. Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items are translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-Monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of initial recognition of the non-monetary prepayment asset or deferred income liability, or the date that related item is recognized in the financial statements, whichever is earlier.



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Foreign exchange gains and losses (other than related to foreign currency loans outstanding) are presented in the statement of profit and loss on a net basis within other gains/(losses).

The Company has availed the exemption available in Ind AS 101, to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary liabilities outstanding as on March 31, 2016.

Exchange differences arising from foreign currency borrowing to the extent regarded as an adjustment to interest costs are treated as borrowing cost.

Other exchange differences are recognized in the Statement of Profit and Loss.

2.13. Income Tax

Income tax expense represents the sum of current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case the tax is also recognised directly in equity or in other comprehensive income.

Current income tax

The current tax is based on taxable profit for the year under the Income Tax Act, 1961.

Deferred tax

Deferred Tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.



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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

2.14. Revenue

2.14.1 Transmission Income

Transmission Income is accounted for based on tariff orders notified by the CERC u/s 63 of Electricity Act, 2003 for adoption of transmission charges.

The Transmission system incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees and in accordance with the Transmission Service Agreement (TSA) entered between the Transmission Service Provider and the Long Term Transmission Customers. Where certification by RPCs is not available, incentive/disincentive is accounted for on provisional basis as per estimate of availability by the company and differences, if any is accounted on certification by RPCs.

2.14.2 Other Income

Interest income is recognized, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

Surcharge recoverable from trade receivables, liquidated damages, warranty claims and interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.

Scrap other than steel scrap & conductor scrap are accounted for as and when sold.

Dividend income is recognized when right to receive payment is established.

Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realization.



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Revenue from rentals and operating leases is recognized on an accrual basis in accordance with the substance of the relevant agreement.

2.15. Dividends

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognised directly in equity.

2.16. Provisions and Contingencies

a) 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. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

b) Contingencies

Contingent liabilities are disclosed on the basis of judgment of the management / independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised.

2.17. Share capital and Other Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.



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Self-insurance reserve is created @ 0.12% p.a. on Gross Block of Property, Plant and Equipment except assets covered under insurance as at the end of the year by appropriation of current year profit to mitigate future losses from un-insured risks and for taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers and equipment of AC substation. The Reserve created as above is shown as "Self Insurance Reserve" under 'Other Equity'.

2.18. Prior Period Items

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

2.19. Earnings per Share

Basic earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the net profit for the year attributable to the shareholders and weighted average number of equity and potential equity shares outstanding during the year, except where the result would be anti-dilutive.

Additionally, basic and diluted earnings per share are computed using the earnings amounts excluding the movements in Regulatory Deferral Account Balances.

2.20. Cash Flow Statement

Cash flow statement is prepared as per indirect method prescribed in the Ind AS 7 'Statement of Cash Flows'.



Powergrid Parli Transmission Limited

3. Critical Estimates and Judgments

The preparation of financial statements requires the use of accounting estimates which may significantly vary from the actual results. Management also needs to exercise judgment while applying the company's accounting policies.

The areas involving critical estimates or judgments are:

Revenue Recognition

Transmission income is accounted for based on orders issued by the CERC under section 63 of Electricity Act for adoption of transmission charges. Transmission income in respect of additional capital expenditure incurred after the date of commercial operation is accounted for based on expenditure incurred on year to year basis as per CERC tariff regulations.

Useful life of property, plant and equipment

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The Company reviews at the end of each reporting date the useful plant and equipment, other than the assets of transmission business which are governed by CERC Regulations, and are adjusted prospectively, if appropriate.

Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets". The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

Estimates and judgments are periodically evaluated. They are based on historical experience and other factors, including exceptions of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.





ABHIJIT KELKAR & CO.

CHARTERED ACCOUNTANTS

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Badkas Chowk, Mahal, Nagpur - 440 032

Tel : (0712) 2734514, 2773649

E-mail: info@kelkarcoca.com

Website : www.kelkarcoca.com

Compliance Certificate

We have conducted the audit of annual stand-alone accounts of **M/s POWERGRID Parli Transmission Limited** for the year ended 31st March 2019 in accordance with the directions/sub-directions issued by the C&AG of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with all the direction/Sub-directions issued to us.



For M/s Abhijit Kelkar & Co.,
Chartered Accountants
Firm Regn.No-121920W


Signature:

CA Abhijit Kelkar
Partner
Mem. No. 110841

Dated: - 21/05/2019
Place: - Nagpur

POWERGRID Parli Transmission Limited

(A 100% Subsidiary of Power Grid Corporation of India Ltd.)

Corporate Office: - Sampriti Nagar, Nari Ring Road, Uppalwadi, Nagpur-440026

Ref: PPTL/F&A/18-19/

Dated: - 20.05.2019

COMPLIANCE CERTIFICATE

The Annual Accounts for the Financial Year 2018-19 have been prepared keeping in view the provisions of Section 134(5) of the Companies Act, 2013 relating to Director's Responsibilities Statement i.e.

- i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) The Accounting Policies of the Company have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for Safeguarding the Assets of the Company and for Preventing and Detecting Fraud and other Irregularities;
- iv) The Annual Accounts have been prepared on a going concern basis.
- v) The laid down Internal Financial Controls (#) have been followed and such Internal Financial Controls are adequate and are operating effectively.
- vi) proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems are adequate and operating effectively



(CFO)
A. Basu
GM (F&A)

Date : 20.05.2019

Place : Gurgaon

(#)Explanation: For the purposes of this clause, the term "internal financial controls" means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to 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.

POWERGRID Parli Transmission Limited

(A 100% Subsidiary of Power Grid Corporation of India Ltd.)

Corporate Office: - Sampreti Nagar, Nari Ring Road, Uppalwadi, Nagpur-440026

Ref: PPTL/F&A/18-19/

Dated: - 20.05.2019

CERTIFICATE

This is to certify that, Financial Results of M/s POWERGRID Parli Transmission Limited for the Financial Year ended 31st March 2019, does not contain any false or misleading statement or figure and do not omit any material fact which may make the statement or figures contained therein misleading.



(Seema Gupta)

Chairperson



(A. Basu)

CFO

POWERGRID Parli Transmission Limited

(A 100% Subsidiary of Power Grid Corporation of India Ltd.)

Corporate Office: - Sampriti Nagar, Nari Ring Road, Uppalwadi, Nagpur-440026

Ref: PPTL/F&A/18-19/

Dated: - 20.05.2019

CERTIFICATE

This is to certify that, all the provisions relating to various Tax Laws, Companies Act and other laws as may be applicable from time to time have been complied with for the Financial Year 2018-19 in respect of the Company.

Signature :



Name : A. Basu

Designation : CFO

Date : 20.05.2019

POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED

**Wholly Owned Subsidiary of Power Grid Corporation of India Limited
(CIN: U40106DL2015GOI278746)**

ANNUAL REPORT (2018-19)

POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED

CIN: U40106DL2015GOI278746

Regd. Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016

Tel: 011-26560121; Fax: 011-26601081

DIRECTORS' REPORT

To,

Dear Members,

I on behalf of the Board of Directors present the Fourth Annual Report of POWERGRID Southern Interconnector Transmission System Limited (formerly Vemagiri II Transmission Limited) on the working of the Company together with Audited Financial Statement and Auditors Report for the financial year ended 31st March, 2019.

POWERGRID Southern Interconnector Transmission System Limited (PSITSL) (formerly Vemagiri II Transmission Limited) was acquired by Power Grid Corporation of India Limited (POWERGRID) on 4th December, 2015 under Tarrif based Competitive bidding from REC Transmission Projects Company Limited (the Bid Process Co-ordinator) for "Strengthening of Transmission System Beyond Vemagiri' Project on build, own operate and maintain (BOOM) basis. The transmission project comprising of 765 kV & 400 kV, D/C transmission lines is to traverse the states of Andhra Pradesh, Telangana & Karnataka and include establishment of one 765/400 kV Substation as well as 400kV bay extension at two existing sub-stations in the state of Andhra Pradesh. The Company was granted transmission license by CERC in March, 2016. Three elements of projects have been commissioned on 06.08.2018, 28.02.2019 and 31.07.2019. and remaining elements of the project are planned for commissioning in the year 2019.

Financial Performance

(₹ In Lakh)

| Particulars | 2018-19 | 2017-18 |
|-------------------------------|-----------------|----------|
| Revenue from Operations | 3,301.39 | - |
| Other Income | 13.32 | - |
| Total Income | 3,314.71 | - |
| Expenses | 3,526.90 | - |
| Profit before Tax | (212.19) | - |
| Profit after Tax | (156.02) | - |
| Earnings Per Equity Share (₹) | (0.18) | |

Share Capital

The Authorized Share Capital and Paid up Share Capital as on 31st March, 2019 of the Company were ₹675Crore and ₹515.504Crore, respectively. Further the Subscribed and Paid up Capital was increased to ₹670.004Crore divided into 67,00,04,000 equity shares of ₹10/- each.

Dividend and Transfer to Reserves

Your Directors have not recommended any dividend on the equity shares for the period under review.

Particulars of Loans, Guarantees or Investments

Your Company has not given any loans, provided any guarantee or security to any other entity.

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related parties referred to Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, are given as ***Annexure- I*** to the Directors' Report.

Material changes & commitments affecting financial position of the company occurring between the date of Financial Statements and the Board's Report

There are no material changes / commitments affecting financial position of the company occurring between the date of Financial Statements and the Board's Report.

Details of Significant & Material Orders passed by the regulators, courts, tribunals impacting the going concern status and company's operation in future

No significant / material orders passed by any authority during the Financial Year impacting the going concern status and Company's operation in future.

Deposits

Your Company has not accepted any deposit for the period under review.

Subsidiaries, Joint Ventures and Associate Companies

Your Company does not have any subsidiaries, joint ventures and associate companies.

Directors' Responsibility Statement

As required under section 134(3)(c) & 134(5) of the Companies Act, your Directors confirm that:

- a. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit/loss of the company for that period;
- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors had prepared the Annual Accounts on a going concern basis; and
- e. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go

There is no Conservation of Energy, Technology absorption, Foreign Exchange Earnings and outgo for the period under review.

Extract of Annual Return

The extract of Annual Return in Form MGT– 9 is enclosed at **Annexure –II** to this Report.

Board of Directors and Key Managerial Personnel

As on 31st March, 2019 the Board of the Company comprised, Shri R.K.Chauhan, Shri K. S. R. Murty, Shri D.C. Joshi, Shri V. Sekhar and Smt. V. Susheela Devi.

There were some changes in the Board of Directors of the Company during the financial year 2018-19. Shri D.K. Valecha and Shri S. Vaithilingam ceased to be Directors of the Company w.e.f. 30th April 2018. Shri K.S.R. Murty and Shri D.C. Joshi had been appointed as Additional Directors w.e.f. 08.02.2018 and 07.05.2018 respectively and after your approval in the last Annual General Meeting (AGM) held on 24.09.2018, these Directors were appointed as the Directors of the Company.

Subsequently, Shri Ravi P. Singh ceased to be Chairman & Director of the Company with effect from 22nd January, 2019. Further, Shri R. K. Chauhan and Smt. V. Susheela Devi were

appointed as an Additional Director with effect from 22nd January, 2019 and 26th March, 2019, respectively and who hold office upto the date of ensuing Annual General Meeting.

The Company has received a notice under Section 160 of the Companies Act, 2013 from a member of the Company for appointment of Shri R. K. Chauhan and Smt. V. Susheela Devi as Director, liable to retire by rotation in the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 2013 read with Articles of Association of the Company, Shri V. Sekhar shall retire by rotation at the Annual General Meeting of your Company and being eligible, offers himself for re-appointment.

None of the Directors is disqualified from being appointed/re-appointed as Director.

Pursuant to provisions of Section 203 of the Companies Act, 2013, subsequently after the end of the Financial Year 2018-16, Shri B. Girish Kumar and Ms. Divya Tandon were appointed as Chief Financial Officer and Company Secretary of the Company w.e.f. 09th April, 2019.

Number of Board meetings during the year

During the financial year ended 31st March, 2019, Sixteen (16) Board meetings were held on 22.05.2018, 24.05.2018, 01.08.2018, 24.09.2018, 01.10.2018, 30.10.2018, 20.11.2018, 13.12.2018, 18.12.2018 (2 meetings), 22.01.2019, 24.01.2019, 26.02.2019, 12.03.2019, 26.03.2019 and 31.03.2019. The detail of number of meetings attended by each Director during the financial year 2018-19 are as under:

| Name of Director | Designation | No. of Board Meetings which were entitled to attend during 2018-19 | No. of Board Meetings attendance during 2018-19 |
|--------------------------|--------------------|---------------------------------------------------------------------------|--------------------------------------------------------|
| Shri Shri R. K. Chauhan* | Chairman | 5 | 3 |
| Shri Ravi P. Singh** | Director | 11 | 10 |
| Shri K. S. R. Murty | Director | 16 | 16 |
| Shri D.C.Joshi | Director | 16 | 14 |
| Shri V. Sekhar | Director | 16 | 01 |
| Smt. V. Susheela Devi*** | Director | 1 | 0 |

* Appointed Director w.e.f 22/01/2019

**Ceased to be Director w.e.f 22/01/2019

*** Appointed Director w.e.f 26/03/2019

Committees of the Board

Audit Committee

The Audit Committee of the Company has been constituted as per provisions of Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014. As on 31.03.2019, the Audit Committee comprises three members viz. Shri R. K. Chauhan and Shri D. C. Joshi as its member and Shri K.S.R.Murty as Chairman of the Committee.

During the financial year 2018-19, three (3) meetings of Audit committee were held on 31.10.2018, 24.01.2019 and 12.03.2019.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee has been constituted in line with the requirement of the provisions of Section 178 of the Companies Act, 2013. The NRC comprises three members as on 31.03.2019 viz. Shri K.S.R. Murty, Shri D.C. Joshi as its members and Shri R. K. Chauhan, as Chairman of the Committee. There was no meeting of Nomination & Remuneration Committee held during the financial year 2018-19.

Declaration by Independent Directors

Ministry of Corporate Affairs (MCA) vide notification dated 05th July 2017 had amended the Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 {said Rule 4} as per which the unlisted public companies in the nature of wholly owned subsidiaries are exempted from the requirement of appointing Independent Directors on their Board. Accordingly PSITSL, being a Wholly Owned Subsidiary of Power Grid Corporation of India Limited is exempted from the requirement of appointing Independent Directors on their Board.

Performance Evaluation

Your Company, being wholly owned subsidiary of POWERGRID, is a Government Company and the appointment, tenure, performance evaluation etc. of Directors is done by the Parent Company/Government of India, therefore, such particulars have not been included as part of the Directors' Report.

Statutory Auditors

M/s D Siva Nageswara Rao & Co., Chartered Accountants, Hyderabad was appointed by Comptroller and Auditor General of India as Statutory Auditors of the Company for the financial

year 2018-19.

Statutory Auditors' Report

M/s D Siva Nageswara Rao & Co., Chartered Accountants, Hyderabad for the financial year 2018-19 have given an unqualified report. The report is self-explanatory and does not require any further comments by the Board.

Details in respect of frauds reported by auditors other than those which are reportable to the Central Government

The Statutory Auditors of the Company have not reported any frauds to the Board of Directors under section 143(12) of the Companies Act, 2013, including rules made thereunder.

Comptroller and Auditor General's (C&AG) Comments

Comptroller and Auditor General of India have conducted a supplementary audit under section 143(6)(a) of the Companies Act, 2013 of the financial statements of the Company for the year ended 31st March, 2019. C&AG vide letter dated 25.07.2019 has stated that on the basis of said supplementary audit nothing significant has come to their knowledge which would give rise to any comment upon or supplement to statutory auditors' report. Copy of letter dated 25.07.2019 of NIL comments received from C&AG is placed at **Annexure-III** to this report.

Secretarial Audit Report

Kumar Naresh Sinha & Associates, Practicing Company Secretary has conducted Secretarial Audit of the Company for the financial year ended 31st March, 2019. The Secretarial Auditor is placed at **Annexure-IV** to this report. The Secretarial Auditors have given an unqualified report.

Corporate Social Responsibility (CSR)

Your Company's has not satisfied the criteria during the Financial Year 2018-19. Therefore, the provisions of Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility (CSR) are presently not applicable to the Company.

Development & Implementation of Risk Management Policy

Your Company being a wholly owned subsidiary of POWERGRID is covered under the Risk Management Framework as being done in the holding company.

Particulars of Employees

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, exempting the Government Companies to comply with the provisions of Section 197 of the Companies Act,

2013 and corresponding rules of Chapter XIII. As your Company is a Government Company, the information has not been included as a part of Directors' report.

Prevention of Sexual Harassment at Workplace

There was no incidence of Sexual Harassment during the Financial Year 2018-19.

Internal Financial Control Systems and their adequacy

Your Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March, 2019.

Right to Information

In compliance to 'Right to Information Act, 2005', an appropriate mechanism is in place in the Company for promoting transparency and accountability, wherein the Company has nominated Central Public Information Officer / Appellate Authorities to provide required information under the provisions of Act.

Acknowledgement

The Board extends its sincere thanks to the Ministry of Power, the Central Electricity Regulatory Commission, POWERGRID, the Comptroller & Auditor General of India, and the Auditors of the Company.

For and on behalf of
POWERGRID Southern Interconnector
Transmission System Limited

Sd/-
(Rajeev Kumar Chauhan)
Chairman
DIN: 02018931

Date: 29th July, 2019
Place: Gurgaon

POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED**FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act
and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

| Sl. No. | Particulars | Details |
|----------------|-------------------------------------------------------------------------------------------------------------------|----------------|
| a | Name (s) of the related party & nature of relationship | - |
| b | Nature of contracts/arrangements/transaction | - |
| c | Duration of the contracts/arrangements/transaction | - |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e | Justification for entering into such contracts or arrangements or transactions' | - |
| f | Date of approval by the Board | - |
| g | Amount paid as advances, if any | - |
| h | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| Sl. No. | Particulars | Details |
|----------------|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| a | Name (s) of the related party & nature of relationship | Power Grid Corporation of India Limited Holding Company of POWERGRID Southern Interconnector Transmission System Limited |

| | | |
|---|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| b | Nature of contracts/arrangements/transaction | <p>Part (A): to take security(ies) / guarantee(s) in connection with loan (s) and / or any form of debt including ECBs and / or to provide inter corporate loan (s) on cost to cost basis, upto an amount of Rs. 2924 Crore (Rupees Two Thousand nine hundred twenty four Crore only) from POWERGRID.</p> <p>Part (B): to avail all inputs and services as may be required by the Company @ 5% of the actual project cost (excl. IDC and Consultancy Fee) plus tax as applicable.</p> <p>Part (C): to avail Post-CoD activities including O&M consultancy as may be required by the Project.</p> |
| c | Duration of the contracts/arrangements/transaction | <p>Part (A) As mutually agreed</p> <p>Part (B) Commissioning of the TBCB Project including associated reconciliation activities.</p> <p>Part (C) As mutually agreed</p> |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | Refer (b) |
| e | Date of approval by the Board | 19.03.2016 [for Part (A), Part (B) and 12.03.2019 [for part (C)] |
| f | Amount paid as advances, if any | NIL |

For and on behalf of
POWERGRID Southern Interconnector
Transmission System Limited

Sd/-
(Rajeev Kumar Chauhan)
Chairman
DIN: 02018931

Date: 29.07.2019
Place: Gurgaon

POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on March 31, 2019

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies
(Management and Administration) Rules, 2014]*

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i. | CIN | U40106DL2015GOI278746 |
| ii. | Registration Date | 6 th April, 2015 |
| iii. | Name of the Company | POWERGRID Southern Interconnector Transmission System Limited |
| iv. | Category/ Sub-Category of the Company | Company Limited by Shares / Union Government Company |
| v. | Address of the Registered office and contact details | B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 Tel: 011-26560121; Fax:011-26601081 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | CDSL Ventures Limited A Wing, 25 th Floor, Marathon Futurex, Mafatlal Mills Compounds, N M Joshi Marg, Lower Parel ©, Mumbai – 400013 Phone No. 022-61216903 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|-------------------------------------------------|----------------------------------|------------------------------------|
| 1 | Transmission | 35107 | 100 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name And Address of The Company | CIN/GLN | Holding/ Subsidiary /Associate | % of shares held | Applicable Section |
|---------|------------------------------------------------------|-----------------------|--------------------------------|------------------|--------------------|
| 1. | Power Grid Corporation of India Limited (POWERGRID)* | L40101DL1989GOI038121 | Holding company | 100% | 2(46) |

* Holding Company w.e.f. 04.12.2015

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--------------------------|-------------------------------------------------|----------|-------|-------------------|-------------------------------------------|----------|-----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | - | 6* | 6* | 0.012 | 6* | 0 | 6* | 0 | (0.012) |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | 0 | 49994 | 49994 | 99.988 | 515503994 | 0 | 515503994 | 100 | 0.012 |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(1):- | 0 | 50000 | 50000 | 100 | 515504000 | 0 | 515504000 | 100 | 0 |
| 2) Foreign | | | | | | | | | |
| g) NRIs-Individuals | - | - | - | - | - | - | - | - | - |
| h) Other-Individuals | - | - | - | - | - | - | - | - | - |
| i) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| j) Banks / FI | - | - | - | - | - | - | - | - | - |
| k) Any Other.... | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|---|---|---|---|
| Sub-total(A)(2):- | - | - | - | - | - | - | - | - | - |
| B. Public Shareholding | - | - | - | - | - | - | - | - | - |
| 1. <i>Institutions</i> | - | - | - | - | - | - | - | - | - |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non Institutions | - | - | - | - | - | - | - | - | - |
| a) Bodies Corp. (ii) Indian (ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals (ii) Individual share holders holding nominal share capital upto Rs. 1 lakh (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others (Specify) | - | - | - | - | - | - | - | - | - |
| Sub-total(B)(2) | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|---------------------------------------------|----------|--------------|--------------|------------|------------------|----------|------------------|------------|----------|
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 0 | 50000 | 50000 | 100 | 515504000 | 0 | 515504000 | 100 | 0 |

* 6 equity shares held by POWERGRID's nominees (Individuals) jointly with POWERGRID

ii.Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|--------|-----------------------------------------------------|-------------------------------------------|----------------------------------|-------------------------------------------------|-------------------------------------|----------------------------------|-------------------------------------------------|---------|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | |
| 1. | Power Grid Corporation of India Limited (POWERGRID) | 49994 | 99.988 | 0 | 515503994 | 100 | 0 | 0.012 |
| 2. | Shri Ravi P. Singh jointly with POWERGRID# | 01 | 0.002 | 0 | 01 | 0 | 0 | 0 |
| 3. | Shri D. K. Valecha jointly with POWERGRID* | 01 | 0.002 | 0 | 0 | 0 | 0 | (0.002) |

| | | | | | | | | |
|----|-----------------------------------------------|--------------|------------|----------|------------------|------------|----------|----------|
| 4. | Shri S. Vaithilingam jointly with POWERGRID** | 01 | 0.002 | 0 | 0 | 0 | 0 | (0.002) |
| 5. | Shri R. N. Singh jointly with POWERGRID | 01 | 0.002 | 0 | 01 | 0 | 0 | 0 |
| 6. | Shri K.S.R. Murty jointly with POWERGRID | 01 | 0.002 | 0 | 01 | 0 | 0 | 0 |
| 7. | Smt. Seema Gupta jointly with POWERGRID | 01 | 0.002 | 0 | 01 | 0 | 0 | 0 |
| 8. | Shri D. C. Joshi jointly with POWERGRID*** | 0 | 0 | 0 | 01 | 0 | 0 | 0 |
| 9. | Mohammed Taj Mukarrum jointly with POWERGRID | 0 | 0 | 0 | 01 | 0 | 0 | 0 |
| | Total | 50000 | 100 | 0 | 515504000 | 100 | 0 | 0 |

* Ceased to be Director with effect from 30.04.2018 and 01 Equity share held by Shri D. K. Valecha (jointly with POWERGRID) transferred to Shri D. C. Joshi (jointly with POWERGRID) on 22.05.2018.

** Ceased to be Director with effect from 30.04.2018 and 01 Equity share held by Shri S. Vaithilingam (jointly with POWERGRID) transferred to Mohammed Taj Mukarrum (jointly with POWERGRID) on 22.05.2018.

#Ceased to be Director with effect from 22.01.2019

***appointed as additional Directors with effect from 07.05.2018.

iii.Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 50000 | 100 | 515504000 | 100 |
| | Date wise Increase / Decrease in Promoters | | | | |

| | | | | | |
|--|------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----------|-----|
| | Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | <ol style="list-style-type: none"> 9,99,50,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 13.12.2018 in terms of Section 62(1) of the Companies Act, 2013. 10,00,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 18.12.2018 in terms of Section 62(1) of the Companies Act, 2013. 10,03,44,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 22.01.2019 in terms of Section 62(1) of the Companies Act, 2013. 10,51,60,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 26.02.2019 in terms of Section 62(1) of the Companies Act, 2013. 9,00,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 26.03.2019 in terms of Section 62(1) of the Companies Act, 2013. 2,00,00,000 Equity Shares of Rs.10/- each were allotted to POWERGRID on 31.03.2019 in terms of Section 62(1) of the Companies Act, 2013 01 Equity share held by Shri D. K. Valecha (jointly with POWERGRID) transferred to Shri D. C. Joshi (jointly with POWERGRID) on 22.05.2018. 01 Equity share held by Shri S. Vaithilingam (jointly with POWERGRID) transferred to Mohd. Taj Mukarram (jointly with POWERGRID) on 22.05.2018. <p>(May please also refer information provided under Sr. No. IV (ii) above).</p> | | | |
| | At the End of the year | 50000 | 100 | 515504000 | 100 |

iv. Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|-------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Top ten shareholders | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year | - | - | - | - |

| | | | | | |
|--|-------------------------------------------------------------------------------------------------------|---|---|---|---|
| | specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | - | - | - | - |

v. Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Directors and KMP | | | | |
| | For each of Directors | | | | |
| | | | | | |
| 1 | Shri Rajeev Kumar Chauhan, Director | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| | At the End of the year | 0 | 0 | 0 | 0 |
| 2. | Shri D. C. Joshi, Director | | | | |
| | At the beginning of the year | 0 | 0 | 01 | 0 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Shri D.K. Valecha, transferred 1 (One) Equity Shares of Rs. 10/- (Ten) to Shri D.C.Joshi jointly with POWERGRID on 22.05.2018 | | | |

| | | | | | |
|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|---|----|---|
| | At the End of the year | 01 | 0 | 01 | 0 |
| 3 | Shri K.S.R. Murty, Director | | | | |
| | At the beginning of the year | 01 | 0 | 01 | 0 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 01 | 0 | 01 | 0 |
| 4. | Shri V. Sekhar, Director | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 0 | 0 | 0 | 0 |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excludin g deposits | Unsecured Loans | Deposit s | Total Indebtedness |
|-----------------------------------------------------------|----------------------------------------------------------|----------------------------|----------------------|-------------------------------|
| Indebtedness at the beginning of the financial year | | | | |
| ii) Principal Amount | | 18,23,61,53,263.0 0 | | 18,23,61,53,263.0 0 |

| | | | | |
|--------------------------------------------------|--|--------------------|--|--------------------|
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not | | 35,21,91,610.50 | | 35,21,91,610.50 |
| Total(i+ii+iii) | | 18,58,83,44,873.50 | | 18,58,83,44,873.50 |
| Change in Indebtedness during the financial year | | | | |
| - Addition | | 10,80,54,75,489.00 | | 10,80,54,75,489.00 |
| - Reduction | | 1,88,05,28,174.00 | | 1,88,05,28,174.00 |
| Net Change | | 8,92,49,47,315.00 | | 8,92,49,47,315.00 |
| Indebtedness at the end of the financial year | | | | |
| ii) Principal Amount | | 27,07,56,14,802.00 | | 27,07,56,14,802.00 |
| ii) Interest due but not paid | | 43,76,77,386.80 | | 43,76,77,386.80 |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | | 27,51,32,92,188.80 | | 27,51,32,92,188.80 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: **[Not Applicable]**

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|-----------------------------------------------------------|-------------------------|---|---|---|--------------|
| 1. | Gross salary | - | - | - | - | - |
| | (a)Salary as per provisions contained in section 17(1) of | | | | | |

| | | | | | | |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| | the Income-tax Act, 1961 (b)Value of perquisites u/s 17(2) Income-tax Act, 1961 ©Profits in lieu of salary under section 17(3)Income- tax Act,1961 | | | | | |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission - as%ofprofit - others,specify... | - | - | - | - | - |
| 5. | Others, please specify | - | - | - | - | - |
| 6. | Total(A) | - | - | - | - | - |
| | Ceiling as per the Act | - | - | - | - | - |

B. Remuneration to other directors:

[Not Applicable]

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------|---|---|---|--------------|
| | <u>Independent Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify | - | - | - | - | - |
| | Total(1) | - | - | - | - | - |
| | <u>Other Non-Executive Directors</u> · Fee for attending board committee meetings · Commission · Others, please specify | - | - | - | - | - |
| | Total(2) | - | - | - | - | - |
| | Total(B)=(1+2) | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - |
| | Overall Ceiling as per the Act | - | - | - | - | - |

B. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD:

[Not Applicable]

| Sl. | Particulars of | Key Managerial Personnel |
|-----|----------------|--------------------------|
|-----|----------------|--------------------------|

| No. | Remuneration | | | | |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-------------------|-----|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a)Salary as per provisions contained in section 17(1)of the Income-tax Act,1961 (b)Value of perquisites u/s 17(2) Income-tax Act, 1961 ©Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as%of profit -others, specify... | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total | - | - | - | - |

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/ Punishment/Compounding fees imposed | Authority[RD /NCLT/Court] | Appeal made. If any(give details) |
|------------------------------------|------------------------------|-------------------|---------------------------------------------------------|---------------------------|-----------------------------------|
| A.Company | | | | | |
| Penalty | - | NIL | NIL | NA | NA |
| Punishment | - | NIL | NIL | NA | NA |
| Compounding | - | NIL | NIL | NA | NA |
| B.Directors | | | | | |
| Penalty | - | NIL | NIL | NA | NA |
| Punishment | - | NIL | NIL | NA | NA |
| Compounding | - | NIL | NIL | NA | NA |
| C.Other Officers In Default | | | | | |
| Penalty | - | NIL | NIL | NA | NA |
| Punishment | - | NIL | NIL | NA | NA |
| Compounding | - | NIL | NIL | NA | NA |

For and on behalf of
**POWERGRID Southern Interconnector
Transmission System Limited**

Sd/-
(Rajeev Kumar Chauhan)
Chairman
DIN: 02018931

Date: 29.07.2019
Place: Gurgaon

Form MR – 3

Secretarial Audit Report
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

POWERGRID Southern Interconnector Transmission System Limited

B-9, Qutab Institutional Area, Katwaria Sarai,

New Delhi-110016

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **POWERGRID Southern Interconnector Transmission System Limited [CIN: U40106DL2015GOI278746]** (hereinafter called the "Company") having its Registered Office at **B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **March 31, 2019** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **March 31, 2019** according to the provisions of:



- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not Applicable during the period under review)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): - **(Not Applicable during the period under review, as the Company is not Listed)**
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable during the period under review, as the Company is not Listed)**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not Applicable during the period under review, as the Company is not Listed)**
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable during the period under review, as the Company is not Listed)**
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable during the period under review, as the Company is not Listed)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable during the period under review, as the Company is not Listed)**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not Applicable during the period under review, as the Company is not Listed)**



- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable during the period under review, as the Company is not Listed)** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable during the period under review, as the Company is not Listed)**
- (vi) The other law, as informed and certified by the management of the Company which, is specifically applicable to the Company based on their sector/ industry is:

The Electricity Act, 2003

Being Electricity Transmission Company, the Electricity Act, 2003 is specifically applicable to the Company in respect of which, we have only verified the license and terms thereof issued by Central Electricity Regulatory Commission dated 14.03.2016 which is valid for a period of 25 years from the date of issue. Further, we have relied upon the representation made by the Management with respect to compliance of the terms of the Electricity Transmission License.

For the compliances of Labour Laws & other General Laws, our examination and reporting is based on the documents, records and files as produced and shown to us and the information and explanations as provided to us, by the officers and management of the Company and to the best of our judgment and understanding of the applicability of the different enactments upon the Company. In our opinion, there are adequate systems and processes exist in the Company to monitor and ensure compliance with applicable General laws and Labour Laws.

The compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this audit since the same have been subject to review by the statutory financial auditor and other designated professionals.



We have also examined compliance with the applicable clauses/Regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. **(Being non-listed company during the period under review, it's not applicable).**

During the period under review and as per the explanations and representations made by the officers and management and subject to the clarifications given to us, the Company has satisfactorily complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted. The Changes in the Composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, including Committees thereof, along with agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.



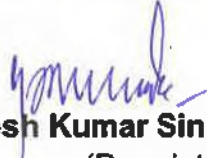
We further report that during the Audit period,

- The Company has increased its Authorized Share Capital from Rs. 1,00,00,000 (Rupees One crore) divided into 10,00,000 equity shares of Rs. 10/- each to Rs. 6,75,00,00,000/- (Rupees Six Hundred and Seventy-Five Crores) divided into 67,50,00,000 equity shares of Rs. 10/- each.
- The Company has allotted 51,54,54,000 equity shares of Rs.10/- (Rupees Ten Only) each at par to Power Grid Corporation of India Limited..
- Smt. V. Susheela Devi, CGM - Finance, POWERGRID was appointed as the Additional Director of the Company, with effect from 26-03-2019.
- Shri Rajeev Kumar Chauhan, was appointed as Chairman and Additional Director of the Company, with effect from 22-01-2019 vice Shri Ravi P. Singh, who ceased to be the Chairman and Director of the Company, with effect from 22/01/2019.
- Shri D.C. Joshi, was appointed as the Director of the Company, with effect from 07-05-2018

Date: 27.06.2019
Place: NOIDA

For Kumar Naresh Sinha & Associates
Company Secretaries




Naresh Kumar Sinha
(Proprietor)
FCS No.: 1807
CP No.: 14984

Note: This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

Annexure-A

To,
The Members
POWERGRID Southern Interconnector Transmission System Limited
B-9, Qutab Institutional Area, Katwaria Sarai,
New Delhi-110016

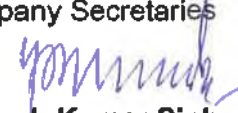
Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our finding/ audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company. We have relied upon the Reports of statutory Auditors regarding compliance of Companies Act, 2013 and Rules made thereunder relating to maintenance of Books of Accounts, papers and financial statement of the relevant financial Year, which give a true and fair view of the state of the affairs of the Company.
4. We have relied upon the reports of statutory auditors regarding compliance of Fiscal Laws including Goods and Service Tax and not gone into that.
5. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: 27.06.2019
Place: NOIDA



For Kumar Naresh Sinha & Associates
Company Secretaries


Naresh Kumar Sinha
(Proprietor)
FCS No.: 1807
CP No.: 14984



गोपनीय
No. MAB-III/REP/01-37/A/cs-Powergrid Southern Interconnector/2019-20/ 314

भारतीय लेखापरीक्षा और लेखा विभाग

कार्यालय

प्रधान निदेशक, वाणिज्यिक लेखा परीक्षा

एवं पदेन सदस्य लेखा परीक्षा बोर्ड-III

नई दिल्ली

Indian Audit & Accounts Department
OFFICE OF THE
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
& EX-OFFICIO MEMBER, AUDIT BOARD-III
NEW DELHI

दिनांक/Dated: 25/07/2019

सेवा में,

अध्यक्ष,

पावर ग्रिड दक्षिण इंटरकनेक्टर ट्रांसमिशन सिस्टम लिमिटेड,

गुड़गाँव

महोदय,

विषय:- 31 मार्च 2019 को समाप्त वर्ष के लिये पावर ग्रिड दक्षिण इंटरकनेक्टर ट्रांसमिशन सिस्टम लिमिटेड, गुड़गाँव, के लेखाओं पर कम्पनी अधिनियम 2013 की धारा 143(6)(b) के अन्तर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

मै, पावर ग्रिड दक्षिण इंटरकनेक्टर ट्रांसमिशन सिस्टम लिमिटेड, गुड़गाँव, के 31 मार्च 2019 को समाप्त वर्ष के लेखाओं पर कंपनी अधिनियम 2013 की धारा 143(6)(b) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अग्रेषित कर रही हूँ। कृपया इस पत्र की संलग्नकों सहित प्राप्ति की पावती भेजी जाए।

संलग्नक: यथोपरि

भवदीया,

रिना

(रिना अकोइजम)

प्रधान निदेशक

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF POWER GRID SOUTHERN INTER CONNECTOR
TRANSMISSION SYSTEM LIMITED FOR THE YEAR ENDED 31 MARCH 2019**

The preparation of financial statements of Power Grid Southern Inter Connector Transmission System Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 22 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Power Grid Southern Inter Connector Transmission System Limited for the year ended 31 March 2019 under Section 143 (6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report under section 143 (6) (b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India



(Rina Akoijam)

**Principal Director of Commercial Audit &
Ex-officio Member, Audit Board – III,
New Delhi**

Place: New Delhi

Date: 25/07/2019



FINANCIAL STATEMENTS & NOTES FOR THE YEAR ENDED 2018-19



POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED

REGISTERED OFFICE: B-9, QUTAB INSTITUTIONAL AREA, KATWARIA SARAI, NEW DELHI - 110016

CIN : U40106DL2015GOI278746



Independent Auditors' Report

To the Members of Powergrid Southern Interconnector Transmission System Limited.
[CIN:U40106DL2015GOI278746]

Report on the Audit of the Standalone Financial Statements

Opinion .

We have audited the standalone financial statements of Power Grid Southern Interconnector Transmission System Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by 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 31 March 2019 and its loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone 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 (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 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 opinion.

Responsibilities of the Management and Those Charged with Governance for Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards



specified under section 133 of the Act. 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 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 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 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.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Standards on Auditing (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 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 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 Companies Act, 2013, 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 auditors' report to the related disclosures in the standalone 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 auditors' 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 financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

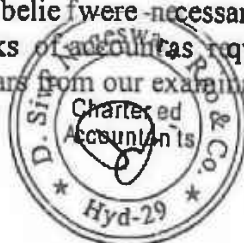
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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-A** a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. In terms of sub section (5) of section 143 of the Companies Act, 2013, we give in the **Annexure-B** a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.
3. 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, Statement of Profit and Loss, Statement of Changes in Equity and the Cash flow statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) As per the notification number G.S.R. 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Section 164(2) of the Act regarding the disqualifications of Directors, is not applicable to the Company since it is a Government Company;
- f) A report in **Annexure-C** is attached herewith regarding the adequacy of Internal Financial Control and its operating effectiveness; and
- g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) 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 of its Standalone Indian Accounting Standards Financial Statements as of March 31, 2019.
 - 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.
 - iii) There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.
- h) As per the notification number G.S.R. 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Section 197 of the Act regarding managerial remuneration is not applicable to the Company since it is a Government Company.



For **D. Siva Nageswara Rao & Co.,**
Chartered Accountants
Firm Regn. No. 007162S

[Signature]

D. Ranga Rao
Partner

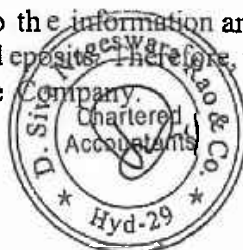
Membership No. 204913

Place: Gurugram
Date: May 22, 2019.

Annexure-A

Annexure –A referred to in paragraph 1 under the heading ‘Report on Other Legal and Regulatory Requirements’ of our report of even date to the members of Powergrid Southern Interconnector Transmission System Limited (“the Company”) on the standalone financial statements as of and for the year ended 31 March 2019

- i. In respect of the Company’s fixed assets :
 - (a) According to information and explanations given to us, the Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) According to information and explanations given to us, the fixed assets were physically verified by the management in accordance with the programme of information, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. The discrepancies noticed on physical verification were not material and have been properly dealt with in the books of account.
 - (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of the land and buildings which are freehold, are held in the name of the Company as at Balance Sheet date. Mutation in the name of the Company in respect of Land purchased for 12.25 Acres as mentioned in the Note-4 Property, Plant and Equipment is yet to be done.
- ii. In Our opinion and according to the Information and explanation given to us, there is no Inventory. Hence, the provisions of Clause 3(ii) is not applicable.
- iii. In Our Opinion and according to the Information and explanation given to us, the Company has not granted any secured or unsecured loans during the year under report.
- iv. In our opinion and according to information and explanation given to us, the company has not granted any loans or not made any investments or given guarantee or security during the financial year. Therefore, the provisions of clause 3(iv) of the Order are not applicable to the Company.
- v. In our opinion and according to the information and explanation given to us, the Company has not accepted the deposits. Therefore, the provisions of clause 3(v) of the Order is not applicable to the Company.



- vi. In our opinion and according to the information and explanation given to us, the provisions of clause 3(vi) of the Order regarding maintenance of cost records is not applicable to the Company.
- vii. (a) According to the information and explanation given to us, the Company is generally regular in depositing undisputed statutory dues with the appropriate authorities and there were no arrears as at March 31, 2019 for the period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues that were not deposited on account of any dispute.
- viii. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans to banks or financial institutions.
- ix. In our opinion and according to the information and explanation given to us, the Company has not raised money by way of initial public offer or further public offer. Money raised by way of Term Loans were applied for the purpose for which those were raised.
- x. To the best of our knowledge and belief and according to the information and explanation given to us, no material fraud on or by the Company has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanation given to us, the clause relating to managerial remuneration is not applicable to the Company.
- xii. In our opinion and according to the information and explanation given to us, the clause relating to Nidhi company is not applicable to the Company.
- xiii. In our opinion and according to the information and explanation given to us, the related party transactions are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the standalone financial statements as required by the applicable Indian accounting standards.
- xiv. In our opinion and according to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or debentures during the year hence this clause is not applicable.
- xv. In our opinion and according to the information and explanation given to us, the Company has not entered into any non-cash transactions during the year hence this clause is not applicable.



- xvi. In our opinion and according to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 hence this clause is not applicable.



For **D. Siva Nageswara Rao & Co.,**
Chartered Accountants
Firm Regn. No. 007162S

A handwritten signature in black ink, appearing to read "D. Ranga Rao", written over a horizontal line.

D. Ranga Rao
Partner
Membership No. 204913

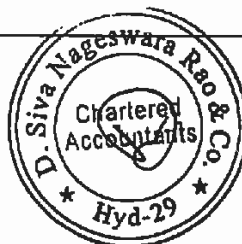
Place: Gurugram
Date: May 22, 2019.

Annexure-B

Annexure-B referred to in paragraph 2 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Powegrid Southern Interconnector Transmission System Limited ("the Company") on the Standalone Financial Statements as of and for the year ended 31st March, 2019.

Report on the directions issued under section 143(5) of the Companies Act, 2013 given by the Comptroller & Audit General of India in respect of audit of Annual Accounts of Powergrid Southern Interconnector Transmission System Limited for the year ended 31st march 2019:

| SI. No. | Direction | Auditors' Report | Impact on Accounts and Financial Statements |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| 1 | Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | Based on the information and representations provided by the Management to us and based on the verification procedures performed by us, the Company has system in place to process/record all the accounting transactions through IT system. No accounting transactions are being recorded / processed through other than IT System. | Nil. |
| 2 | Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. | Based on the information and representations provided by the Management to us and based on the verification procedures performed by us there were no restructuring of loans or cases of waiver/write off of debts/loans/interest etc. during the year. | Nil |



| | | | |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| 3 | Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation. | Based on the information and representations provided by the Management to us and based on the verification procedures performed by us, no funds were received for any specific schemes from Central/State agencies during the year. | Nil. |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|



For **D. Siva Nageswara Rao & Co.,**
Chartered Accountants
Firm Regn. No.007162S

[Handwritten signature]

D. Ranga Rao
Partner
Membership No. 204913

Place: Gurugram
Date: May 22,2019

Annexure-C

Annexure-C referred to in paragraph 3(f) under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Powegrid Southern Interconnector Transmission System Limited ("the Company") on the Standalone Financial Statements as of and for the year ended 31st March, 2019

Independent Auditor's 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 **Powergrid Southern Interconnector Transmission System Limited** as of March 31, 2019 in conjunction with our audit of the Standalone Indian Accounting Standard Financial Statements of the Company for the year ended on that date.

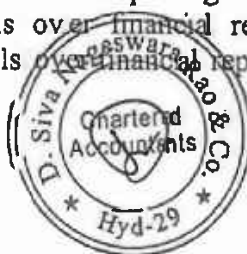
Management's Responsibility for Internal Financial Controls

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 ('the ICAI'). 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 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.

Auditors' 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, issued by ICAI and deemed to be prescribed 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 judgment, including the assessment of the risks of material misstatement of the Standalone Indian Accounting Standards 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 Company's internal financial controls system over financial reporting.

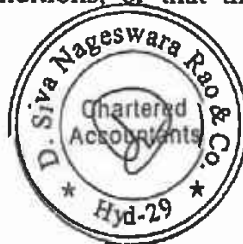
Meaning of Internal Financial Controls over Financial Reporting

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 Standalone Indian Accounting Standards 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 Standalone Indian Accounting Standards Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Indian Accounting Standards Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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 and such internal financial controls over financial reporting were operating effectively as at 31 March 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.

Place: Gurugram
Date: May 22, 2019.



For **D. Siva Nageswara Rao & Co.,**
Chartered Accountants
Firm Regn. No.0071,62S

A handwritten signature in black ink, appearing to be "D. Ranga Rao".

D. Ranga Rao
Partner
Membership No. 204913

POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED

CIN:U40106DL2015GOI278746

Balance Sheet as at 31st March, 2019

(₹ in Lakhs)

| Particulars | Note No | As at 31st March, 2019 | As at 31st March, 2018 |
|--------------------------------------------------------------------------------------------|---------|------------------------|------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, Plant and Equipment | 4 | 87,279.49 | 2,149.32 |
| Capital work-in-progress | 5 | 2,52,300.05 | 2,43,443.63 |
| Other non-current assets | 6 | 434.75 | 3,235.33 |
| Deferred tax Asset (Net) | 7 | 56.17 | - |
| | | 3,40,070.46 | 2,48,828.28 |
| Current assets | | | |
| Financial Assets | | | |
| Trade receivables | 8 | 1,079.46 | - |
| Cash and cash equivalents | 9 | 23.71 | 22.73 |
| Bank balances other than cash & cash equivalents | 10 | 2.00 | - |
| Other current financial assets | 11 | 0.06 | - |
| | | 1,105.23 | 22.73 |
| Total Assets | | 3,41,175.69 | 2,48,851.01 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share capital | 12 | 51,550.40 | 5.00 |
| Other Equity | 13 | (158.35) | (2.32) |
| | | 51,392.05 | 2.68 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial Liabilities | | | |
| Borrowings | 14 | 2,70,756.15 | 1,82,361.53 |
| | | 2,70,756.15 | 1,82,361.53 |
| Current liabilities | | | |
| Financial Liabilities | | | |
| (i) Trade payables | 15 | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | | | - |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 62.13 | - |
| (ii) Other current financial liability | 16 | 18,156.30 | 65,583.45 |
| Other current liabilities | 17 | 809.06 | 903.35 |
| | | 19,027.49 | 66,486.80 |
| Total Equity and Liabilities | | 3,41,175.69 | 2,48,851.01 |

The accompanying notes (1 to 41) form an integral part of financial statements

As per our report of even date
For D. SIVA NAGESWARA RAO & C O
Chartered Accountants
ICAI FRN: 007162S

D. Ranga Rao

D. Ranga Rao
Partner
Membership No: 204913

Place : Gurugram

Date : 22/05/2019



For and on behalf of the Board of Directors

Rajeev Kumar Chauhan
Rajeev Kumar Chauhan
Chairman
DIN: 02018931

B Girish Kumar
B Girish Kumar
CFO

Place : Gurugram

Date : 22/5/2019

V. Susheela Devi
V. Susheela Devi
Director
DIN: 07828528

Divya Tandon
Divya Tandon
Company Secretary

POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED

CIN:U40106DL2015GOI278746

Statement of Profit and Loss for the year ended 31st March, 2019

(₹ in Lakhs)

| | Particulars | Note No. | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
|------|-------------------------------------------------|----------|-------------------------------------|-------------------------------------|
| I | Revenue From Operations | 18 | 3,301.39 | - |
| II | Other Income | 19 | 13.32 | - |
| III | Total Income (I + II) | | 3,314.71 | - |
| IV | EXPENSES | | | |
| | Finance costs | 20 | 1,697.40 | - |
| | Depreciation and amortization expense | 21 | 1,376.19 | - |
| | Other expenses | 22 | 453.31 | 0.00 |
| | Total expenses (IV) | | 3,526.90 | 0.00 |
| V | Profit/(loss) before tax (III - IV) | | (212.19) | 0.00 |
| VI | Exceptional Items | | - | - |
| VII | Profit/(loss) before tax (V-VI) | | (212.19) | 0.00 |
| VIII | Tax expense: | | | |
| | (1) Current tax | | - | - |
| | (2) Deferred tax | | (56.17) | - |
| | Profit/(loss) for the period | | (156.02) | 0.00 |
| | Other Comprehensive Income | | - | - |
| | Total Comprehensive Income for the period | | (156.02) | 0.00 |
| | Earnings per equity share (Par value ₹ 10 each) | | | |
| | (1) Basic (in ₹) | | (0.18) | - |
| | (2) Diluted (in ₹) | | (0.18) | - |

The accompanying notes (1 to 41) form an integral part of financial statements

As per our report of even date

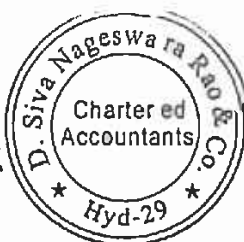
For and on behalf of the Board of Directors

For D. SIVA NAGESWARA RAO & CO

Chartered Accountants

ICAI FRN: 0071625

D. Ranga Rao



D. Ranga Rao

Partner

Membership No: 204913

Place : Gurugram

Date : 22/05/2019

Rajeev Kumar Chauhan

Rajeev Kumar Chauhan

Chairman

DIN: 02018931

B. Grish Kumar

B. Grish Kumar

CFO

Place : Gurugram

Date : 22/5/2019

V. Susheela Devi

V. Susheela Devi

Director

DIN: 07828528

Divya Pandan

Divya Pandan

Company Secretary

POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED
CIN:U40106DL2015GOI278746
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31-Mar-2019

(₹ in Lakhs)

| Particulars | For the Year ended 31-Mar-2019 | For the Year ended 31-Mar-2018 |
|--------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| A. Cash Flows from Operating Activities: | | |
| Profit Before Tax | (212.19) | 0.00 |
| Adjustments: | | |
| - Depreciation & Amortization Expenses | 1376.19 | - |
| - Finance Cost | 1697.40 | - |
| Operating Profit/Loss before Working Capital Changes | 2861.40 | 0.00 |
| Net change in | | |
| - Trade Receivables | (1,079.46) | |
| - Other Assets | (0.06) | (74.21) |
| - Trade Payables | 62.13 | - |
| - Other Liabilities | - | - |
| Cash Generated from Operations | 1,844.01 | (74.21) |
| Less: Taxes paid | 52.31 | - |
| Net Cash from operating activities (A) | 1791.70 | (74.21) |
| B. Cash Flows from Investing Activities: | | |
| - Property Plant & Equipment & CWIP | (1,22,897.38) | (1,43,581.37) |
| - Deposits | (2.00) | 0.00 |
| Net Cash from investing activities (B) | (1,22,899.38) | (1,43,581.37) |
| C. Cash Flows from Financing Activities: | | |
| - Share Capital & Share application money | 51,545.40 | - |
| - Loans raised during the year | 79,467.00 | 1,43,494.75 |
| - Interest & Finance Cost Paid | (9,903.73) | - |
| Net Cash from financing activities (C) | 1,21,108.67 | 1,43,494.75 |
| D. Net increase/(Decrease) in cash and cash equivalents (A) + (B) + (C) | 0.98 | (160.83) |
| E. Cash and Cash Equivalents (Opening balance) | 22.73 | 183.56 |
| F. Cash and Cash Equivalents (Closing balance) - Note No. 9 | 23.71 | 22.73 |

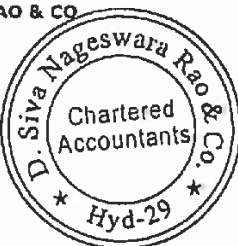
The accompanying notes (1 to 41) form an integral part of financial statements

Note:

- i) Cash & Cash equivalents consist of cheques, drafts
ii) Previous year figures have been re-grouped / re-arranged wherever required.

As per our report of even date
For D. SIVA NAGESWARA RAO & CO
Chartered Accountants
ICAI FRN: 007162S

D. Ranga Rao



D. RANGA RAO
Partner
Membership No: 204913

Place : Gurugram

Date : 22/05/2019

For and on behalf of the Board of Directors

Rajeev Kumar Chauhan
Rajeev Kumar Chauhan
Chairman
DIN: 03018931

B Girish Kumar
B Girish Kumar
CFO

Place : Gurugram

Date : 22/5/2019.

V. Susheela Devi
V. Susheela Devi
Director
DIN: 07828528

Divya Tandon
Divya Tandon
Company Secretary

POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED

CIN:U40106DL2015GOI278746

Statement of Changes in Equity for the year ended 31st March 2019

A. Equity Share Capital

(₹ in Lakhs)

| | |
|---------------------------------|-----------|
| As at 31st March, 2017 | 5.00 |
| Changes in equity share capital | - |
| As at 31st March, 2018 | 5.00 |
| Changes in equity share capital | 51,545.40 |
| As at 31st March, 2019 | 51,550.40 |

B. Other Equity

(₹ in Lakhs)

| Particulars | Reserves and Surplus | Total |
|-----------------------------------------|----------------------|--------|
| | Retained Earnings | |
| Balance at 1st April 2017 | (2.32) | (2.32) |
| Total Comprehensive Income for the year | | 0.00 |
| Balance at 31st March, 2017 | (2.32) | (2.32) |

Statement of Changes in Equity for the Year ended 31st March 2019 (Contd.)

(₹ in Lakhs)

| Particulars | Reserves and Surplus | Total |
|-----------------------------------------|----------------------|----------|
| | Retained Earnings | |
| Balance at 1st April, 2018 | (2.32) | (2.32) |
| Total Comprehensive Income for the year | (156.02) | (156.02) |
| Balance at 31st March, 2019 | (158.35) | (158.35) |

The accompanying notes (1 to 41) form an integral part of financial statements

Refer Note 13 for movement and nature of Reserve and Surplus

As per our report of even date

For D. SIVA NAGESWARA RAO & CO

Chartered Accountants

ICAI FRN: 007162S



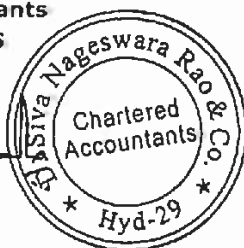
D. RANGA RAO

Partner

Membership No: 204913

Place : Gurugram

Date : 22/05/2019



Rajeev Kumar Chauhan

Chairman

DIN: 02018931

B Girish Kumar

CFO

Place : Gurugram

Date : 22/5/2019

For and on behalf of the Board of Directors



Susheela Devi
Director
DIN: 07828528



Divya Jandon
Company Secretary

POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED

Particulars 4/Property, Plant and Equipment

(₹ in Lakhs)

| Particulars | Cost | | | | | Accumulated depreciation | | | | | Net Book Value | |
|---------------------------------|----------------------|---------------------------|----------|----------------------------|-----------------------|--------------------------|---------------------------|----------|----------------------------|-----------------------|-----------------------|-----------------------|
| | As at 1st April,2018 | Additions during the year | Disposal | Adjustment during the year | As at 31st March,2019 | As at 1st April,2018 | Additions during the year | Disposal | Adjustment during the year | As at 31st March,2019 | As at 31st March,2019 | As at 31st March,2018 |
| Land | | | | | | | | | | | | |
| Freehold | 2,126.53 | 346.76 | - | - | 2,473.28 | - | - | - | - | - | 2,473.28 | 2,126.53 |
| Plant & Equipment | - | - | - | - | - | - | - | - | - | - | - | - |
| a) Transmission | - | 84,799.37 | - | - | 84,799.37 | - | 1,329.34 | - | - | 1,329.34 | 83,470.04 | - |
| Substation | 2.69 | 1,350.32 | - | - | 1,353.00 | 0.28 | 46.63 | - | - | 46.91 | 1,306.09 | 2.40 |
| Furniture Fixtures | 19.92 | 10.45 | - | - | 30.37 | 2.31 | 0.92 | - | - | 3.24 | 27.13 | 17.60 |
| Office equipment | 3.17 | - | - | 0.46 | 2.71 | 0.39 | 0.11 | - | - | 0.50 | 2.21 | 2.78 |
| Workshop & Testing Equipments | - | 0.76 | - | - | 0.76 | - | 0.022 | - | - | 0.02 | 0.74 | - |
| Miscellaneous Assets/Equipments | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | 2,152.30 | 86,507.66 | - | 0.46 | 88,659.50 | 2.99 | 1,377.02 | - | - | 1,380.01 | 87,279.49 | 2,149.32 |

The company owns 96.45 acre (Previous Year 82.16 acre) of land amounting to ₹ 2,473.28 Lakhs (Previous Year ₹ 2,126.53 Lakhs) which has been classified into freehold, of which mutation is pending from Govt of Andhra Pradesh for 12.25 acres, amounting to ₹ 294.12 lakhs (Previous year ₹ Nil)

① Title transfer by way of

Particulars 4/Property, Plant and Equipment

(₹ in Lakhs)

| Particulars | Cost | | | | | Accumulated depreciation | | | | | Net Book Value | |
|--------------------|----------------------|---------------------------|----------|----------------------------|-----------------------|--------------------------|---------------------------|----------|----------------------------|-----------------------|-----------------------|-----------------------|
| | As at 1st April,2017 | Additions during the year | Disposal | Adjustment during the year | As at 31st March,2018 | As at 1st April,2017 | Additions during the year | Disposal | Adjustment during the year | As at 31st March,2018 | As at 31st March,2018 | As at 31st March,2017 |
| Land | | | | | | | | | | | | |
| Freehold | 899.94 | 1,226.58 | - | - | 2,126.53 | - | - | - | - | - | 2,126.53 | 899.94 |
| Plant & Equipment | - | - | - | - | - | - | - | - | - | - | - | - |
| Substation | 2.69 | - | - | - | 2.69 | 0.14 | 0.14 | - | - | 0.28 | 2.40 | 2.54 |
| Furniture Fixtures | 13.87 | 6.05 | - | - | 19.92 | 0.88 | 1.44 | - | - | 2.31 | 17.60 | 12.99 |
| Office equipment | 2.97 | 0.20 | - | - | 3.17 | 0.19 | 0.20 | - | - | 0.39 | 2.78 | 2.78 |
| Total | 919.47 | 1,232.83 | - | - | 2,152.30 | 1.21 | 1.78 | - | - | 2.99 | 2,149.32 | 918.26 |

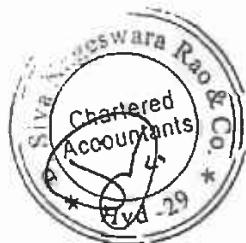
POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED

Note 5/Capital work in progress

| (₹ in Lakhs) | | | | | |
|------------------------------------------------------------------|-----------------------|---------------------------|------------------|-----------------------------|------------------------|
| Particulars | As at 1st April, 2018 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March, 2019 |
| Buildings | | | | | |
| Township | - | 146.20 | - | - | 146.20 |
| Plant & Equipments (including associated civil works) | | | | | |
| Transmission | 1,54,728.72 | 96,889.87 | - | 75,939.46 | 1,75,679.13 |
| Sub-Station | 19,236.81 | 12,548.93 | - | - | 31,785.75 |
| Construction Stores (Net of Provision) | 47,189.79 | - | 36,734.92 | - | 10,454.87 |
| Expenditure during construction period (Net) - Note 23 | 22,288.31 | 22,124.90 | (31.13) | 10,210.23 | 34,234.11 |
| Total | 2,43,443.63 | 1,31,709.90 | 36,703.79 | 86,149.69 | 2,52,300.05 |

Note 5/Capital work in progress

| (₹ in Lakhs) | | | | | |
|------------------------------------------------------------------|-----------------------|---------------------------|-------------|-----------------------------|------------------------|
| Particulars | As at 1st April, 2017 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March, 2018 |
| Buildings | | | | | |
| Township | - | - | - | - | - |
| Plant & Equipments (including associated civil works) | | | | | |
| Transmission | 20,814.59 | 1,33,914.13 | - | - | 1,54,728.72 |
| Sub-Station | - | 19,236.81 | - | - | 19,236.81 |
| Construction Stores (Net of Provision) | 23,308.60 | 23,883.19 | - | - | 47,189.79 |
| Expenditure during construction period (Net) - Note 23 | 4,554.72 | 17,733.59 | - | - | 22,288.31 |
| Total | 48,675.91 | 1,94,767.72 | - | - | 2,43,443.63 |



Note 5/Capital work in progress (Details of Construction stores)

(₹ in Lakhs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|-------------------------------------------------------|--------------------------|--------------------------|
| Towers | 5,481.28 | 10,759.21 |
| Conductors | 4,046.18 | 29,884.32 |
| Other Line Materials | 732.21 | 4,053.98 |
| Sub-Station Equipments | 4.51 | 1,509.17 |
| Unified Load Despatch & Communication(ULDC) Materials | 188.96 | 983.10 |
| Others | 1.74 | - |
| Total | 10,454.87 | 47,189.79 |

Construction Stores include:

Material with Contractors

| | | |
|-------------------------------------------------------|------------------|------------------|
| Towers | 5,481.28 | 10,759.21 |
| Conductors | 4,046.18 | 29,884.32 |
| Other Line Materials | 732.21 | 4,053.98 |
| Sub-Station Equipments | 4.51 | 1,509.17 |
| Unified Load Despatch & Communication(ULDC) Materials | 188.96 | 983.10 |
| Others | 1.74 | - |
| Total | 10,454.87 | 47,189.79 |



POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED**Note 6/Other non-current Assets**

(Unsecured considered good unless otherwise stated)

(₹ in Lakhs)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|-------------------------------------------------------------------------------|--------------------------|--------------------------|
| A) Advances for Capital Expenditure | | |
| Against bank guarantees | 20.61 | 2,909.88 |
| Other Advances | 215.00 | - |
| B) Security deposits | 0.08 | - |
| C) Advances recoverable in cash or in kind or for value to be received | | |
| Contractors & Suppliers(including material issued on Loan) | - | - |
| Employees | - | - |
| Balance with Customs Port Trust and other authorities | 72.54 | 251.23 |
| D) Advance tax and Tax deducted at source | 126.52 | 74.21 |
| TOTAL | 434.75 | 3,235.33 |



POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED

Note 7/ Deferred tax Assets / (Liability) (Net)

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|------------------------------------------------------------------|---------------------------|---------------------------|
| Deferred Tax Assets (A) | | |
| Unused Tax Losses (Income Tax Loss) | 5,110.56 | - |
| Unused Tax Credits (MAT Credit Entitlement) | - | - |
| Deferred Tax Liability (B) | | |
| Depreciation difference in Property Plant and Equipment (Net) | (5054.39) | - |
| Net Deferred Tax Asset/(Liability) (A-B) | 56.17 | - |

Movement in Deferred Tax Liability

(₹ in Lakhs)

| Particulars | Property, Plant & Equipment | Others | Total |
|---------------------------------------|-----------------------------------|--------|----------|
| AS at 1st April 2017 | - | - | - |
| Charged/ (Credited) to Profit or Loss | - | - | - |
| AS at 31st March 2018 | - | - | - |
| Charged/ (Credited) to Profit or Loss | 5,054.39 | - | 5,054.39 |
| AS at 31st Mar 2019 | 5,054.39 | - | 5,054.39 |

Movement in Deferred Tax asset

| Particulars | Property, Plant & Equipment | Unused Tax losses | MAT Credit | Total |
|----------------------------|-----------------------------------|----------------------|------------|----------|
| AS at 1st April 2017 | - | - | - | - |
| Credited to Profit or Loss | - | - | - | - |
| Other Comprehensive Income | - | - | - | - |
| AS at 31st March 2018 | - | - | - | - |
| Credited to Profit or Loss | - | 5,110.56 | - | 5,110.56 |
| AS at 31st Mar 2019 | - | 5,110.56 | - | 5,110.56 |



(Signature)

POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED

Note 8/Trade Receivables

(₹ in Lakhs)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|---------------------------|--------------------------|--------------------------|
| Trade receivables | | |
| Unsecured Considered good | 1079.46 | - |
| TOTAL | 1,079.46 | - |

Further Notes:

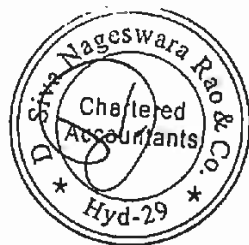
Trade receivables includes receivables from various Designated Interstate Customers through CTU



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POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED**Note 9/Cash and Cash Equivalents**

| Particulars | (₹ in Lakhs) | |
|------------------------|---------------------------|---------------------------|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| Balance with banks- | | |
| -In Current accounts | 23.31 | 22.73 |
| Drafts/Cheques in hand | 0.40 | - |
| Total | 23.71 | 22.73 |



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POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED

Note 10/ Bank Balances

(₹ in Lakhs)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|------------------------------------------------|--------------------------|--------------------------|
| In Term Deposits having maturity over 3 months | 2.00 | - |
| Total | 2.00 | - |



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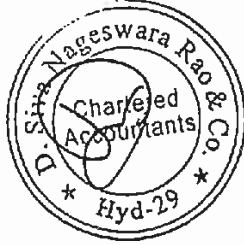
Power Grid Southern Interconnector Transmission system Limited

Note 11/Other Current Financial Assets

(Unsecured considered good unless otherwise stated)

(₹ in Lakhs)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|-----------------------------------------|--------------------------|--------------------------|
| Interest accrued on Term/Fixed Deposits | 0.06 | |
| Total | 0.06 | - |



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POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED

Note 12/Equity Share capital

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---------------------------------------------------------------|------------------------|------------------------|
| Equity Share Capital | | |
| Authorised | | |
| 67,50,00,000 equity shares of ₹ 10/- each | 67,500.00 | 100.00 |
| (Previous year 10,00,000 equity shares of ₹ 10/- each) | | |
| Issued, subscribed and paid up | | |
| 51,55,04,000 equity shares of ₹ 10/-each at par fully paid up | 51,550.40 | 5.00 |
| (Previous year 50,000 equity shares of ₹ 10/-each at par) | | |
| Total | 51,550.40 | 5.00 |

Further Notes:

1) Reconciliation of Number and amount of share capital outstanding at the beginning and at the end of the reporting period

| Particulars | For the year ended 31st March, 2019 | | For the year ended 31st March, 2018 | |
|-------------------------------------------------|-------------------------------------|------------|-------------------------------------|------------|
| | No.of Shares | ₹ in Lakhs | No.of Shares | ₹ in Lakhs |
| Shares outstanding at the beginning of the year | 50,000.00 | 5.00 | 50000 | 5.00 |
| Shares Issued during the year | 515454000.00 | 51545.40 | | |
| | 5155,04,000.00 | 51,550.40 | 50000 | 5.00 |

2) The Company has only one class of equity shares having a par value of ₹ 10/- per share.

3) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at meetings of the Shareholders.

4) Shareholders holding more than 5% equity shares of the Company

| Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|--------------|------------------------|--------------|
| | No.of Shares | % of holding | No.of Shares | % of holding |
| Power Grid Corporation of India Limited (Holding Company) # | 5155,04,000.00 | 100.00 | 50000 | 100.00 |
| # Out of 51,55,04,000 Equity Shares (Previous Year 50,000 Equity Shares), 6 Equity Shares are held by Nominees of M/s Power Grid Corporation of India Limited on its behalf. | | | | |



(Signature)

POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED

Note 13/Other Equity

| (₹ in Lakhs) | | |
|-----------------------------|---------------------------|---------------------------|
| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
| Reserves and Surplus | | |
| Retained Earnings | (158.35) | (2.32) |
| Total | (158.35) | (2.32) |

Retained Earnings

| | | |
|----------------------------------------------------|-----------------|---------------|
| As per last balance sheet | (2.32) | (2.32) |
| Add: Additions | | |
| Profit after tax as per Statement of Profit & Loss | (156.02) | - |
| Closing Balance | (158.35) | (2.32) |



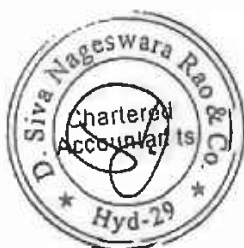
POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED**Note 14/ Borrowings**

| Description | (₹ in Lakhs) | |
|------------------------------------------------------------------------|--------------------------|--------------------------|
| | As at 31st March,2019 | As at 31st March,2018 |
| Term Loan From Others - Unsecured | | |
| - Loan from Related Parties (M/s Power Grid Corporation of India Ltd.) | 2,70,756.15 | 1,82,361.53 |
| TOTAL | 2,70,756.15 | 1,82,361.53 |

Further notes:

1. The Inter Corporate Loan is provided by the Holding Company on cost to cost [Interest rate varying from 7.20% to 8.6%] and back to back servicing basis and the said loan is repayable over a period of 4 to 15 years after a moratorium period of 3 to 5 years.

2. Details of transactions with related parties given at note 31



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POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED

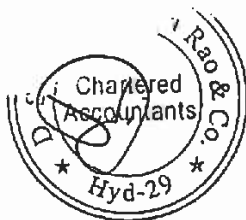
Note 15/Trade payables

(₹ in Lakhs)

| Particulars | As at 31st | |
|---------------------------------------------------------------------------------------------|--------------|------------------------|
| | March, 2019 | As at 31st March, 2018 |
| For goods and services | | |
| (i) Total outstanding dues of micro enterprises and small enterprises | | |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 62.13 | |
| Total | 62.13 | |

Further notes:

Disclosure with regard to Micro and Small enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note No 29 (e).



POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED**Note 16/Other Current Financial Liability**

(₹ in Lakhs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|------------------------------------------------------------|-----------------------|-----------------------|
| Interest accrued but not due on borrowings | | |
| Interest on loan (M/s Power Grid Corporation of India Ltd) | 4,376.77 | 3,521.92 |
| | 4,376.77 | 3,521.92 |
| Others | | |
| Dues for Capital Expenditure | | |
| Related Party (M/s Power Grid Corporation of India Ltd) | 920.91 | 3,573.23 |
| Others | 1,773.74 | 28,328.57 |
| Deposits/Retention money from contractors and others. | 11,084.88 | 30,154.98 |
| Others | - | 4.75 |
| | 13,779.53 | 62,061.53 |
| Total | 18,156.30 | 65,583.45 |

Further notes:

Disclosure with regard to Micro and Small enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note No 29 (e)



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POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED**Note 17/Other current liabilities**

| Particulars | (₹ in Lakhs) | |
|----------------|---------------------------|---------------------------|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| Statutory dues | 809.06 | 903.35 |
| Total | 809.06 | 903.35 |

Further notes:

Statutory dues includes Income tax TDS, TDS on GST & Building Cess



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POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED

Note 18/Revenue from operations

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|--------------------------|---------------------------|---------------------------|
| Sales of services | | |
| Transmission Charges | 3301.39 | - |
| Total | 3301.39 | |



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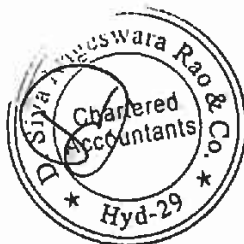
POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED**Note 19/Other Income**

(₹ in Lakhs)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|----------------------------------------------------------------------------|--------------------------|--------------------------|
| Interest income from financial assets at amortised cost | | |
| Interest from advances to contractors | 112.65 | 570.58 |
| Others - Electricity Charges recovery | 31.00 | - |
| Surcharge | 8.22 | - |
| Fair Value gain on initial recognition of Financial liability | 0.79 | 108.95 |
| Miscellaneous income | 5.10 | 0.04 |
| | 157.76 | 679.57 |
| Less: Income transferred to expenditure during construction(Net) - Note 23 | 144.44 | 679.57 |
| TOTAL | 13.32 | - |

Further Notes:

Miscellaneous income includes rebate on RLDC Fees and charges, Sale of Scrap



POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED**Note 20/Finance costs**

(₹ in Lakhs)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|--------------------------------------------------------------------------------|--------------------------|--------------------------|
| Interest and finance charges on financial liabilities at amortised cost | | |
| Government of India | - | - |
| Interest on Loan from Powergrid | 19,660.14 | 7,262.34 |
| Foreign Banks and Financial Institutions | - | - |
| Secured/Unsecured redeemable Bonds | - | - |
| Foreign Currency Bonds | - | - |
| Unwinding of discount on financial liabilities | 25.86 | 1,102.03 |
| | <u>19,686.00</u> | <u>8,364.38</u> |
| Other Finance charges | | |
| Commitment charges | - | - |
| Guarantee Fee | - | - |
| Others | 0.20 | - |
| | <u>19,686.21</u> | <u>8,364.38</u> |
| Less: Transferred to Expenditure during Construction(Net)- Note 23 | 17,988.81 | 8,364.38 |
| TOTAL | <u><u>1697.40</u></u> | <u><u>-</u></u> |

Further Notes:

Others includes Custodian and Corporate Action fee



POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED

Note 21/Depreciation and amortization expense

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|----------------------------------------------------------------------|---------------------------|---------------------------|
| Depreciation of Property, Plant and Equipment | 1,377.02 | 1.78 |
| Less: Transferred to Expenditure During Construction (Net) - Note 23 | 0.82 | 1.78 |
| Total | <u>1,376.19</u> | <u>-</u> |



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POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED**Note 22/Transmission Administration and Other expenses**

(₹ in Lakhs)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|-------------------------------------------------------------------|--------------------------|--------------------------|
| Repair & Maintenance | | |
| Plant & Machinery | | |
| Sub-Stations | 9.58 | |
| Transmission lines | 52.25 | |
| | - | - |
| System and Market Operation Charges | 1.43 | |
| Power charges | 0.90 | 2.75 |
| Less: Recovery from contractors | - | 0.64 |
| | 0.90 | 2.12 |
| Legal expenses | 0.76 | 8.28 |
| Professional charges(Including TA/DA) | 1.11 | 1.12 |
| Consultancy expenses(Including TA/DA) | 4,273.04 | 10,015.57 |
| Communication expenses | - | - |
| Travelling & Conv.exp (excluding foreign travel) | | |
| Foreign travel | - | - |
| | - | - |
| Tender expenses | - | - |
| Less: Sale of tenders | - | (0.04) |
| Payments to Auditors | | |
| Statutory Audit Fees | 0.83 | 0.63 |
| Statutory Auditor in Other Capacity | 0.06 | - |
| Tax Audit Fees | 0.20 | - |
| Arrears | - | - |
| Out of pocket Expenses | 0.09 | 0.32 |
| | 1.17 | 0.94 |
| Advertisement and publicity | - | 4.06 |
| Printing and stationery | - | 0.01 |
| Brokerage & Commission | 0.15 | - |
| Cost Audit and Physical verification Fees | 0.42 | 0.88 |
| Rent | - | - |
| Capital Expenditure on assets not owned by the Company | - | - |
| CERC petition & Other charges | | 5.00 |
| Miscellaneous expenses | 2.89 | 9.04 |
| Horticulture Expenses | - | - |
| Security Expenses | - | - |
| Hiring of Vehicle | - | - |
| Insurance | - | - |
| Rates and taxes | 389.34 | 0.00 |
| | 4,733.03 | 10,046.97 |
| Less: Transferred to Expenditure during Construction(Net)-Note 23 | 4,279.71 | 10,046.97 |
| Total | 453.31 | 0.000 |

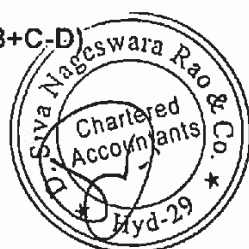


POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED

Note 23/ Expenditure during Construction (Net)

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|-------------------------------------------|---------------------------|---------------------------|
| A. Other Expenses | | |
| Repair and maintenance | (0.05) | |
| Others | - | (0.05) |
| Power charges | 0.90 | 2.75 |
| Less: Recovery from contractors | | 0.64 |
| | 0.90 | 2.11 |
| Legal expenses | 0.76 | 8.28 |
| Professional charges | 0.90 | 1.12 |
| Consultancy expenses | 4,273.04 | 10,015.57 |
| Less: Sale of tenders | | (0.04) |
| Payments to Auditors | | |
| Statutory Audit Fees | 0.71 | 0.63 |
| Tax Audit Fees | 0.20 | |
| Out of pocket Expenses | 0.09 | 0.32 |
| Advertisement and Publicity | - | 4.06 |
| Printing and stationery | - | 0.01 |
| Cost Audit and Physical verification Fees | 0.42 | |
| Miscellaneous expenses | 2.75 | 14.92 |
| Rates and taxes | - | 0.00 |
| Sub-total | 4,278.86 | 10,046.96 |
| Total (A) | 4,279.71 | 10,046.96 |
| B. Depreciation/Amortisation | 0.82 | 1.78 |
| C. Finance Costs | | |
| a) Interest on loan from Powergrid | 17,962.78 | 7,262.34 |
| Foreign Currency Bonds | | |
| Others | - | 7,262.34 |
| Others | 26.04 | 1,102.03 |
| Total (C) | 17,988.81 | 8,364.38 |
| D. Less: Other Income | | |
| Contractors | 112.65 | 570.58 |
| Others - Electricity Charges recovery | 31.00 | 108.95 |
| Miscellaneous income | | 679.53 |
| | | 0.79 |
| Total (D) | 144.44 | 679.57 |
| GRAND TOTAL (A+B+C-D) | 22,124.90 | 17,733.54 |



(Signature)

Notes to Financial Statements

1. Corporate & General Information

Powergrid Southern Interconnector Transmission System Limited ("the Company") is a company domiciled and incorporated in India under the provisions of Companies Act and is wholly owned subsidiary of Power Grid Corporation of India Limited. The registered office of the Company is situated at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110 016. The Company was incorporated on 06th April 2015 under the Companies Act, 2013. The Company is a special purpose vehicle incorporated to develop Connectivity lines for "Strengthening of transmission system beyond Vemagiri " under tariff based competitive bidding (TBCB). On completion of the TBCB process, the SPV has been transferred to M/S PowerGrid Corporation of India Limited on 04.12.2015.

The company is engaged in business of Power Systems Network, construction, operation and maintenance of transmission lines and other related allied activities.

The Financial Statements of the Company for the year ended 31st March 2019 were approved for issue by the Board of Directors on 21st May, 2019

2. Significant Accounting Policies

2.1 Basis of Preparation

i) Compliance with Ind AS

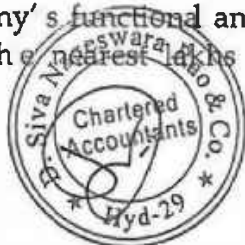
The financial statements are prepared in compliance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015, the relevant provisions of the Companies Act, 2013 (to the extent notified), The Companies Act, 1956 and the provisions of Electricity Act, 2003, in each case, to the extent applicable and as amended thereafter.

ii) Basis of Measurement

The financial statements have been prepared on accrual basis and under the historical cost convention except certain financial assets and liabilities measured at fair value (Refer Note 2.11 for accounting policy regarding financial instruments).

iii) Functional and presentation currency

The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency and all amounts are rounded to the nearest lakhs and two decimals thereof, except as stated otherwise.



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iv) Use of estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Note no. 3 on critical accounting estimates, assumptions and judgments).

v) Current and 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 realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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.

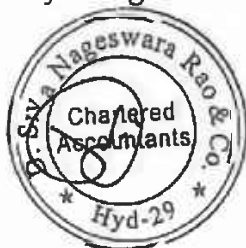
All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in 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 settlement of the liability for at least twelve months after the reporting period.
- All other liabilities are classified as non-current.

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

- The Company recognizes twelve months period as its operating cycle.



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2.2 Property, Plant and Equipment

Initial Recognition and Measurement

Property, Plant and Equipment is initially measured at cost of acquisition/construction including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation / amortisation and accumulated impairment losses, if any.

Property, Plant and Equipment acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized.

If the cost of the replaced part or earlier inspection is not available, the estimated cost of similar new parts/inspection is used as an indication of what the cost of the existing part/ inspection component was when the item was acquired or inspection was carried out.

In the case of commissioned assets, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

Assets and systems common to more than one transmission system are capitalized on the basis of technical estimates/ assessments.

Transmission system assets are considered as ready for intended use after meeting the conditions for commercial operation as stipulated in Transmission Service Agreement (TSA) and capitalized accordingly.

The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken.

Expenditure on leveling, clearing and grading of land is capitalized as part of cost of the related buildings.

Spares parts whose cost is ₹5,00,000/- and above, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized.

Subsequent costs

Subsequent expenditure is recognized as an increase in carrying amount of assets when it is probable that future economic benefits deriving from the cost incurred will flow to the company and cost of the item can be measured reliably.

The cost of replacing part of an item of PPE is recognized in the carrying amount of the item if it is probable that future economic benefit embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-



Derecognition

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.

Expenditure on development shall be recognised as Intangible asset if it meets the eligibility criteria as per Ind AS 38 'Intangible Assets', otherwise it shall be recognised as an expense.



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Expenditure incurred, eligible for capitalization under the head Intangible Assets, are carried as "Intangible Assets under Development" till such assets are ready for their intended use.

An item of Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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 and Loss when the asset is derecognised.

2.5 Depreciation / Amortisation

Property, Plant & Equipment

Depreciation/amortisation on the assets related to transmission business is provided on straight line method following the rates and methodology notified by the CERC for the purpose of recovery of tariff except for assets specified in the following paragraphs.

Leasehold land is fully amortized over lease period or life of the related plant whichever is lower in accordance with the rates and methodology specified in CERC Tariff Regulation. Leasehold land acquired on perpetual lease is not amortized.

Depreciation on spares parts, standby equipment and servicing equipment which are capitalized, is provided on straight line method from the date they are available for use over the remaining useful life of the related assets of transmission business, following the rates and methodology notified by the CERC.

Depreciation on following assets is provided based on estimated useful life as per technical assessment.

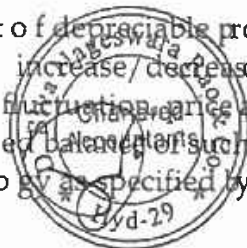
| Particulars | Useful life |
|---------------------------------|-------------|
| a. Computers & Peripherals | 3 Years |
| b. Servers & Network Components | 5 years |

Residual value of above assets is considered as Nil.

Mobile phones are charged off in the year of purchase.

Fixed Assets costing ₹ 5,000/- or less, are fully depreciated in the year of acquisition.

Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation and adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively at the rates and methodology as specified by the CERC Tariff Regulations.



Depreciation on additions to/deductions from Property, Plant and Equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The residual values, useful lives and methods of depreciation for assets are reviewed at each financial year-end and adjusted prospectively, wherever required.

Intangible Assets

Cost of software capitalized as intangible asset is amortized over the period of legal right to use or 3 years, whichever is less with Nil residual value.

Afforestation charges are amortized over thirty five years from the date of capitalization of related transmission assets following the rates and methodology notified by Central Electricity Regulatory Commission (CERC) Tariff Regulations.

Amortisation on additions to/deductions from Intangible Assets during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The amortisation period and the amortisation method for intangible assets are reviewed at each financial year-end and are accounted for as change in accounting estimates in accordance with Ind AS 8 : "Accounting Policies, Changes in Accounting Estimates and Errors".

2.6 Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised (net of income on temporary deployment of funds) as part of the cost of such assets till the assets are ready for the intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use.

Other borrowing costs are charged to revenue.

2.7 Impairment of non-financial assets, other than inventories

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").



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An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, and deposits held at call with banks having a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.9 Inventories

Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.

Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.

Spares which do not meet the recognition criteria as Property, Plant and Equipment, including spare parts whose cost is less than ₹5,00,000/- are recorded as inventories.

Surplus materials as determined by the management are held for intended use and are included in the inventory.

The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

2.10 Leases

i) As a Lessor

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 fulfillment of the 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.



A lease is classified at the inception date as a finance lease or an operating lease.

a) **Finance leases**

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is classified as a finance lease.

b) **Operating leases**

An operating lease is a lease other than a finance lease. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

For operating leases, the asset is capitalized as property, plant and equipment and depreciated over its economic life. Rental income from operating lease is recognized over the term of the arrangement.

ii) **As a Lessee**

Operating leases

Payments made under operating leases are recognized as an expense over the lease term.

2.11 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
Classification**

The Company classifies its financial assets in the following categories:

- at amortised cost,
- at fair value through other comprehensive income

The classification depends on the following:

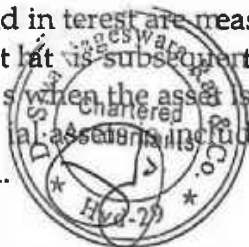
- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset

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, if any, that are attributable to the acquisition of the financial asset.

Subsequent measurement

Debt Instruments at Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.



Debt Instruments at Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI).

Equity investments

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The company may, on initial recognition, make an irrevocable election to present subsequent changes in the fair value in other comprehensive income (FVOCI) on an instrument by-instrument basis.

For equity instruments classified as at FVOCI, all fair value changes on the instrument, excluding dividends are recognized in the OCI. There is no recycling of the amounts from OCI to Profit or Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

De-recognition of financial assets

A financial asset is derecognized only when

The right to receive cash flows from the assets have expired, or

- The company has transferred the rights to receive cash flows from the financial asset, or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Impairment of financial assets:

For trade receivables, the company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For recognition of impairment loss on other financial assets and risk exposure, the company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 -month ECL.

Financial Liabilities

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company.

The Company's financial liabilities include loans & borrowings, trade and other payables.



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Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable to the issue of financial liabilities. Financial liabilities are classified as subsequently measured at amortized cost. 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 effective interest rate (EIR). Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the EIR.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing 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 between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other income or finance cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

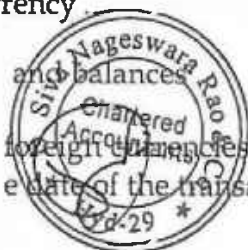
2.12 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items are



translated with reference to the rates of exchange ruling on the date of the Balance Sheet Non-Monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of initial recognition of the non-monetary prepayment asset or deferred income liability, or the date that related item is recognized in the financial statements, whichever is earlier. In case the transaction is recognized in stages, then transaction date is established for each stage.

The Company has availed the exemption available in Ind AS 101, to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary liabilities outstanding as on March 31, 2016.

Exchange differences arising from foreign currency borrowing to the extent regarded as an adjustment to interest costs are treated as borrowing cost. Other exchange differences are recognized in the Statement of Profit and Loss.

2.13 Income Tax

Income tax expense represents the sum of current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case the tax is also recognised directly in equity or in other comprehensive income.

Current income tax

The Current Tax is based on taxable profit for the year under the tax laws enacted or subsequently enacted at the end of the reporting period in the countries where the company operate and generate taxable income.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Balance Sheet liability method. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

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



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Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

2.14 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer. The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 and Ind AS 11.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, GST and value added taxes.

Significant Financing Component

Where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year, the Company assesses the effects of significant financing component in the contract. As a consequence, the Company makes adjustment in the transaction prices for the effects of time value of money. No such adjustment has been made for the comparative period.

2.14.1 Revenue from Operations

Transmission Income is accounted for based on orders issued by CERC u/s 63 of Electricity Act 2003 for adoption of transmission charges.

The Transmission system incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees and in accordance with the Transmission Service Agreement (TSA) entered between the Transmission Service Provider and long term Transmission Customers.

2.14.2 Other Income

Interest income is recognized, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

Surcharge recoverable from trade receivables, liquidated damages, warranty claims and interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.

Scrap other than steel scrap and conductor scrap are accounted for as and when sold.



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Dividend income is recognized when right to receive payment is established.

Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realization.

Revenue from rentals and operating leases is recognized on an accrual basis in accordance with the substance of the relevant agreement.

Interest income is recognized, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

2.15 Dividends

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognised directly in equity.

2.16 Provisions and Contingencies

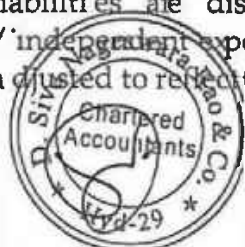
a) Provisions

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. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

b) Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised.

Contingent liabilities are disclosed on the basis of judgment of the management/ independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.



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2.17 Share capital and Other Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Self-insurance reserve is created @ 0.12% p.a. on Gross Block of Property, Plant and Equipment as at the end of the year by appropriation of current year profit to mitigate future losses from un-insured risks and for taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers and equipment of AC substation. The Reserve created as above is shown as "Self Insurance Reserve" under 'Other Equity'.

2.18 Prior Period Items

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

2.19 Earnings per Share

Basic earnings per share is computed using the net profit for the year attributable to the shareholders and weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of equity and potential equity shares outstanding during the year, except where the result would be anti-dilutive.

Additionally, basic and diluted earnings per share are computed using the earnings amounts excluding the movements in Regulatory Deferral Account Balances.

2.20 Cash Flow Statement

Cash flow statement is prepared as per indirect method prescribed in the Ind AS 7 'Statement of Cash Flows'.



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3. Critical Estimates and Judgments

The preparation of financial statements requires the use of accounting estimates which may significantly vary from the actual results. Management also needs to exercise judgment while applying the company's accounting policies.

The areas involving critical estimates or judgments are:

Revenue Recognition

Transmission income is accounted for based on orders issued by the CERC under section 63 of Electricity Act for adoption of transmission charges. ~~Transmission income in respect of additional capital expenditure incurred after the date of commercial operation is accounted for based on expenditure incurred on year to year basis as per CERC tariff regulations.~~

Useful life of property, plant and equipment

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The Company reviews at the end of each reporting date the useful plant and equipment, other than the assets of transmission business which are governed by CERC Regulations, and are adjusted prospectively, if appropriate.

Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

Estimates and judgments are periodically evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.



24. Exceptional and Extraordinary items

There are no exceptional and extraordinary items as at the Balance Sheet date.

25. Party Balances and Confirmations

Balances of recoverable shown under Assets and Other Payables shown under Liabilities include balances subject to confirmation/reconciliation and consequential adjustments if any. However reconciliations are carried out on ongoing basis.

26. POWERGRID (Holding Company) in the capacity of CTU is entrusted with the job of centralized Billing, Collection and Disbursement (BCD) of transmission charges on behalf of all the IST licencees. Accordingly CTU is raising bills for transmission charges to DICs on behalf of IST licencees. The debtors are accounted based on the list of DICs given by CTU.

27. Foreign Currency Exposure

Not hedged by a derivative instrument or otherwise -

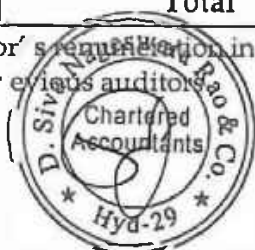
| Particulars | | Amount in Foreign Currency | | Amount (₹ in Lakhs) | |
|-------------------------------------------------------------------------------------------|----------------------|----------------------------|------------|---------------------|------------|
| | | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| Interest accrued but not due thereon including Agency Fee Commitment Fee & other Charges. | USD/ EURO/ SEK | NIL | NIL | NIL | NIL |
| Trade Payables/deposits and retention money | USD | NIL | NIL | NIL | NIL |
| Trade receivables and Bank balances | USD/N PR | NIL | NIL | NIL | NIL |
| Unexecuted amount of contracts remaining to be executed | USD | NIL | NIL | NIL | NIL |

28. Auditors Remuneration

(₹ in lakh)

| S. No. | Particulars | 2018-19 | 2017-18 |
|--------|------------------------|---------|---------|
| 1 | Statutory Audit Fees | 0.83 | 0.63 |
| 2 | Other Services | 0.06 | - |
| 3 | Out of Pocket expenses | 0.09 | 0.32 |
| | Total | 0.98 | 0.94 |

Note: Auditor's remuneration in FY 2017-18 includes ₹ 0.04 Lakhs relating to FY 2016-17 paid to previous auditors.



29. Other Disclosures

a. *Employee Benefits*

The Company does not have any permanent employees. The personnel working for the company are from holding company and are working on time share basis and deputation. The employee cost (including retirement benefits such as Gratuity, Leave encashment, post-retirement benefits etc.) in respect of personnel working for the company are paid by holding company and holding company is raising the invoice to the Subsidiary company towards services provided. Since there are no employees in the company, the obligation as per Ind-AS 19 does not arise. Accordingly, no provision is considered necessary for any retirement benefit like gratuity, leave salary, pension etc., in the books of the company.

b. *Taxation*

Current tax is reckoned based on the current year's income and tax payable thereon in accordance with the applicable tax rates as per the prevailing tax laws.

The company had made a tax provision of ₹ NIL Lakhs (Previous Year ₹ NIL Lakhs) for the year towards current Tax (Minimum Alternate Tax). In accordance with Ind-AS 12 on Accounting for Taxes on Income, the Company has computed Deferred Tax Asset/ (Liability) amounting to ₹ 56.17 Lakhs (Previous Year ₹ NIL Lakhs) on account of timing difference in relation to depreciation as per books vis.a.vis Tax Laws and unused tax losses.

c. *Leases*

Operating Lease: The Company has no Operating leases.

Finance Lease: The Company has no finance leases.

d. *Borrowing cost*

Borrowing cost capitalised during the year is ₹ 17962.95 lakhs (Previous year ₹ 7262.34 Lakhs) in the respective carrying amount of Property, Plant and Equipment/Capital work in Progress (CWIP) as per Ind AS 23 'Borrowing Costs'.

e. *Dues to Micro and Small Enterprises*

The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. There are no over dues to parties on account of principal amount and / or interest and accordingly no additional disclosure has been made.



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f. Self Insurance reserve

Since the company does not have any profit during the FY 2018-19, self insurance reserve is not created.

30. Fair Value Measurements

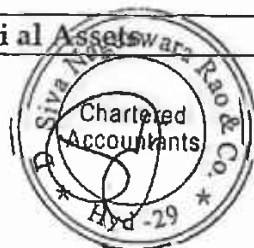
(₹ in lakh)

| | 31 st March, 2019 | | 31 st March, 2018 | |
|----------------------------------------------|------------------------------|------------------|------------------------------|------------------|
| Financial Instruments by category | FVOCI | Amortised cost | FVOCI | Amortised cost |
| Financial Assets | | | | |
| Cash & cash Equivalents (Incl Bank Deposits) | - | 25.71 | - | 22.73 |
| Other Current Financial Assets | - | 0.05 | - | - |
| Total Financial assets | | 25.76 | | 22.73 |
| Financial Liabilities | | | | |
| Borrowings | - | 270756.15 | - | 182361.53 |
| Other Financial Liabilities | | | | |
| Current | - | 18218.44 | - | 65583.44 |
| Non-Current | - | - | - | - |
| Total financial liabilities | | 288974.59 | | 247944.97 |

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An Explanation of each level follows underneath the table.

(₹ in lakh)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------------------------------------------------------------|---------|---------|---------|-------|
| At 31 March 2019 Financial Assets | - | - | - | - |
| Total financial | | | | |



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| | | | | |
|------------------------------------------------------|---|------------------|---|------------------|
| Financial Liabilities | | | | |
| Borrowings | - | 266670.24 | - | 266670.24 |
| <u>Other current financial liabilities</u> | | | | |
| Deposits/retention money from contractors and others | - | 13779.53 | - | 13779.53 |
| Total financial liabilities | - | 280449.77 | - | 280449.77 |

(₹ in lakh)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------------------------------------------------------------|---------|------------------|---------|------------------|
| At 31 March 2018 | | | | |
| Financial Assets | - | - | - | - |
| Total financial Assets | | | | |
| Financial Liabilities | - | 180512.45 | - | 180512.45 |
| Borrowings | | | | |
| <u>Other current financial liabilities</u> | | | | |
| Deposits/retention money from contractors and others | - | 62061.53 | - | 62061.53 |
| Total financial liabilities | | 242573.98 | - | 242573.98 |

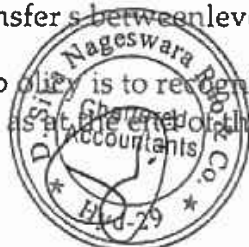
Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity Instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.



(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2

(iii) Fair value of financial assets and liabilities measured at amortized cost

(₹ in lakh)

| | 31 March 2019 | | 31 March 2018 | |
|------------------------------------------------------|------------------|------------------|------------------|------------------|
| | Carrying Amount | Fair value | Carrying Amount | Fair value |
| Financial Assets | - | - | - | - |
| Total Financial Assets | | | | |
| Financial Liabilities | | | | |
| Borrowings | 275132.92 | 266670.24 | 185883.45 | 180512.45 |
| <u>Other current financial liabilities</u> | | | | |
| Deposits/retention money from contractors and others | 13779.53 | 13779.53 | 62061.53 | 62061.53 |
| Dues for capital expenditure | | | | |
| Total financial liabilities | 288912.45 | 280449.77 | 247944.98 | 242573.98 |

The carrying amounts of trade receivables, cash and cash equivalents, other current financial assets and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

They are classified as level 2 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are observable.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

31. Related party Transactions

(a) Holding Company

| Name of entity | Place of business/country of incorporation/Relationship | Proportion of Ownership Interest | |
|----------------------------------------|---------------------------------------------------------|----------------------------------|---------------|
| | | 31-Mar-2019 | 31- Mar- 2018 |
| Powergrid Corporation of India Limited | India- Holding Company | 100% | 100% |



(b) Subsidiaries of Holding Company

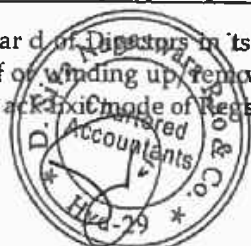
| Name of entity | Place of business/country of incorporation | Proportion of Ownership Interest | |
|------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------------|------------------|
| | | 31st March, 2019 | 31st March, 2018 |
| Powergrid Vizag Transmission Limited | India | NA | NA |
| Powergrid NM Transmission Limited | India | NA | NA |
| Powergrid Unchahar Transmission Limited | India | NA | NA |
| Powergrid Kala Amb Transmission Limited | India | NA | NA |
| Powergrid Jabalpur Transmission Limited | India | NA | NA |
| Powergrid Warora Transmission Limited | India | NA | NA |
| Powergrid Parli Transmission Limited | India | NA | NA |
| Powergrid Vernagiri Transmission Limited | India | NA | NA |
| Powergrid MedinipurJeerat Transmission Limited | India | NA | NA |
| Powergrid Mithilanchal Transmission Limited (erstwhile WR-NR Power Transmission Limited) | India | NA | NA |
| Powergrid Varanasi Transmission System Limited (erstwhile WR-NR Transmission Limited) | India | NA | NA |
| Powergrid Jawaharpur Firozabad Transmission Limited (erstwhile Jawaharpur Firozabad Transmission Limited)* | India | NA | NA |

* 100% equity in Powergrid Jawaharpur Firozabad Transmission Limited acquired from REC Transmission Projects Company Limited on 21st December, 2018 by Holding Company.

(c) Joint Ventures of Holding Company

| Name of entity | Place of business/country of incorporation | Proportion of Ownership Interest | |
|-----------------------------------------------------|--------------------------------------------|----------------------------------|------------------|
| | | 31st March, 2019 | 31st March, 2018 |
| Powerlinks Transmission Limited | India | NA | NA |
| Torrent Power Grid Limited | India | NA | NA |
| Jaypee Powergrid Limited | India | NA | NA |
| ParbatiKoldam Transmission Company Ltd. | India | NA | NA |
| Teestavalley Power Transmission Limited # | India | NA | NA |
| North East Transmission Company Limited | India | NA | NA |
| National High Power Test Laboratory Private Limited | India | NA | NA |
| Bihar Grid Company Limited | India | NA | NA |
| Kalinga Vidyut Prasaran Nigam Private Ltd.* | India | NA | NA |
| Cross Border Power Transmission Company Ltd. | India | NA | NA |
| RINL Powergrid TLT Private Limited ** | India | NA | NA |
| Power Transmission Company Nepal Ltd. | Nepal | NA | NA |

* POWERGRID'S Board of Directors in its meeting held on 16th august 2017 accorded approval for initiating procedure for winding up/ removal of the name of Kalinga Bidyut Prasaran Nigam Private Limited under fast track mode of Registrar of Companies (ROC).



** POWERGRID'S Board of Directors in its meeting held on 01st May, 2018 accorded approval for initiating procedure for winding up/removal of the name of RINL Powergrid TLT Private Limited.

POWERGRID & Teesta Urja Ltd. are the joint venture partners in Teestavalley Power Transmission Limited & holds 26% and 74% of equity respectively as per shareholding agreement. On call of additional equity by Teestavalley Power Transmission Limited, POWERGRID contributed their share amounting 11.28 crores while the other JV partner has not contributed their share of money as on 31.03.2019. Consequently, the holding of POWERGRID increased to 28.23% as on 31.03.2019 against 26% provided in shareholding agreement.

(d) Key Management Personnel

| Name | Designation | Date of Appointment | Date of Cession |
|---------------------------|-------------------|---------------------|-----------------|
| Shri Rajeev Kumar Chauhan | Chairman | 22/01/2019 | Continuing |
| Shri Ravi P. Singh | Chairman | 04/12/2015 | 22/01/2019 |
| Shri V. Sekhar | Director | 04/12/2015 | Continuing |
| Shri K S R Murty | Director | 08/02/2018 | Continuing |
| Shri D C Joshi | Director | 07/05/2018 | Continuing |
| Smt V. Susheela Devi | Director | 26/03/2019 | Continuing |
| Sh A. Nagaraju* | CEO | 04/12/2015 | 28/12/2018 |
| Sh N.V.Raju * | CEO | 28/12/2018 | Continuing |
| Sh M S Rangacharyulu* | CFO | 03/06/2016 | 31/01/2019 |
| Shri B. Girish Kumar | CFO | 09/04/2019 | Continuing |
| Smt Divya Tandon | Company Secretary | 09/04/2019 | Continuing |

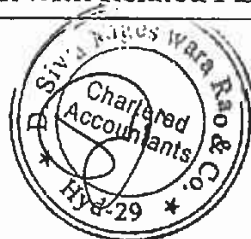
*Note: Not appointed as per Section 2(51) reads with Section 203 of the Companies Act, 2013

(e) Transactions with related parties

The following transactions occurred with related parties:

(₹ in lakh)

| Particulars | 31 March, 2019 | 31 March, 2018 |
|------------------------------------------------------------------------------------------|-----------------|-----------------|
| Transanction with Holding Company - Power grid Corporation of India Ltd. | | |
| Towards Services received by the Company Consultancy Charges (excluding taxes) | 3665.50 | 8566.84 |
| Towards Loan received by the company Interest on Loan paid/Payable | 19660.14 | 7262.34 |
| Total Transaction with Related Party | 23325.64 | 15829.18 |



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(f) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

(₹ in lakh)

| Particulars | 31 March, 2019 | 31 March, 2018 |
|------------------------------------------------------------------------------------|----------------|----------------|
| <u>Payable to Holding Company -</u> Power grid Corporation of India Ltd. | | |
| Payables towards consultancy service received | 920.91 | 3167.45 |
| Payables towards Other Expenses | NIL | 128.76 |
| Total Payables to Related Parties | 920.91 | 3296.21 |

(g) Loans to/from related parties

(₹ in lakh)

| Loans from Holding Company | 31 March, 2019 | 31 March, 2018 |
|--------------------------------------|------------------|------------------|
| Power Grid Corporation of India Ltd. | 270756.15 | 182361.53 |
| Total | 270756.15 | 182361.53 |

(h) Interest accrued but Not due on Loan

(₹ in lakh)

| Particulars | 31 March, 2019 | 31 March, 2018 |
|--------------------------------------|----------------|----------------|
| <u>Holding Company</u> | | |
| Power Grid Corporation of India Ltd. | 4376.77 | 3521.91 |
| Total | 4376.77 | 3521.91 |

(i) Interest on Loan Due & Payable

(₹ in lakh)

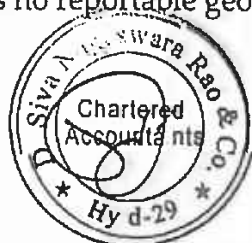
| Particulars | 31 March, 2019 | 31 March, 2018 |
|--------------------------------------|----------------|----------------|
| <u>Holding Company</u> | | |
| Power Grid Corporation of India Ltd. | NIL | 277.02 |
| Total | NIL | 277.02 |

32. Segment Information

Business Segment

The Board of Directors is the company's Chief operating decision maker who monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. One reportable segments have been identified on the basis of product/services. The company has a single reportable segment i.e., Power transmission network for transmission system.

The operations of the company are mainly carried out within the country and therefore there is no reportable geographical segment.



33. Capital and other Commitments

| (₹ in lakh) | | |
|------------------------------------------------------------------------------------------------|---------|----------|
| Particulars | 2018-19 | 2017-18 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 9379.70 | 91874.24 |

34. Contingent Liabilities and contingent assets

1) Contingent Liabilities

Claims against the Company not acknowledged as debts in respect of:

(i) Additional / Enhanced compensation for Kadapa - Madhugiri line

46 nos of civil cases were filed in the District court Tumukur before honourable VI Addl. District & Sessions judge, Tumkur at Madhugiri by the parties for enhanced Corp & tree compensation in Kadapa - Madhugiri line, which is already completed and into operation wef 28.02.2019 for ₹ 3458.62 Lakhs. Contingent liability for 25% of the claim amount along with interest @ 9% p.a from the date of admission to 31.03.2019 amounting to ₹ 874.82 Lakhs is considered. The company is confident that there will not be any additional compensation due to this.

(ii) Others

Other contingent liabilities amounts to ₹NIL (Previous Year Nil)

- 2) Bank Guarantee of ₹ 11004 Lakhs (Previous Year ₹ 11004 Lakhs) has been given by Power Grid Corporation of India Ltd. (Holding Co.) on behalf of Company.

35. Capital management

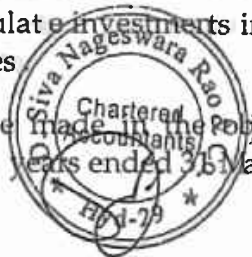
a) Risk Management

The company's objectives when managing capital are to

- maximize the shareholder value;
- safeguard its ability to continue as a going concern;
- Maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the company's capital management, equity capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The company manages its capital structure and makes adjustments in light of changes in economic conditions, regulatory framework and requirements of financial covenants with lenders. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, regulate investments in new projects, return capital to shareholders or issue new shares.

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



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The debt - equity ratio of the Company was as follows :

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|--------------------------------|------------------------------|------------------------------|
| Long term debt (₹ in lakhs) | 270756.15 | 182361.53 |
| Equity (₹ in lakhs) | 51392.05 | 2.68 |
| Long term debt to Equity ratio | 84.05:15.95 | 99.99:0.01 |

36. Earnings per share

(Amount in ₹)

| a) Basic and diluted earnings per share attributable to the equity holders of the company | 31 March, 2019 | 31 March, 2018 |
|----------------------------------------------------------------------------------------------|----------------|----------------|
| From Continuing Operations | (0.18) | - |
| Total basic and diluted earnings per share attributable to the equity holders of the company | (0.18) | - |

(₹ in lakh)

| (b) Reconciliation of earnings used in calculating earnings per share | 31 March, 2019 | 31 March, 2018 |
|-----------------------------------------------------------------------|----------------|----------------|
| Earnings attributable to the equity holders of the company | (156.02) | - |
| Total Earnings attributable to the equity holders of the company | (156.02) | - |

| c) Weighted average number of shares used as the denominator | 31 March, 2019 No. of shares | 31 March, 2018 No. of Shares |
|----------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | 8,86,90,345 | 50,000 |
| Total weighted average number of equity shares used as the denominator in calculating basic earnings per share | 8,86,90,345 | 50000 |

37. Financial Risk Management:

The Company's principal financial liabilities comprise loans and borrowings denominated in Indian rupees, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's capital investments and operations.

The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that are generated from its operations.

The Company's activities expose it to the following financial risks, namely,

- Credit risk,
- Liquidity risk,
- Market risk.
- This note presents information regarding the company's exposure, objectives, policies and processes for measuring and managing these risks.

The management of financial risks by the Company is summarized below:-



A) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is not exposed any credit risk from its operating activities on account of trade receivables.

A default on a financial asset is when the counterparty fails to make contractual payments within 3 years of when they fall due. This definition of default is determined considering the business environment in which the Company operates and other macro-economic factors.

Assets are written-off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in the statement of profit and loss.

(i) Trade Receivables

The Company primarily provides transmission facilities to inter-state transmission service customers (DICs) comprising mainly state utilities owned by State Governments. CERC tariff regulations allows payment against monthly bills towards transmission charges within a period of 60 days from the date of the bill and levy of charge on delayed payment beyond 60 days. A graded rebate is provided by the company for payment made within 60 days.

Trade receivables consist of receivables relating to transmission services of ₹1079.46 Lakhs (previous year: ₹ NIL Lakhs).

(ii) Other Financial Assets (excluding trade receivables)

• Cash and cash equivalents

The Company held cash and cash equivalents (Including Bank deposits) of ₹ 25.71 Lakhs as on 31st March, 2019 (31st March, 2018 ₹ 22.73 Lakhs). The cash and cash equivalents are held with public sector banks and high rated private sector banks and do not have any significant credit risk.

| (₹ in lakh) | | |
|-----------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Particulars | 31 st March, 2019 | 31 st March, 2018 |
| Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL) | | |
| Cash and cash equivalents (Including Bank deposits) | 25.71 | 22.73 |
| Other current financial assets | 0.05 | - |
| Total | 25.76 | 22.73 |
| Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL) | Nil | Nil |

o Provision for expected credit losses

(₹ in Lakhs)

| Ageing | Not due | 0-30 days past due | 31-60 days past due | 61-90 days past due | 91-120 days past due | More than 120 days past due | Total |
|----------------------------------------------------------|---------|--------------------|---------------------|---------------------|----------------------|-----------------------------|---------|
| Gross carrying amount as on 31 st March, 2019 | - | 368.16 | 218.09 | 180.17 | 29.42 | 283.62 | 1079.46 |
| Gross carrying amount as on 31 st March, 2018 | - | - | - | - | - | - | - |

B) Liquidity risk

Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company has access to a variety of sources of funding such as commercial paper, bank loans, bonds and external commercial borrowings and retains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position comprising the undrawn borrowing facilities below and cash and cash equivalents on the basis of expected cash flows.

The Company depends on both internal and external sources of liquidity to provide working capital and to fund capital expenditure.

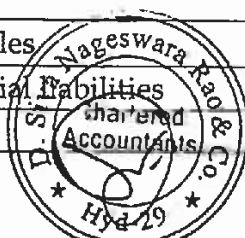
Maturities of financial liabilities

The tables below analyses the company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amount disclosed in the table is the contractual undiscounted cash flows

(₹ in lakh)

| Contractual maturities of financial liabilities | Within a year | Between 1-5 years | Beyond 5 years | Total |
|-------------------------------------------------|-----------------|-------------------|------------------|------------------|
| 31 March 2019 | | | | |
| Borrowings (including interest outflows) | 21669.05 | 118702.26 | 325234.81 | 465606.12 |
| Trade payables | 62.13 | - | - | 62.13 |
| Other financial liabilities | 13779.53 | - | - | 13779.53 |
| Total | 35510.71 | 118702.26 | 325234.81 | 479447.78 |



(Signature)

| | | | | |
|-----------------------------|-----------------|-----------------|------------------|------------------|
| 31 March 2018 | | | | |
| Borrowings | 13404.49 | 72135.80 | 236615.97 | 322156.26 |
| Trade payables | | | | |
| Other financial liabilities | 62061.53 | - | - | 62061.53 |
| Total | 75466.02 | 72135.80 | 236615.97 | 384217.79 |

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:

- i. Currency risk
- ii. Interest rate risk

i) Currency risk

As on Reporting date the Company does not have any exposure to currency risk in respect of foreign currency denominated loans and borrowings and procurement of goods and services whose purchase consideration foreign currency.

ii) Interest rate risk

The Company is not exposed to any interest rate risk arising from long term borrowings since all the borrowings are with fixed interest rates.

38. Income Tax expense

This note provides an analysis of the company's income tax expense, and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to The Company's tax positions.

(a) Income tax expense

| | (₹ in Lakhs) | |
|-------------------------------------------------------------------------------|-----------------------|-----------------------|
| Particulars | 31 March, 2019 | 31 March, 2018 |
| <u>Current Tax</u> | | |
| Current tax on profits for the year | - | - |
| Adjustment for earlier years | - | - |
| Pertaining to regulatory deferral account balances | - | - |
| Total current tax expense (A) | - | - |
| <u>Deferred tax expense</u> | | |
| Originating and reversal of temporary differences | (56.17) | - |
| Previously unrecognized tax credit recognized as Deferred tax asset this year | - | - |
| Total deferred tax expense/(benefit) (B) | (56.17) | - |
| Income tax expense | (56.17) | |

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

(₹ in Lakhs)

| Particulars | 31 March, 2019 | 31 March, 2018 |
|----------------------------------------------------------------------|----------------|----------------|
| Profit before income tax expense | (212.19) | - |
| Tax using Company's Domestic Tax rate 29.12% (27.55% for FY 2017-18) | - | - |
| TAX EFFECT OF: | | |
| Non Deductible tax items | - | - |
| Tax exempt income | - | - |
| Deferred Assets for Deferred tax Liability | - | - |
| Previous year's tax liability | - | - |
| Unabsorbed tax losses | - | - |
| Deferred Tax expense/(income) | (56.17) | - |
| MAT Adjustments | - | - |
| Tax Expenses recognized in statement of Profit & Loss | (56.17) | - |

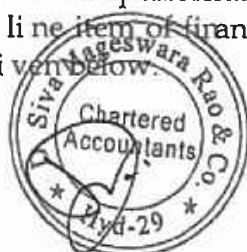
(c) MAT Credit

As company have option to avail MAT credit in future against Income Tax payable and hence MAT paid during earlier and in current year are carried forward.

39. Impact of application of Ind AS 115 Revenue from Contracts with Customers

Effective April 1, 2018, the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The company has applied Ind AS 115 retrospectively only to contracts that are not completed as at the date of initial application, with the cumulative effect of initial application recognised as an adjustment to the opening balance of General Reserve at April 1, 2018. In accordance with the transition guidance in Ind AS 115 has only been applied to contracts that are incomplete as at April 1, 2018.

The company's accounting policies for its revenue streams are disclosed in Note 2.14. Apart from effect of significant financing component in telecom contracts, the application of Ind AS 115 do not have any significant impact on the financial position and/or financial performance of the company. The amount of adjustment for each line item of financial statement affected by the application of Ind AS 115 is as given below.



Impacts on assets, liabilities and equity as at April 1, 2018

(₹ in Lakhs)

| | As previously Reported | Ind AS 115 Adjustments | As Restated |
|--------------------------------|------------------------|------------------------|-------------|
| Contract liabilities | - | - | - |
| Other Equity - General Reserve | (2.32) | - | (2.32) |

Impacts on Statement of Profit and Loss for the period ended March 31, 2019

Due to Implementation of Ind AS 115, Revenue from Operation increased by ₹ Nil, Finance Cost increased by ₹ Nil and Other Expenses increase by ₹ Nil. Profit after Tax increased by ₹ Nil during the year.

The following table discloses the movement in unbilled revenue during the year ended 31 March, 2019 and 31 March, 2018.

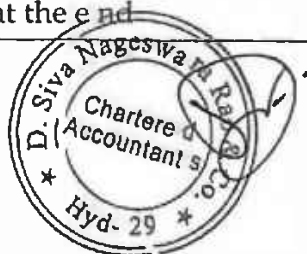
(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---------------------------------------------|---------------------------|---------------------------|
| Balance at the beginning | - | - |
| Add: Revenue recognised during the period | - | - |
| Less: Invoiced during the period | - | - |
| Less: Impairment/reversal during the period | - | - |
| Add: Translation gain/ (Loss) | - | - |
| Balance at the end | - | - |

The following table discloses the movement in contract liability during the year ended 31 March 2019 and 31 March 2018.

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| Balance at the beginning | Nil | Nil |
| Add: Advance billing during the period | Nil | Nil |
| Less: revenue recognised during the period <ul style="list-style-type: none"> a) From contract liability as at beginning of the period b) From contract liability recognised during the period | Nil | Nil |
| Add: Translation gain/ (Loss) | Nil | Nil |
| Balance at the end | Nil | Nil |



The entity determines transaction price based on expected value method considering its past experiences of refunds or significant reversals in amount of revenue. In estimating significant financing component, management considers the financing element inbuilt in the transaction price based on imputed rate of return. Reconciliation of revenue recognized vis-a-vis revenue recognized in profit or loss statement is as follows

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|-------------------------------------------------------------|------------------------------|------------------------------|
| Contracted price | 3209.47 | - |
| Add/ (Less)- Discounts/ rebates provided to customer | (19.14) | - |
| Add/ (Less)- Performance bonus | 112.33 | - |
| Add/ (Less)- Adjustment for significant financing component | - | - |
| Add/ (Less)- Other adjustments | (1.27) | - |
| Revenue recognized in profit or loss statement | 3301.39 | - |

A provision of ₹ Nil Lakhs has been created in the current financial year against trade receivables and unbilled debtors outstanding as on 31.03.2018 from a few customers and revenue from transmission and surcharge thereon amounting to ₹ 2.91 lakhs has not been recognised during the year due to uncertainty of collection of consideration in line with Ind AS 115 'Revenue from Contracts with Customers'.

*The previous year figures have been reclassified to conform to Ind-AS presentation requirements for the purpose of this note.

40. Recent Accounting Pronouncements:

Ind AS 116 was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change.

The Company is evaluating the requirements of the amendment and the effect on financial statements.



Amendments to Ind AS 19, 'Employee Benefits'

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must :

- Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- Any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- Separately recognise any changes in the asset ceiling through other comprehensive income.

These amendments will apply to any future plan amendments, curtailments, or settlements of the Company on or after 1 April 2019. The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendment to Ind AS 12, 'Income Taxes'

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 23, 'Borrowing Costs'

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

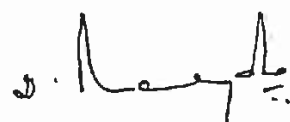


A handwritten signature in black ink, consisting of a stylized 'B' followed by a checkmark-like stroke.

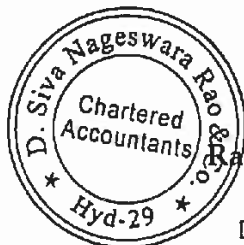
41. The previous year figures have been reclassified/re-grouped to conform to the current year's classification.


As per our report of even date
For D. SIVA NAGESWARA RAO & CO
Chartered Accountants
ICAI FRN: 007162S

For and on behalf of Board of Directors



D. RANGA RAO

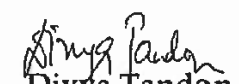



Rajeev Kumar Chauhan
(Chairman)
DIN: 02018931


V Susheela Devi
(Director)
DIN: 07828528

Partner
Membership No. 204913
Place: Gurugram
Date: 22/05/2019


B. Girish Kumar
(CFO)


Divya Tandon
(Company Secretary)

Place: Gurugram
Date: 22/5/2019.



Compliance Certificate

We have conducted the audit of annual accounts of **Powergrid Southern Interconnector Transmission System Limited** for the year ended March 31, 2019 in accordance with the Direction/Sub-directions issued by the C&AG of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with all the Directions/Sub-directions issued to us.

For **D. Siva Nageswara Rao & Co.,**
Chartered Accountants
Firm Regn. No.007162S



D. Ranga Rao

D. Ranga Rao
Partner

Membership No. 204913

Place: Gurugram
Date: May 22, 2019.



पावर ग्रिड दक्षिण इंटरकनेक्टर ट्रान्समिशन सिस्टम लिमिटेड

(पावर ग्रिड कारपोरेशन ऑफ इंडिया लिमिटेड की 100 % पूर्ण स्वामित्व वाली सहायक कंपनी)

POWER GRID SOUTHERN INTER CONNECTOR TRANSMISSION SYSTEM LIMITED

(A 100% wholly owned subsidiary of Power Grid Corporation of India Limited)



POWERGRID, SR1 HQ, D No. 6-6-8/32 & 39/E, Kavadiiguda, Secunderabad- 500 080, Telangana.
CIN : U40106DL2015GOI278746

Tel : 040-27546636

Ref: PSITSL/F&A/18-19

Dated:-22.05.2019

CERTIFICATE

This to certify that all the provisions relating to various Tax Laws, Companies act and other laws as may be applicable from time to time has been complied with for the financial year 2018-19 in respect of the company.

Signature :

Name :

B. Girish Kumar

Designation :

CFO

Date :

22-05-2019



पावर ग्रिड दक्षिण इंटरकनेक्टर ट्रान्समिशन सिस्टम लिमिटेड

(पावर ग्रिड कारपोरेशन ऑफ इंडिया लिमिटेड की 100 % पूर्ण स्वामित्व वाली सहायक कंपनी)

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CIN : U40106DL2015GOI278746

Tel : 040-27546636

Ref: PSITSL/F&A/18-19

Dated: 22.05.2019

CERTIFICATE

This is to certify that, Financial results of M/s Powergrid Southern Interconnector Transmission System Limited for the financial year ended 31st march 2019, does not contain any false or misleading statement or figures and do not omit any material fact which may make the statement or figure contained therein misleading.

(Rajeev Kumar Chauhan)

Chairperson

(B. Girish Kumar)

CFO



पावर ग्रिड दक्षिण इंटरकनेक्टर ट्रांसमिशन सिस्टम लिमिटेड

(पावर ग्रिड कारपोरेशन ऑफ इंडिया लिमिटेड की 100 % पूर्ण स्वामित्व वाली सहायक कंपनी)

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POWERGRID, SR1 HQ, D.No. 6-6-8/32 & 39/E, Kavadiiguda, Secunderabad- 500 080, Telangana.

CIN : U40106DL2015GOI278746

Tel : 040-27546636

Ref: PSITSL/F&A/18-19

Dated: 22.05.2019

COMPLIANCE CERTIFICATE

The Annual Accounts for the financial Year 2018-19 have been prepared keeping in view the provision of Section 134(5) of the companies Act, 2013 relating to Director's Responsibilities Statement i.e.

- In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- The Accounting Policies of the company have been applied consistently and the reasonable and prudent judgment and estimates have been made so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of Companies Act, 2013 for the safeguarding the assets of the company and for Preventing and Detecting Fraud and other Irregularities;
- The Annual Accounts have been prepared on going concern basis.
- The laid down Internal Financial Controls^(H) have been followed and such internal financial control are adequate and are operating effectively.
- Proper system to ensure compliances with the provision of all applicable Laws have been devised and such system are adequate and operating effectively.

(B.Girish Kumar)

CFO

Date: 22-05-2019

Place: Gwalior

(H) Explanation: for the purpose of this Clause, the term "Internal financial control" mean the policies and the procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherences 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

POWERGRID Southern Interconnector Transmission System Limited
(A wholly Owned Subsidiary of Power Grid Corporation of India Limited)


Certified True Copy of Resolution Passed at 39th Meeting of Board of Directors of POWERGRID Southern Interconnector Transmission System Limited held on Wednesday, 22nd May, 2019 at 08:30 p.m. at " SAUDAMINI", Plot No.2, Sector-29, Gurgaon, Haryana – 221001.

Item No. 39.2.1

Approval of Annual Financial Results for the Financial Year ended 31st March, 2019:

X X X X X X

"RESOLVED FURTHER THAT any of the Directors of the Company be and is hereby authorised to send the Financial Statements along with Auditor's report to the Comptroller & Auditor General of India for their comments under Section 143 (5) & (6) of the Companies Act, 2013."


(Divya Tandon)
Company Secretary

R.G.N PRICE & CO.

CHARTERED ACCOUNTANTS

201, Stellar Tower, Sion Trombay Road, Chembur, Mumbai - 400071.

Certificate Ref. No.

Dated:.....

CERTIFICATE

This is to certify that we have verified the relevant records and other documents of Power Grid Corporation Of India Limited having its Registered Office at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 and on the basis of our verification, we certify that Capital Cost for Establishment of " 1X1500 MVA 765/400Kv Transformer at Vemagiri under "Substation works associated with system strengthening in Southern Region for Import of power from Eastern Region", in southern region of Power Grid Corporation of India Limited which is under commercial operation w.e.f. 31.03.2017 is detailed as under:

(Rs. in Lakhs)

| S/N | Particulars | Capital Cost | IEDC | IDC | Total |
|-----|--------------------------------------------------|-----------------|--------------|---------------|-----------------|
| 1 | Expenditure upto 31.03.2016 | 830.86 | 30.96 | 42.01 | 903.83 |
| 2 | Expenditure from 01.04.2016 to 30.03.2017 (DOCO) | 2,819.83 | 45.79 | 175.39 | 3,041.01 |
| 3 | Expenditure on 31.03.2017(DOCO) | 0.00 | | | - |
| 4 | Expenditure from 01.04.2017 to 31.03.2018 | 1025.68 | | | 1,025.68 |
| 5 | Expenditure from 01.04.2018 to 31.03.2019 | 481.86 | | | 481.86 |
| | Total | 5,158.23 | 76.75 | 217.40 | 5,452.38 |

We certify that we have verified the expenditure up to 31.03.2019 as referred above on the basis of the information drawn from the audited Statement of Accounts of Power Grid Corporation of India Ltd., SRTS-I, Secunderabad for the period ended 31.03.2019

Place :-

Date:-

(Name of Auditor)

Chartered Accountants

FRN:-

POWERGRID MEDINIPUR JEERAT TRANSMISSION LIMITED

Wholly Owned Subsidiary of Power Grid Corporation of India Limited

(CIN: U40300DL2016GOI290075)

ANNUAL REPORT (2018-19)

POWERGRID MEDINIPUR JEERAT TRANSMISSION LIMITED

CIN: U40300DL2016GOI290075

Regd. Office : B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi- 110016.

Phone No.: 011-26560112, Fax: 011-26601081

DIRECTORS' REPORT

To,

Dear Members,

I am delighted to present on behalf of the Board of Directors, the Fourth Annual Report of POWERGRID Medinipur Jeerat Transmission Limited {formerly known as Medinipur Jeerat Transmission Limited} on the working of the Company together with Audited Financial Statement and Auditors Report for the financial year ended 31st March, 2019.

State of the Company's Affairs & Project implementation:

POWERGRID Medinipur Jeerat Transmission Limited (PMJTL), formerly known as Medinipur Jeerat Transmission Limited was acquired by POWERGRID on 28th March, 2017 under Tariff Based Competitive Bidding from PFC Consultancy Limited (the Bid Process Coordinator) for Transmission System associated with "765 kV strengthening in Eastern Region (ERSS-XVIII). The Transmission System includes establishment of 765 kV and 400 kV Transmission lines which is traverse the state of West Bengal and Jharkhand including establishment of two new 765/400 kV substation in West Bengal. The Company was granted transmission license by CERC in June, 2017. The work is under progress and scheduled date of completion is July, 2020.

As on 31.03.2019, PMJTL has an Authorized share capital of Rs. 1 Crore and Paid up share capital of Rs. 1.00 lakh. The project is under implementation.

The POWERGRID Medinipur Jeerat Transmission Limited is implementing ERSS-XVIII Transmission System.

Substations:

The land for 765/400/220 kV Medinipur Substation at Garbeta has been acquired/purchased by the company in March'18 and now site activities in civil works like Site leveling, Construction of Boundary Wall, CR Building, Auxiliary Building construction, foundation of Transformer, Reactors & 765 kV Tower & Equipment's is under progress and erection work like erection of 765 kV Tower & Beams are under progress.

The land for 765/400/220 kV New Jeerat Substation has been acquired/purchased by the company in May'18 and now site activities in civil works like Site leveling, Construction of Boundary Wall, Pile foundation of equipment's, Foundation of Reactors is under progress.

Transmission Lines:

1. Ranchi- Midnapore 765kV D/c Transmission line
Foundation- 661/717 Nos; Erection- 623/717 Nos; Stringing- 158.493/267.5 km
2. Midnapore- Jeerat 765kV D/c Transmission line
Foundation- 332/461 Nos; Erection- 266/461 Nos; Stringing- 28.105/169 km
3. L1LO of 400 KV D/C Chanditala - Kharagpur at Medinipur
Foundation-154/199 Nos; Erection-134/199 Nos. ; Stringing- 40.816/74 km
4. Jeerat (New) - Jeerat (WBSETCL) 400 kV D/c Transmission line
Foundation- 58/81 Nos; Erection- 41/81; Stringing- 4.20/25 km.
5. Jeerat (New) - Subhashgram 400 kV D/c Transmission line
Foundation-46/304 Nos; Erection-17/304 Nos. ; Stringing- To be commenced

Financial Performance

| Particulars | 2018-19 | 2017-18 |
|---------------------------------|---------|---------|
| Revenue from Operations | - | - |
| Other Income | - | - |
| Total Income | - | - |
| Expenses | - | - |
| Profit before Tax | - | - |
| Profit after Tax | - | - |
| Earnings Per Equity Share (Rs.) | - | - |

Share Capital:

The Authorized and Paid up Share Capital as on 31st March, 2019 of the Company were Rs. 1 Crore and Rs. 1 lakh, respectively.

Subsequently after the end of Financial Year 2018-19, authorized and paid up share capital has been increased to 300 Crore and 50.01 Crore respectively.

Dividend and Transfer to Reserves:

Your Company's Project is under implementation, hence Company has not started its commercial operations and there is no operational income/profit so your Company do not propose to carry any amount to the reserves for the Financial Year ended 31st March, 2019.

Your Directors have not recommended any dividend on the equity shares for the period under review.

Particulars of Loans, Guarantees or Investments made under section 186 of the Companies Act, 2013

Your Company has not given any loans, provided any guarantee or security to any other entity.

Particulars of contracts or arrangements with Related Parties:

Particulars of contracts or arrangements with related parties referred to Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, is given as **Annexure- I** to the Directors' Report.

Details of Significant & Material Orders passed by the regulators, courts, tribunals impacting the going concern status and company's operation in future

No significant / material orders passed by any authority during the Financial Year impacting the going concern status and Company's operation in future.

Deposits

Your Company has not accepted any deposit for the period under review.

Subsidiaries, Joint Ventures and Associate Companies

Your Company does not have any subsidiaries, joint ventures and associate companies.

Directors' Responsibility Statement

As required under section 134(3)(c) & 134(5) of the Companies Act, your Directors confirm that:

- a. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit/loss of the company for that period;
- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors had prepared the Annual Accounts on a going concern basis; and
- e. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go

Since no commercial activity was carried out by the Company, furnishing of information in respect of Conservation of Energy, Technology absorption and Foreign Exchange Earnings and out go under section 134(3) of the Companies Act, 2013 are not applicable.

Extract of Annual Return:

The extract of Annual Return in Form MGT-9 is enclosed at **Annexure –II** to this Report.

Board of Directors:

As on 31st March, 2019, the Board comprised Five Directors viz. Shri R. K. Chauhan, Shri K.S.R. Murty, Shri Abhay Chaudhary, Shri S. N. Sahay and Shri N. K. Ohdar.

There were some changes in the Board of Director of the Company during the financial year 2018-19. Shri Nand Kishor Ohdar and Shri Rajeev Kumar Chauhan were appointed by the Board as Additional Director w.e.f. 03.12.2018 and 22.01.2019 respectively and who hold office upto the date of ensuing Annual General Meeting. Shri Ravi P. Singh ceased to be Directors of the Company w.e.f 22.01.2019 respectively.

The Company has received a notice under section 160 of the Companies Act, 2013 from a member of the Company for appointment of Shri Rajeev Kumar Chauhan, and Shri Nand Kishor Ohdar as Directors, liable to retire by rotation, in the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 2013, Shri K. S. R. Murty shall retire by rotation at the Annual General Meeting of your Company and being eligible, offers himself for re-appointment.

None of the Directors is disqualified from being appointed/re-appointed as Director.

Number of Board meetings held during the year:

During the financial year ended 31st March, 2019, ten (10) Board meetings were held on 07.05.2018, 21.05.2018, 23.05.2018, 10.07.2018, 20.08.2018, 06.09.2018, 03.12.2018, 06.12.2018, 07.01.2019 and 08.03.2019. Detail of Meetings attended by each Director is given below:

| Name of Director | Designation | No. of Board Meetings which were entitled to attend during 2018-19 | No. of Board Meetings attendance during 2018-19 |
|-------------------------------------------|------------------------|--------------------------------------------------------------------|-------------------------------------------------|
| Shri R. K. Chauhan (w.e.f. 22.01.2019) | Chairman & Director | 01 | 01 |

| | | | |
|---------------------------------------------------------|------------------------|----|----|
| Shri Ravi P. Singh (w.e.f. 10.07.2018 to 22.01.2019) | Chairman & Director | 06 | 06 |
| Shri Prabhakar Singh (up to 30.06.2018) | Chairman & Director | 03 | 03 |
| Shri K. S. R. Murty | Director | 10 | 10 |
| Shri SN Sahay | Director | 10 | 01 |
| Shri Abhay Choudhary (w.e.f. 07.05.2018) | Director | 09 | 09 |
| Shri N. K. Ohdar (w.e.f. 03.12.2018) | Director | 03 | 00 |

Committees of the Board

Audit Committee

The provision of Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 are not applicable to the Company during the FY 2018-19.

Nomination & Remuneration Committee

The provision of Section 178 of the Companies Act, 2013 read with Rule 6 the Companies (Meetings of Board and its Powers) Rules, 2014 are not applicable to the Company during the FY 2018-19.

Declaration by Independent Directors

Ministry of Corporate Affairs (MCA) vide notification dated 05th July 2017 had amended the Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 {said Rule 4} as per which the unlisted public companies in the nature of wholly owned subsidiaries are exempted from the requirement of appointing Independent Directors on their Board. Accordingly, PMJTL, being a Wholly Owned Subsidiary of Power Grid Corporation of India Limited is exempted from the requirement of appointing Independent Directors on their Board.

Performance Evaluation

Your Company, being wholly-owned Subsidiary of POWERGRID, is a Government Company. The Whole time Directors & senior officials of POWERGRID (the holding company) are nominated as Directors of your Company. POWERGRID, being a Government Company, the Directors so nominated by it in your Company, are being evaluated under a well laid down procedure for evaluation of CMD / Functional Directors by Administrative Ministry and for evaluation of senior officials by POWERGRID (the holding company).

Statutory Auditors

M/s. Jain Seth & Co., Chartered Accountants, Kolkata was appointed by Comptroller and Auditor General (C&AG) of India as Statutory Auditor of the Company for the Financial Year 2018-19.

Statutory Auditors' Report

M/s. Jain Seth & Co., Chartered Accountants, Statutory Auditors for financial Year 2018-19 have given an unqualified report. The report is self-explanatory and does not require any further comments by the Board.

Details in respect of frauds reported by auditors other than those which are reportable to the Central Government

The Statutory Auditors of the Company have not reported any frauds to the Board of Directors under section 143(12) of the Companies Act, 2013, including rules made thereunder.

Comptroller and Auditors General's Comments:

Principal Director of Commercial Audit and Ex-officio Member, Audit Board-III, Indian Audit and Accounts Department, office of the Principal Director of Commercial Audit, vide letter dated 10th July, 2019 has communicated that Comptroller and Auditor General of India have decided not to conduct the supplementary audit of financial statements of POWERGRID Medinipur Jeerat Transmission Limited for the year ended 31st March, 2019 under Section 143(6)(a) of the Companies Act, 2013. Copy of letter dated 10th July, 2019 is given as **Annexure- III** to the Directors' Report.

Secretarial Audit Report

The requirement of obtaining a Secretarial Audit Report from the practicing company secretary is not applicable to the Company.

Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013, every Company having net worth of Rs. 500 Crore or more, or Turnover of Rs. 1000 Crore or more or a Net Profit of Rs. 5 Crore or more during immediately preceding Financial Year, is required to spend, atleast 2% of the Average Net Profits of the Company made during the three immediately preceding Financial Years, in pursuance of its Corporate Social Responsibility Policy. Since, the Company has not satisfied any of the above criteria during the FY 2018-19, the provisions of Section 135 requiring to incur expenditure on CSR were not applicable on the Company for the Financial Year 2018-19.

Development & Implementation of Risk Management Policy

Your Company being a wholly owned subsidiary of POWERGRID is covered under the Risk Management Framework as being done in the holding company.

Particulars of Employees

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 of the Companies Act, 2013 & corresponding rules of Chapter XIII are exempted for Government Companies. As your Company is a Government Company, the information has not been included as a part of Directors' report.

Prevention of Sexual Harassment at Workplace

There was no incidence of Sexual Harassment during the Financial Year 2018-19.

Internal Financial Control Systems and their adequacy

Your Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March, 2019.

Right to Information

In compliance to 'Right to Information Act, 2005', an appropriate mechanism is in place in the Company for promoting transparency and accountability, wherein the Company has nominated Central Public Information Officer / Appellate Authorities to provide required information under the provisions of Act.

Acknowledgement

The Board extends its sincere thanks to the Ministry of Power, the Central Electricity Regulatory Commission, POWERGRID, the Comptroller & Auditor General of India, and the Auditors of the Company.

**For and on behalf
POWERGRID Medinipur Jeerat Transmission Limited**

Sd/-
(R. K. Chauhan)
Chairman
DIN: 02018931

Place: Gurgaon
Date: 31st July, 2019

POWERGRID Medinipur Jeerat Transmission Limited**FORM NO. AOC -2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act
and Rule 8(2) of the Companies (Accounts) Rules, 2014**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

| Sl. No. | Particulars | Details |
|----------------|-------------------------------------------------------------------------------------------------------------------|----------------|
| a | Name (s) of the related party & nature of relationship | - |
| b | Nature of contracts / arrangements/ transaction | - |
| c | Duration of the contracts / arrangements / transaction | - |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e | Justification for entering into such contracts or arrangements or transactions' | - |
| f | Date of approval by the Board | - |
| g | Amount paid as advances, if any | - |
| h | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| Sl. No. | Particulars | Details |
|----------------|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a | Name (s) of the related party & nature of relationship | POWERGRID CORPORATION OF INDIA LIMITED / HOLDING COMPANY |
| b | Nature of contracts/arrangements / transaction | Part (A) to take any security(ies) / Guarantee(s) in connection with loans(s) and/or avail Inter-corporate Loan(s) on cost to cost basis and back to back servicing, or a combination thereof, upto an amount of Rs.2,800 crore from POWERGRID. Part (B) to avail all input & services as may be required by the Company from POWERGRID @ 5% of the actual project cost (excluding IDC and Consultancy Fee) plus Service Tax as applicable. |
| c | Duration of the contracts / arrange-ments / transaction | Part (A) As mutually agreed. Part (B) Commissioning of The TBCB Project including associated reconciliation activities. |

| | | |
|---|-------------------------------------------------------------------------------------------|----------------------------------------------------|
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | Refer (b). |
| e | Date of approval by the Board | For Part (A) 28.03.2017 For Part (B) 14.06.2017 |
| f | Amount paid as advances, if any | - |

**For and on behalf
POWERGRID Medinipur Jeerat Transmission Limited**

Sd/-
(R. K. Chauhan)
Chairman
DIN: 02018931

Place: Gurgaon
Date: 31st July, 2019

POWERGRID MEDINIPUR JEERAT TRANSMISSION LIMITED
Form No. MGT-9

EXTRACT OF ANNUAL RETURN
As on the Financial Year ended on March 31, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| i. | CIN | U40300DL2016GOI290075 |
| ii. | Registration Date | 22/01/2016 |
| iii. | Name of the Company | POWERGRID Medinipur -Jeerat Transmission Limited |
| iv. | Category/ Sub-Category of the Company | Company Limited by Shares / Union Government Company |
| v. | Address of the Registered office and contact details | B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 Tel: 011-26560121.Fax:011-26601081 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, If any | Not Applicable |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr.No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|--------|-------------------------------------------------|----------------------------------|------------------------------------|
| 1 | Transmission | 35107 | NA |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name And Address Of The Company | CIN/GLN | Holding/ Subsidiary /Associate | %of shares held | Applicable Section |
|---------|----------------------------------------------------------|-----------------------|--------------------------------|-----------------|--------------------|
| 1. | Power Grid Corporation of India Limited (POWERGRID) * | L40101DL1989GOI038121 | Holding Company | 100% | 2(46) |

* Holding Company w.e.f. 28.03.2017

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year – 01.04.2018 | | | | No. of Shares held at the end of the year – 31.03.2019 | | | | % Change during the year |
|----------------------------------|--------------------------------------------------------------|----------|-------|-------------------|--------------------------------------------------------|----------|-------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | - | 6* | 6* | 0.06 | 6* | - | 6* | 0.06 | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | 0 | 9994 | 9994 | 99.94 | 9994 | - | 9994 | 99.94 | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(1):- | 0 | 10000 | 10000 | 100 | 10000 | - | 10000 | 100 | - |
| 2) Foreign | | | | | | | | | |
| g) NRIs- Individuals | - | - | - | - | - | - | - | - | - |
| h) Other- Individuals | - | - | - | - | - | - | - | - | - |
| i) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| j) Banks / FI | - | - | - | - | - | - | - | - | - |
| k) Any Other.... | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(2):- | - | - | - | - | - | - | - | - | - |
| B. Public Shareholding | - | - | - | - | - | - | - | - | - |
| 1. Institutions | - | - | - | - | - | - | - | - | - |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------|--------------|------------|--------------|----------|--------------|------------|----------|
| 2. Non Institutions | - | - | - | - | - | - | - | - | - |
| a) Bodies Corp. (i) Indian (ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals (i) Individual shareholders holding nominal share capital upto Rs.1 lakh (ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others (Specify) | - | - | - | - | - | - | - | - | - |
| Sub-total(B)(2) | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 0 | 10000 | 10000 | 100 | 10000 | - | 10000 | 100 | - |

* 6 equity shares held by POWERGRID's nominees (Individuals) jointly with POWERGRID.

ii.Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|--------|-----------------------------------------------------|-------------------------------------------|----------------------------------|------------------------------------------|-------------------------------------|----------------------------------|------------------------------------------|----------|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total | |
| 1 | Power Grid Corporation of India Limited (POWERGRID) | 9994 | 99.94 | - | 9994 | 99.94 | - | - |
| 2 | Shri Ravi P Singh jointly with POWERGRID | 01 | 0.01 | - | 01 | 0.01 | - | - |
| 3 | Shri Prabhakar Singh jointly with POWERGRID* | 01 | 0.01 | - | 00 | 00 | - | -0.01 |
| 4 | M. Taj Mukarrum jointly with POWERGRID* | 0 | 00 | - | 01 | 0.01 | | 0.01 |
| 5 | Shri K. Sreekant jointly with POWERGRID | 01 | 0.01 | - | 01 | 0.01 | - | - |
| 6 | Shri A K Singhal jointly with POWERGRID | 01 | 0.01 | - | 01 | 0.01 | - | - |
| 7 | Shri K S R Murty jointly with POWERGRID | - | - | - | 01 | 0.01 | - | - |
| 8 | Smt. Seema Gupta jointly with POWERGRID | - | - | - | 01 | 0.01 | - | - |
| | Total | 10000 | 100 | - | 10000 | 100 | - | - |

***01 Equity share held by Shri Prabhakar Singh (jointly with POWERGRID) transferred to M. Taj Mukarrum (jointly with POWERGRID) on 10.07.2018*

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 10000 | 100 | 10000 | 100 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 10000 | 100 | 10000 | 100 |

iv) Share holding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Top ten shareholders | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Directors and KMP | | | | |
| | For each of Directors | | | | |
| 1 | Shri R. K. Chauhan, Director Chairperson | | | | |
| | At the beginning of the year | 0 | 00 | 0 | 00 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| | At the End of the year | 0 | 00 | 0 | 00 |
| 2 | Shri KSR Murty, Director* | | | | |
| | At the beginning of the year | 01* | 0.01 | 01* | 0.01 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 01* | 0.01 | 01* | 0.01 |
| 3 | Shri Abhay Choudhary, Director | | | | |
| | At the beginning of the year | 0 | 00 | 0 | 00 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| | At the End of the year | 0 | 00 | 0 | 00 |

| | | | | | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|----|---|----|
| 4 | Shri. S N Sahay, Director | | | | |
| | At the beginning of the year | 0 | 00 | 0 | 00 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| | At the End of the year | 0 | 00 | 0 | 00 |
| 5 | Shri N. K. Ohdar, Director | | | | |
| | At the beginning of the year | 0 | 00 | 0 | 00 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| | At the End of the year | 0 | 00 | 0 | 00 |

*Jointly with POWERGRID

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding /accrued but not due for payment
(Rs. In Lacs)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|-----------------------------------------------------|-----------------------------------------|------------------------|-----------------|---------------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | 25256.78 | - | 25256.78 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | 361.48 | - | 361.48 |
| Total(i+ii+iii) | - | 25,618.26 | - | 25,618.26 |
| Change in Indebtedness during the financial year | | | | |

| | | | | |
|-----------------------------------------------|---|-----------|---|-----------|
| - Addition | | 128816.48 | - | 128816.48 |
| - Reduction | | | - | |
| Net Change | - | 128816.48 | - | 128816.48 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | | 126977.52 | - | 126977.52 |
| ii) Interest due but not paid | | - | - | - |
| iii) Interest accrued but not due | | 824.26 | - | 824.26 |
| Total (i+ii+iii) | - | 127801.78 | - | 127801.78 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

[Not Applicable]

| Sl. No. | Particulars of Remuneration | Name of MD/WTM/Manager | | | | Total Amount |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---|---|---|--------------|
| 1. | Gross salary (a)Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b)Value of perquisites u/s 17(2) Income-tax Act, 1961 (c)Profits in lieu of salary Under section17(3) Income-tax Act,1961 | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission - as% of profit - Others, specify... | - | - | - | - | - |
| 5. | Others, please specify | - | - | - | - | - |
| 6. | Total(A) | - | - | - | - | - |
| | Ceiling as per the Act | - | - | - | - | - |

B. Remuneration to other directors:
[Not Applicable]

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------|---|---|---|--------------|
| | <u>Independent Directors</u> • Fee for attending board committee meetings • Commission • Others ,please specify | - | - | - | - | - |
| | Total(1) | - | - | - | - | - |
| | <u>Other Non-Executive Directors</u> • Fee for attending board committee meetings • Commission • Others ,please specify | - | - | - | - | - |
| | Total(2) | - | - | - | - | - |
| | Total(B)=(1+2) | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - |
| | Over all Ceiling as per the Act | - | - | - | - | - |

C. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD:
[Not Applicable]

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------|-----|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a) Salary as per provisions contained in section17(1)of the Income-tax Act,1961 (b)Value of perquisites u/s 17(2) Income-tax Act,1961 (c)Profits in lieu of salary under section 17(3) Income-tax Act,1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as% of profit | - | - | - | - |

| | | | | | |
|----|------------------------|---|---|---|---|
| | -others, specify... | | | | |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total | - | - | - | - |

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/ Punishment/Compounding fees imposed | Authority [RD /NCLT/Court] | Appeal made. If any (give details) |
|-------------------------------------|------------------------------|-------------------|---------------------------------------------------------|----------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| B. Directors | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| C. Other Officers In Default | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |

**For and on behalf
POWERGRID Medinipur Jeerat Transmission Limited**

Sd/-
(R. K. Chauhan)
Chairman
DIN: 02018931

Place: Gurgaon
Date: 31st July, 2019



भारतीय लेखापरीक्षा और लेखा विभाग

कार्यालय

प्रधान निदेशक, वाणिज्यिक लेखा परीक्षा

एवं पदेन सदस्य लेखा परीक्षा बोर्ड-III

नई दिल्ली

INDIAN AUDIT AND ACCOUNTS DEPARTMENT

OFFICE OF THE

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT

& EX-OFFICIO MEMBER, AUDIT BOARD-III

NEW DELHI

दिनांक/Dated: 10 July, 2019

सेवा में

अध्यक्ष,

पावरग्रिड मेदिनीपुर — जीरत ट्रांसमिशन लिमिटेड,
नई दिल्ली.

महोदय,

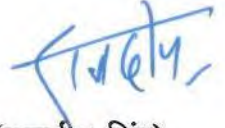
विषय: 31 मार्च 2019 को समाप्त वर्ष के लिये पावरग्रिड मेदिनीपुर — जीरत ट्रांसमिशन लिमिटेड, नई दिल्ली के वार्षिक लेखाओं पर कम्पनी अधिनियम, 2013 की धारा 143(6) (b) के अन्तर्गत भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणियाँ।

मैं, पावरग्रिड मेदिनीपुर — जीरत ट्रांसमिशन लिमिटेड, नई दिल्ली के 31 मार्च 2019 को समाप्त वर्ष के लेखाओं पर कम्पनी अधिनियम, 2013 की धारा 143(6)(b) के अन्तर्गत भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणियाँ अग्रेषित कर रहा हूँ।

कृपया इस पत्र की संलग्नकों सहित प्राप्ति की पावती भेजी जाए।

भवदीय,

संलग्नक: यथोपरि


(राजदीप सिंह)
प्रधान निदेशक

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF POWERGRID MEDINIPUR - JEERAT TRANSMISSION LIMITED FOR THE YEAR ENDED 31 MARCH 2019

The preparation of financial statements of POWERGRID MEDINIPUR-JEERAT TRANSMISSION LIMITED for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 15 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of POWERGRID MEDINIPUR - JEERAT TRANSMISSION LIMITED for the year ended 31 March 2019 under Section 143(6)(a) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

(Rajdeep Singh)

Principal Director of Commercial Audit &
Ex-officio Member, Audit Board – III,
New Delhi

Place: New Delhi
Dated: 10 July 2019

POWERGRID MEDINIPUR JEERAT TRNSMISSION LIMITED

Formerly know as Medinipur Jeerat Transmission Limited

(A Subsidiary of Powergrid Corporation of India Limited)

ER-II, KOLKATA



CF-17, ACTION AREA – 1C, NEW TOWN, RAJARHAT, KOLKATA – 700 156

Ph No-033 23242840 FAX – 033 2324 2856 Email: er2finance@powergrid.co.in

Date: 16.05.2019

To,
The Principal Director of Commercial Audit
And Ex-officio Member Audit Board-III,
6th & 7th Floor, Annexe Building,
10, Bahadurshah Zafar Marg,
New Delhi-110002.

SUB: Submission of Audited Accounts for FY 2018-19 of Powergrid Medinipur Jeerat Transmission Limited.

Respected Sir/Madam,

The financial statements for the FY 2018-19 of Powergrid medinipur Jeerat Transmission Limited , a wholly ownded subsidiary company of POWERGRID, comprising of Balance Sheet, Statement of Profit and Loss, Statement of Cash Flows, Statement of Changes in equity, Accounting Policies and Notes to Financial Statements, duly approved by the Board in its meeting held on 15th May, 2019 alongwith the Statutory Auditors' report thereon, are submitted please.

Thanking You,

Yours faithfully,

प्रमाणित
संख्या 181
10, बहादुरशाह जफर मार्ग
नई दिल्ली 110002
7/5/2019


(N L Dhar)
CFO (PMJTL)

एन. एल. धर
N. L. DHAR
मुख्य वित्त अधिकारी
Chief Finance Officer
पी.एम. ज. टि. एल., कोलकाता
P.M. J T L., KOLKATA

Encl: 1. Two Sets of financial statements , and
2. Board resolution for approval of financial statements.

Regd. Office : B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi – 110016

EPABX : 011 – 26560112, 26560115, 26560193, 26564892, FAX : 011-26560039, Gram: "NATGRID"

POWERGRID MEDINIPUR JEERAT TRANSMISSION LIMITED
(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Corporate Office: CF-17, Action Area 1C, New Town, Kolkata-700156.


Ref: PMJL/F&A/18-19/01

Dated: - 15.05.2019

COMPLIANCE CERTIFICATE

The Annual Accounts for the Financial Year 2018-19 have been prepared keeping in view the provisions of Section 134(5) of the Companies Act, 2013 relating to Director's Responsibilities Statement i.e.

- i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) The Accounting Policies of the Company have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for Safeguarding the Assets of the Company and for Preventing and Detecting Fraud and other Irregularities.
- iv) The Annual Accounts have been prepared on a going concern basis.
- v) The laid down Internal Financial Controls(#) have been followed and such Internal Financial Controls are adequate and are operating effectively.
- vi) Proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems are adequate and operating effectively.


Name: - N.L.DHAR
Designation: - CFO
Date: - 15.05.2019

एन. एल. धर
N. L. DHAR
मुख्य वित्त अधिकारी
Chief Finance Officer
पी.एम.जे.टी.एल, कोलकाता
P M J T L, KOLKATA

(#)Explanation: For the purposes of this clause, the term "internal financial controls" means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to 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.

POWERGRID MEDINIPUR JEERAT TRANSMISSION LIMITED
(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Corporate Office: CF-17, Action Area 1C, New Town, Kolkata-700156.

Ref: PMJTL/F&A/18-19/02

Dated: - 15.05.2019

CERTIFICATE

This is to certify that, all the provisions relating to various Tax Laws, Companies Act and other laws as may be applicable from time to time have been complied with for the Financial Year 2018-19 in respect of the Company.

Name: - N.L.DHAR

Designation: - CFO

एन. एल. धर
N. L. DHAR
मुख्य वित्त अधिकारी
Chief Finance Officer
पी.एम. जे. टि. एल. कोलकाता
P. M. J. T. L. KOLKATA

POWERGRID MEDINIPUR JEERAT TRANSMISSION LIMITED
(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Corporate Office: CF-17, Action Area 1C, New Town, Kolkata-700156.

Ref: PMJTL/F&A/18-19/03

Dated: - 15.05.2019

CERTIFICATE

This is to certify that, Financial Results of M/s **POWERGRID MEDINIPUR JEERAT TRANSMISSION LIMITED** for the Financial Year Ended 31st March 2019 does not contain any false or misleading statement or figure and do not omit any material fact which may make the statements or figures contained therein misleading.



(R.K.Chauhan)
Chairman



(N.L.DHAR)
CFO

एन. एल. धर
N. L. DHAR
मुख्य वित्त अधिकारी
Chief Finance Officer
पी.एम. जे. टि. एल., कोलकाता
P.M. J T L, KOLKATA

Compliance Certificate

We have conducted the audit of annual stand-alone accounts of **M/s POWERGRID MEDINIPUR JEERAT TRANSMISSION LIMITED** (Formerly MEDINIPUR-JEERAT TRANSMISSION LIMITED) for the year ended 31st March 2019 in accordance with the directions / sub - directions issued by the C&AG of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with all the direction/Sub-directions issued to us.

For M/s Jain Seth & Company,
Chartered Accountants
Firm Regn. No- 002069W



Bishnu Kant Agrawal
Partner
M. No.:- 053700



Dated: - 15.05.2019
Place: - Kolkata

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s POWERGRID MEDINIPUR JEERAT TRANSMISSION LIMITED (Formerly MEDINIPUR-JEERAT TRANSMISSION LIMITED)

Report on the Ind-AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of M/s POWERGRID MEDINIPUR JEERAT TRANSMISSION LIMITED (Formerly MEDINIPUR-JEERAT TRANSMISSION LIMITED) ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 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 31st March 2019, statement of Profit & Loss A/c (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 Companies Act, 2013 and the Rules there under, 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 opinion.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act, read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order issued under section 143 (11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. 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. In making those risk assessments, the auditor considers



internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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.

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 Section 143(11) of the Act, we give in "Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. In terms of sub section (5) of section 143 of the Companies Act, 2013, we give in the Annexure "B" a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.
3. 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 Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows 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 Indian Accounting Standards prescribed under section 133 of the Act, read with the relevant rules issued thereunder.



- e. Being a Subsidiary of a Government Company, Section 164(2) of the Act pertaining to disqualification of Directors are not applicable to the Company.
- 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 "C"**.
- g. 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 has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note No. 35 to the Ind AS financial statements;
 - 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 Jain Seth & Company,
Chartered Accountants
Firm Regn. No. 002069W


Bishnu Kant Agrawal
Partner
Mem. No. 053700
Place: Kolkata
Date: 15.05.2019



As referred to in our Independent Auditors' Report to the members of the **M/s POWERGRID MEDINIPUR JEERAT TRANSMISSION LIMITED** (FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED) ('the Company') (, on the Financial Statements for the Year Ended 31st March, 2019, we report that:

- (i) (a) The Company has maintained records, showing full particulars including quantitative details and situation of Fixed Assets.
- (b) Land , Furniture and fixtures and Office equipment are the only Fixed Asset. Physical Verification of furniture and fixtures and Office equipment are conducted during the year.
- (c) The Company is having leasehold land of 33.59 hectares valuing Rs. 13.67 Crore for which the lease deed is already executed.
- (d) The Company is having freehold land of 32.88 hectares valuing Rs. 58.66 Crore for which the title deed is yet to be executed which is capitalized on the basis of possession certificate from Nadia Zilla Parishad.
- (ii) The company does not hold any inventories as on 31.03.19 hence clause (ii) of paragraph 3 of the order is not applicable.
- (iii) The Company has not granted any Loans secured or unsecured to companies, firms or other parties Covered in the Register maintained under section 189 of the Companies Act, 2013.
- (iv) According to the information and explanations given to us, the Company has not given any loans, investments guarantees and securities. Accordingly clause 3(iv) of the Order is not applicable.
- (v) The company has not accepted any deposits from Public and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the act and the Companies (Acceptance of Deposits) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- (vi) There is no such Cost Records specified by Central Government u/s 148 of the Companies Act, 2013.
- (vii) (a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues with appropriate authorities including Income Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to the Company and that there are no undisputed statutory dues outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable.
- (b) Based on our audit and explanations given to us, there are no disputed dues of Duty of Customs or Duty of Excise of Sales Tax which have not been deposited.



(viii) According to the information and explanations given to us, the company has not taken any loan from any financial institution or bank or debenture holders, hence clause (viii) of paragraph 3 of the order is not applicable.

(ix) The company has not raised Money by way of IPO & FPO including debt instruments. However, Loan from holding Company are applied for the purposes for which they are raised.

(x) Based on our audit Procedures performed and the information and explanations given by the management, we report that no fraud by the company or on the company by its officers or employees has been noticed or reported during the year.

(xi) Based on our audit Procedures performed and the information and explanations given by the management, Managerial Remuneration & Other Payments relating to Staff are made from Holding Co. Hence clause (xi) of paragraph 3 of the order is Not Applicable.

(xii) The company is not an Nidhi company as prescribed U/s 406 of the act. Accordingly clause (xii) of paragraph 3 of the order is not applicable.

(xiii) All transactions with the "Related Parties" in compliance with sections 177 and 188 of the Companies Act, 2013 are disclosed.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) Based on our audit Procedures performed and 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.

(xvi) The Co. is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 as the Co. is not a NBFC.

For Jain Seth & Company,
Chartered Accountants
Firm Regn. No. 002069W

Signature

Bishnu Kant Agrawal
Partner
Mem. No. 053700
Place: Kolkata
Date: 15.05.2019



Annexure - "B"

As referred to in our Independent Auditors' Report to the Members of the M/s POWERGRID MEDINIPUR JEERAT TRANSMISSION LIMITED (FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED) ('The Company'), on the Financial Statements for the Year Ended 31st March 2019 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013, we Report that:

| S. No. | Directions | Auditors Comments | Action Taken By Management | Impact on Financial Statements |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------------|
| 1. | Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | All accounting transaction of the Company are processed through the ERP (SAP System) that has been implemented by the Company. No Accounting transaction is being recorded / processed otherwise than through the ERP system in place. Hence no further disclosure is required in this regards. | N/A | Nil |
| 2. | Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. | There are no cases of restructuring of existing loan or cases of waiver / write off of debts / loans / interest etc. | N/A | Nil |
| 3. | Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation. | No fund has been received from Central/State agencies. | N/A | Nil |

For Jain Seth & Company,
Chartered Accountants
Firm Regn. No. 002069W



Bishnu Kant Agrawal
Partner
Mem. No. 053700
Place: Kolkata
Date: 15.05.2019



ANNEXURE - "C"

As referred to in our Independent Auditors' Report to the members of the M/s **POWERGRID MEDINIPUR JEERAT TRANSMISSION LIMITED** (FORMERLY MEDINIPUR - JEERAT TRANSMISSION LIMITED) ("the Company"), on the Financial Statements for the year ended 31st March 2019

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

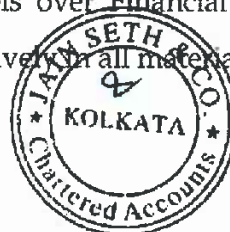
We have audited the Internal Financial Controls over Financial Reporting of the company as at 31st March 2019 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining Internal Financial Control 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 (ICAI)". 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 business, including adherence to 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 Act.

Auditors' 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 Control over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed 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 Company's Internal Financial Controls System over Financial Reporting.

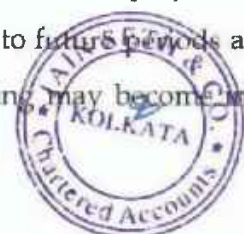
Meaning of Internal Financial Controls over Financial Reporting

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 authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's Assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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 controls 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 and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March 2019, based on "the Internal Financial Controls 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 Jain Seth & Company,
Chartered Accountants
Firm Regn. No. 002069W



Bishnu Kant Agrawal
Partner
Mem. No. 053700
Place: Kolkata
Date: 15.05.2019



POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD

(FORMERLY MEDINIPUR JEERAT TRANSMISSION LIMITED)

CIN : U40300DL2016GOI290075

Balance Sheet as at 31st March, 2019


(₹ in Lakhs)

| Particulars | Note No | As at 31st March, 2019 | As at 31st March, 2018 |
|------------------------------------------------------------------------------------------|---------|------------------------|------------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 4 | 7,195.14 | 1,372.35 |
| Capital Work-in-Progress | 5 | 138,879.81 | 17,110.53 |
| Intangible Assets Under Development | 6 | 585.24 | - |
| Other Non-Current Assets | 7 | 5,283.14 | 2,268.73 |
| | | 151,943.33 | 20,751.61 |
| Current Assets | | | |
| Financial Assets | | | |
| Cash and Cash Equivalents | 8 | 3.03 | 0.72 |
| Other Current Financial Assets | 9 | - | 5.00 |
| Other Current Assets | 10 | | 12,169.28 |
| | | 3.03 | 12,175.00 |
| Total Assets | | 151,946.36 | 32,926.61 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share Capital | 11 | 1.00 | 1.00 |
| Other Equity | 12 | (0.18) | (0.18) |
| | | 0.82 | 0.82 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Financial Liabilities | | | |
| Borrowings | 13 | 126,977.52 | 25,256.78 |
| Other Non Current Financial Liability | 14 | 7,945.78 | - |
| | | 134,923.30 | 25,256.78 |
| Current Liabilities | | | |
| Financial Liabilities | | | |
| Trade Payable | | | |
| i) Total Outstanding Dues of Micro Enterprises & Small Enterprises | 15 | - | - |
| ii) Total Outstanding Dues of Creditors Other than Micro Enterprises & Small Enterprises | 15 | - | 0.20 |
| Other Current Financial Liability | 16 | 16,567.84 | 7,581.27 |
| Other Current Liabilities | 17 | 454.40 | 87.54 |
| | | 17,022.24 | 7,669.01 |
| Total Equity and Liabilities | | 151,946.36 | 32,926.61 |

The accompanying Notes (1 to 38) form an Integral Part of Financial Statements

As Per Our Report of Even Date

For Jain Seth & Company,
Chartered Accountants
Firm Regn. No. 002069W


Bishnu Kant Agarwal
Partner
Mem. No. 053700



For & On Behalf of The Board of Directors


(R. K. Chauhan)
Chairman
DIN-02018931


(K.S.R Murty)
Director
DIN-07359191

Place : Kolkata
Date : 15.05.19

Place : Gurgaon
Date : 15.05.19



POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD

(FORMERLY MEDINIPUR JEERAT TRANSMISSION LIMITED)

CIN : U40300DL2016GOI290075

Statement of Profit and Loss for the year ended 31st March, 2019


(₹ in Lakhs)

| Particulars | Note No. | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
|-------------------------------------------------|-----------|-------------------------------------|-------------------------------------|
| Revenue From Operations | | - | - |
| Other Income | <u>18</u> | - | - |
| Total Income | | - | - |
| EXPENSES | | | |
| Finance Costs | <u>19</u> | - | - |
| Depreciation and Amortization Expense | <u>20</u> | - | - |
| Other Expenses | <u>21</u> | - | - |
| Total Expenses | | - | - |
| Profit/(Loss) Before Tax | | - | - |
| Tax Expense: | | | |
| Current Tax | | - | - |
| Deferred Tax | | - | - |
| Profit (Loss) for the Period | | - | - |
| Other Comprehensive Income | | - | - |
| Total Comprehensive Income for the period | | - | - |
| Earnings per Equity Share (Par Value ₹ 10 each) | | | |
| Basic (₹) | | - | - |
| Diluted (₹) | | - | - |

The accompanying Notes (1 to 38) form an Integral Part of Financial Statements

As Per Our Report of Even Date

For Jain Seth & Company,
Chartered Accountants
Firm Regn. No. 002069W


Bishnu Kant Agarwal
Partner
Mem. No. 053700



For & On Behalf of The Board of Directors


(R. K. Chauhan)
Chairman
DIN-02018931


(K.S.R Murty)
Director
DIN-07359191

Place : Kolkata
Date : 15.05.19

Place : Gurgaon
Date : 15.05.19



POWERGRID Medinipur Jeerat Transmission Limited
(FORMERLY MEDINIPUR JEEAT TRANSMISSION LIMITED)
Statement of Cash Flow for the Year Ended 31st March 2019

(₹ in Lakhs)

| Particulars | Note | For the Year Ended 31st March 2019 | For the Year Ended 31st March 2018 |
|-------------------------------------------------------------------------------------------------|----------|---------------------------------------|------------------------------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net Profit / (Loss) Before Tax (Including Net movement in Regulatory Deferral Account Balances) | | | |
| Operating Profit / (Loss) before Working Capital Changes | | | |
| Adjustments For Changes in Assets and Liabilities : | | | |
| (Increase)/Decrease in Other Non-Current Assets | | 2,268.73 | (2,268.73) |
| (Increase)/Decrease in Other Current Assets | | 6,886.14 | (12,169.28) |
| (Increase)/Decrease in Other Current Financial Assets | | 5.00 | (5.00) |
| Increase / (Decrease) in Liabilities & Provisions | | 17,299.01 | 5,719.91 |
| Cash Generated From Operations | | 26,458.88 | (8,723.10) |
| Income Tax Paid | | | |
| Net Cash from / (used in) Operating Activities | | 26,458.88 | (8,723.10) |
| B CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Property, Plant & Equipments, Capital Work in Progress and Intangible Assets Under Development | | (128,177.31) | (16,563.10) |
| Net Cash used in Investing Activities | | (128,177.31) | (16,563.10) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Loan repaid during the year | | | |
| Long Term Loan From Power Grid Corp. of India Ltd. (Holding Company) | | 101,720.74 | 25,256.78 |
| Net Cash from / (used in) Financing Activities | | 101,720.74 | 25,256.78 |
| D Net Change in Cash and Cash Equivalents (A+B+C) | | 2.31 | (29.42) |
| E Cash and Cash Equivalents (Opening Balance) | 8 | 0.72 | 30.14 |
| F Cash and Cash Equivalents (Closing Balance) (D+E) | 8 | 3.03 | 0.72 |

The accompanying Notes (1 to 38) form an Integral Part of Financial Statements

Further Notes :

1. Cash & Cash equivalents consist of balances with bank in current account.
2. Previous year figures have been re-grouped / re-arranged wherever required.

As Per Our Report of Even Date

For Jain Seth & Company,
Chartered Accountants
Firm Regn. No. 002069W


Bishnu Kant Agarwal
Partner
Mem. No. 0537001



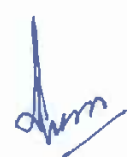
For & On Behalf of The Board of Directors


(R. K. Chauhan)
Chairman
DIN- 02018931


(K.S.R Murty)
Director
DIN-07359191

Place : Kolkata
Date : 15.05.19

Place : Gurgaon
Date : 15.05.19



POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD

(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Statement of Changes in Equity for the period ended 31st March 2019**A. Equity Share Capital**

| | (₹ in Lakhs) |
|---------------------------------|--------------|
| As at 1st April, 2018 | 1.00 |
| Changes in equity share capital | - |
| As at 31st March, 2019 | 1.00 |
| As at 1st April, 2017 | 1.00 |
| Changes in equity share capital | - |
| As at 31st March, 2018 | 1.00 |

B. Other Equity

(₹ in Lakhs)

| | Reserves and Surplus | Total |
|-----------------------------------------|----------------------|--------|
| | Retained Earnings | |
| Balance at 1st April, 2018 | (0.18) | (0.18) |
| Total Comprehensive Income for the year | - | - |
| Balance at 31st March, 2019 | (0.18) | (0.18) |

Refer to Note 12 for Nature & Movement of Other Equity

(₹ in Lakhs)

| | Reserves and Surplus | Total |
|-----------------------------------------|----------------------|--------|
| | Capital Reserve | |
| Balance at 1st April, 2017 | (0.18) | (0.18) |
| Total Comprehensive Income for the year | - | - |
| Balance at 31st March, 2018 | (0.18) | (0.18) |

As per our report of even date

For and on behalf of Board Of Directors

For & on behalf of
Jain Seth & Company
Chartered Accountants
FRN-002069W



Bishnu Kant Agarwal
Partner
M.No. 053700
Place : Kolkata
Date: 15.05.19




(R. K. Chauhan)
Chairman
DIN-02018931


K.S.R Murty
Director
DIN-07359191

Place : Gurgaon
Date : 15.05.19



1. Corporate and General Information

M/s Powergrid Medinipur Jeerat Transmission Limited ("the Company") domiciled and incorporated in India under the provisions of Companies Act and is wholly owned subsidiary of M/s Power Grid Corporation of India Limited. The Registered Office of the Company is situated at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi, India.

The company is engaged in business of Power Systems Network, construction operation and maintenance of transmission lines and other related allied activities.

The Financial Statements of the Company for the year ended 31st March 2019 were approved for issue by the Board of Directors on 15th May, 2019.

2. Significant Accounting Policies FY 2018-19

2.1 Basis of Preparation

i) Compliance with Ind AS

The financial statements are prepared in compliance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015, the relevant provisions of the Companies Act, 2013 (to the extent notified), The Companies Act, 1956 and the provisions of Electricity Act, 2003, in each case, to the extent applicable and as amended thereafter.

ii) Basis of Measurement

The financial statements have been prepared on accrual basis and under the historical cost convention except following which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer Note no. 2.11 for accounting policy regarding financial instruments),
- Defined benefit plans - plan assets measured at fair value

iii) Functional and presentation currency

The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency and all amounts are



rounded to the nearest lakhs and two decimals thereof, except as stated otherwise.

iv) Use of estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Note no. 3 on critical accounting estimates, assumptions and judgments).

v) Current and 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 realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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 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 settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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



A handwritten signature in blue ink, appearing to be "dharma", with a horizontal line underneath.

The Company recognizes twelve months period as its operating cycle.

2.2 Property, Plant and Equipment

Initial Recognition and Measurement

Property, Plant and Equipment is initially measured at cost of acquisition/construction including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation / amortisation and accumulated impairment losses, if any.

Property, Plant and Equipment acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized.

If the cost of the replaced part or earlier inspection is not available, the estimated cost of similar new parts/inspection is used as an indication of what the cost of the existing part/ inspection component was when the item was acquired or inspection was carried out.

In the case of commissioned assets, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

Assets and systems common to more than one transmission system are capitalized on the basis of technical estimates/ assessments.

Transmission system assets are considered as ready for intended use after meeting the conditions for commercial operation as stipulated in Transmission Service Agreement (TSA) and capitalized accordingly.

The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken.

Expenditure on leveling, clearing and grading of land is capitalized as part of cost of the related buildings.

Spares parts whose cost is ₹5,00,000/- and above, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized.



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Subsequent costs

Subsequent expenditure is recognized as an increase in carrying amount of assets when it is probable that future economic benefits deriving from the cost incurred will flow to the company and cost of the item can be measured reliably.

The cost of replacing part of an item of Property, Plant & Equipment is recognized in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit & Loss as incurred.

Derecognition

An item of Property, Plant and Equipment is derecognized when no future economic benefits are expected from their use or upon disposal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

2.3 Capital Work-In-Progress (CWIP)

Cost of material, erection charges and other expenses incurred for the construction of Property, Plant and Equipment are shown as CWIP based on progress of erection work till the date of capitalization.

Expenditure of Offices and Projects, attributable to construction of property, plant and equipment are identified and allocated on a systematic basis to the cost of the related assets.

Interest during construction and expenditure (net) allocated to construction as per policy above are kept as a separate item under CWIP and apportioned to the assets being capitalized in proportion to the closing balance of CWIP.

Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.

2.4 Intangible Assets and Intangible Assets under development

Intangible assets are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.



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Subsequent expenditure on already capitalized Intangible assets is capitalised when it increases the future economic benefits embodied in an existing asset and is amortised prospectively.

The cost of software(which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognized as an intangible asset when the same is ready for its use.

Afforestation charges for acquiring right-of-way for laying transmission lines are accounted for as intangible assets on the date of capitalization of related transmission lines.

Expenditure incurred, eligible for capitalization under the head Intangible Assets, are carried as "Intangible Assets under Development" till such assets are ready for their intended use.

Expenditure on research shall be recognised as an expense when it is incurred.

Expenditure on development shall be recognised as Intangible asset if it meets the eligibility criteria as per Ind AS 38 'Intangible Assets', otherwise it shall be recognised as an expense.

An item of Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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 and Loss when the asset is derecognised.

2.5 Depreciation / Amortisation

Property, Plant & Equipment

Depreciation/amortisation on the assets related to transmission business is provided on straight line method following the rates and methodology notified by the CERC for the purpose of recovery of tariff except for assets specified in the following paragraphs.

Leasehold land is fully amortized over lease period or life of the related plant whichever is lower in accordance with the rates and methodology specified in CERC Tariff Regulation. Leasehold land acquired on perpetual lease is not amortized.

Depreciation on spares parts, standby equipment and servicing equipment which are capitalized, is provided on straight line method from the date they are available for use over the remaining useful life of the related assets of



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transmission business, following the rates and methodology notified by the CERC.

Depreciation on following assets is provided based on estimated useful life as per technical assessment.

| Particulars | Useful life |
|---------------------------------|-------------|
| a. Computers & Peripherals | 3 Years |
| b. Servers & Network Components | 5 years |

Residual value of above assets is considered as Nil.

Mobile phones are charged off in the year of purchase.

Fixed Assets costing ₹5,000/- or less, are fully depreciated in the year of acquisition.

Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively at the rates and methodology as specified by the CERC Tariff Regulations.

Depreciation on additions to/deductions from Property, Plant and Equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The residual value, useful lives and method of depreciation for assets are reviewed at each financial year - and adjusted prospectively, wherever required.

Intangible Assets

Cost of software capitalized as intangible asset is amortized over the period of legal right to use or 3 years, whichever is less with Nil residual value.

Afforestation charges are amortized over thirty five years from the date of capitalization of related transmission assets following the rates and methodology notified by Central Electricity Regulatory Commission (CERC) Tariff Regulations.

Amortisation on additions to/deductions from Intangible Assets during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.



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The amortization period and the amortization method for an intangible asset are reviewed at each financial year-end and are accounted for as change in accounting estimates in accordance with Ind AS 8 " Accounting Policies, Changes in Accounting Estimates and Errors

2.6 Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised (net of income on temporary deployment of funds) as part of the cost of such assets till the assets are ready for the intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use.

Other borrowing costs are charged to revenue.

2.7 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.



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2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, and deposits held at call with banks having a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.9 Inventories

Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.

Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.

Spares which do not meet the recognition criteria as Property, Plant and Equipment, including spare parts whose cost is less than ₹5,00,000/- are recorded as inventories.

Surplus materials as determined by the management are held for intended use and are included in the inventory.

The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

2.10 Leases

i) As a Lessor

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 fulfillment of the 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.

A lease is classified at the inception date as a finance lease or an operating lease.

a) Finance leases

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is classified as a finance lease.

b) Operating leases

An operating lease is a lease other than a finance lease. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.



For operating leases, the asset is capitalized as property, plant and equipment and depreciated over its economic life. Rental income from operating lease is recognized over the term of the arrangement.

ii) As a Lessee

a) Finance lease

Leases of property, plant and equipment where the company, as lessee has substantially all risks and rewards of ownership are classified as finance lease. On initial recognition, assets held under finance lease are recorded as property, plant and equipment and related liability is recognized under borrowings. At inception of the lease, finance leases are recorded at amount equal to fair value of leased asset or if lower the present value of minimum lease payments. The minimum lease payments made under finance leases are apportioned between the finance expense and reduction of the finance liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

b) Operating leases

Payments made under operating leases are recognized as an expense over the lease term.

2.11 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

Classification

The Company classifies its financial assets in the following categories:

- at amortised cost,
- at fair value through other comprehensive income

The classification depends on the following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset

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, if any, that are attributable to the acquisition of the financial asset.



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Subsequent measurement

Debt Instruments at Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Debt Instruments at Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI).

Equity investments

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The company may, on initial recognition, make an irrevocable election to present subsequent changes in the fair value in other comprehensive income (FVOCI) on an instrument by-instrument basis.

For equity instruments classified as at FVOCI, all fair value changes on the instrument, excluding dividends are recognized in the OCI. There is no recycling of the amounts from OCI to Profit or Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

De-recognition of financial assets

A financial asset is derecognized only when

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

- The company has transferred the rights to receive cash flows from the financial asset, or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Impairment of financial assets:

For trade receivables, the company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.



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For recognition of impairment loss on other financial assets and risk exposure, the company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Financial Liabilities

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company.

The Company's financial liabilities include loans & borrowings, trade and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable to the issue of financial liabilities. Financial liabilities are classified as subsequently measured at amortized cost. 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 effective interest rate (EIR). Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the EIR.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing liability is replaced by



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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 between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other income or finance cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.12 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items are translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-Monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of initial recognition of the non-monetary prepayment asset or deferred income liability, or the date that related item is recognized in the financial statements, whichever is earlier. In case the transaction is recognized in stages, then transaction date is established for each stage..

The Company has availed the exemption available in Ind AS 101, to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary liabilities outstanding as on March 31, 2016.

Exchange differences arising from foreign currency borrowing to the extent regarded as an adjustment to interest costs are treated as borrowing cost. Other exchange differences are recognized in the Statement of Profit and Loss.



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2.13 Income Tax

Income tax expense represents the sum of current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case the tax is also recognised directly in equity or in other comprehensive income.

Current income tax

The Current Tax is based on taxable profit for the year under the tax laws enacted or subsequently enacted at the end of the reporting period in the countries where the company and its subsidiaries and joint ventures operate and generate taxable income.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Balance Sheet liability method. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

2.14 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer. The Company has applied Ind AS 115 using the



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cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 and Ind AS 11.

2.14.1 Revenue from Operations

Transmission

Transmission Income is accounted for based on orders issued by the CERC u/s 63 of Electricity Act, 2003 for the adoption of transmission charges.

The Transmission system incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees and in accordance with Transmission Service Agreement (TSA) entered between the Transmission Service Provider and Long Term Transmission Customers.

2.14.2 Other Income

Interest income is recognized, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

Surcharge recoverable from trade receivables, liquidated damages, warranty claims and interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.

Scrap other than steel scrap & conductor scrap are accounted for as and when sold.

Dividend income is recognized when right to receive payment is established.

Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realization.

Revenue from rentals and operating leases is recognized on an accrual basis in accordance with the substance of the relevant agreement.

2.15 Dividends

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors.



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Dividend payable and corresponding tax on dividend distribution is recognised directly in equity.

2.16 Provisions and Contingencies

a) 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. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

b) Contingencies

Contingent liabilities are disclosed on the basis of judgment of the management / independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised.

2.17 Share capital and Other Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Self-insurance reserve is created @ 0.12% p.a. on Gross Block of Property, Plant and Equipment except assets covered under insurance as at the end of the year by appropriation of current year profit to mitigate future losses from uninsured risks and for taking care of contingencies in future by procurement of



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towers and other transmission line materials including strengthening of towers and equipment of AC substation. The Reserve created as above is shown as "Self Insurance Reserve" under 'Other Equity'.

2.18 Prior Period Items

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

2.19 Earnings per Share

Basic earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the net profit for the year attributable to the shareholders and weighted average number of equity and potential equity shares outstanding during the year, except where the result would be anti-dilutive.

Additionally, basic and diluted earnings per share are computed using the earnings amounts excluding the movements in Regulatory Deferral Account Balances.

2.20 Cash Flow Statement

Cash flow statement is prepared as per indirect method prescribed in the Ind AS 7 'Statement of Cash Flows'.

3. Critical Estimates and Judgments

The preparation of financial statements requires the use of accounting estimates which may significantly vary from the actual results. Management also needs to exercise judgment while applying the company's accounting policies.

The areas involving critical estimates or judgments are:

Revenue Recognition:

Transmission income is accounted for based on orders issued by the CERC under section 63 of Electricity Act for adoption of transmission charges. Transmission income in respect of additional capital expenditure incurred after



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the date of commercial operation is accounted for based on expenditure incurred on year to year basis as per CERC tariff regulations.

Useful life of property, plant and equipment

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The Company reviews at the end of each reporting date the useful plant and equipment, other than the assets of transmission business which are governed by CERC Regulations, and are adjusted prospectively, if appropriate.

Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets". The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

Estimates and judgments are periodically evaluated. They are based on historical experience and other factors, including exceptions of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.



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POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD

(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Note 4/Property, Plant and Equipment

(₹ in Lakhs)

| Particulars | Cost | | | | | Accumulated depreciation | | | | | Net Book Value | |
|--------------------|-----------------------|---------------------------|----------|----------------------------|------------------------|--------------------------|---------------------------|----------|----------------------------|------------------------|------------------------|------------------------|
| | As at 1st April, 2018 | Additions during the year | Disposal | Adjustment during the year | As at 31st March, 2019 | As at 1st April, 2018 | Additions during the year | Disposal | Adjustment during the year | As at 31st March, 2019 | As at 31st March, 2019 | As at 31st March, 2018 |
| Land | | | | | | | | | | | | |
| a) Freehold | - | 5,866.40 | - | - | 5,866.40 | - | - | - | - | - | 5,866.40 | - |
| b) Leasehold | 1,366.75 | - | - | - | 1,366.75 | 2.25 | 45.65 | - | - | 47.90 | 1,318.85 | 1,364.50 |
| Furniture Fixtures | 8.25 | 1.11 | - | - | 9.36 | 0.40 | 0.57 | - | - | 0.97 | 8.39 | 7.85 |
| Office equipment | - | 1.59 | - | - | 1.59 | - | 0.09 | - | - | 0.09 | 1.50 | - |
| Total | 1,375.00 | 5,869.10 | - | - | 7,244.10 | 2.65 | 46.31 | - | - | 48.96 | 7,195.14 | 1,372.35 |

| Particulars | Cost | | | | | Accumulated depreciation | | | | | Net Book Value | |
|--------------------|-----------------------|---------------------------|----------|----------------------------|------------------------|--------------------------|---------------------------|----------|----------------------------|------------------------|------------------------|------------------------|
| | As at 1st April, 2017 | Additions during the year | Disposal | Adjustment during the year | As at 31st March, 2018 | As at 1st April, 2017 | Additions during the year | Disposal | Adjustment during the year | As at 31st March, 2018 | As at 31st March, 2018 | As at 31st March, 2017 |
| Leasehold | - | 1,366.75 | - | - | 1,366.75 | - | 2.25 | - | - | 2.25 | 1,364.50 | - |
| Furniture Fixtures | - | 8.25 | - | - | 8.25 | - | 0.40 | - | - | 0.40 | 7.85 | - |
| Total | - | 1,375.00 | - | - | 1,375.00 | - | 2.65 | - | - | 2.65 | 1,372.35 | - |

Further Note - The Company owns 66.47 hectare (Previous Year 33.59 hectare) of land amounting to ₹ 7233.15 Lakhs (Previous Year 1366.75 Lakhs) out of which 32.88 hectare (Previous Year NIL hectare) of land amounting to ₹ 5866.40 Lakhs (Previous Year NIL Lakhs) has been classified as freehold land based on available documentation and 33.59 hectare (Previous Year 33.59 hectare) of land amounting to ₹ 1366.75 Lakhs (Previous Year ₹ 1366.75 Lakhs) leasehold land based on available documentation



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POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD

(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Note 5/Capital Work in Progress

(₹ in Lakhs)

| Particulars | As at 1st April 2018 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March 2019 |
|--------------------------------------------------------|----------------------|---------------------------|-------------|-----------------------------|-----------------------|
| Plant & Equipments (including associated civil works) | | | | | |
| a) Transmission | 1,820.19 | 54,794.96 | - | - | 56,615.15 |
| b) Sub-Station | - | 2,632.83 | - | - | 2,632.83 |
| Expenditure Pending Allocation | - | - | - | - | - |
| Expenditure During Construction Period (Net) (Note 22) | 1,657.39 | 10,085.76 | - | - | 14,743.15 |
| Sub Total | 6,477.58 | 67,513.55 | - | - | 73,991.13 |
| Construction Stores | 10,632.95 | 54,255.73 | - | - | 64,888.68 |
| Grand Total | 17,110.53 | 121,769.28 | - | - | 138,879.81 |

(₹ in Lakhs)

| Particulars | As at 1st April 2017 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March 2018 |
|--------------------------------------------------------|----------------------|---------------------------|-------------|-----------------------------|-----------------------|
| Plant & Equipments (including associated civil works) | | | | | |
| a) Transmission | - | 1,820.19 | - | - | 1,820.19 |
| Expenditure Pending Allocation | - | - | - | - | - |
| Expenditure During Construction Period (Net) (Note 22) | 1,919.78 | 2,737.61 | - | - | 4,657.39 |
| Sub Total | 1,919.78 | 4,557.80 | - | - | 6,477.58 |
| Construction Stores | - | 10,632.95 | - | - | 10,632.95 |
| Grand Total | 1,919.78 | 15,190.75 | - | - | 17,110.53 |

Note 5/Capital Work in Progress (Details of Construction Stores)

(At cost)

(₹ in Lakhs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|-------------------------------------------------------|-----------------------|-----------------------|
| Construction Stores | | |
| Towers | 28,421.05 | 6,666.30 |
| Conductors | 12,762.08 | 2,903.28 |
| Other Line Materials | 5,669.36 | 1,063.37 |
| Sub-Station Equipments | 14,314.14 | - |
| Unified Load Despatch & Communication(ULDC) Materials | 196.69 | - |
| Telecom Materials | 3,525.36 | - |
| Others | - | - |
| TOTAL | 64,888.68 | 10,632.95 |
| Construction Stores include: | | |
| i)Material in Transit | | |
| Sub-Station Equipments | 1,696.00 | - |
| Total | 1,696.00 | - |
| Material with Contractors | | |
| Towers | 28,421.05 | 6,666.30 |
| Conductors | 12,762.08 | 2,903.28 |
| Other Line Materials | 5,669.36 | 1,063.37 |
| Sub-Station Equipments | 12,618.14 | - |
| Unified Load Despatch & Communication(ULDC) Materials | 196.69 | - |
| Telecom Materials | 3,525.36 | - |
| Others | - | - |
| Total | 63,192.68 | 10,632.95 |
| Grand Total | 64,888.68 | 10,632.95 |



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POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD
(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)
Note 6/INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in Lakhs)

| Particulars | As at 1st April 2018 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March 2019 |
|-------------------------------------|----------------------|---------------------------|-------------|-----------------------------|-----------------------|
| Right of Way-Afforestation expenses | | 585.24 | | | 585.24 |
| Total | - | 585.24 | - | - | 585.24 |

(₹ in Lakhs)

| Particulars | As at 1st April 2017 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March 2018 |
|-------------------------------------|----------------------|---------------------------|-------------|-----------------------------|-----------------------|
| Right of Way-Afforestation expenses | - | - | - | - | - |
| Total | - | - | - | - | - |



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POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD
(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Note- 7/Other Non-Current Assets

(Unsecured considered Good unless otherwise stated)

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|----------------------------------|---------------------------|---------------------------|
| Advances for Capital Expenditure | | |
| Against Bank Guarantees | 5,189.27 | 2,268.73 |
| Advance against Land | 93.87 | |
| Total | 5,283.14 | 2,268.73 |



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POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD
(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Note 8/Cash and Cash Equivalents

| Particulars | (₹ in Lakhs) | |
|----------------------|---------------------------|---------------------------|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| Balance with Banks | | |
| -In Current accounts | 3.03 | 0.72 |
| Total | 3.03 | 0.72 |



POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD

(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Note 9/ Other Current Financial Assets

(Unsecured considered Good unless otherwise stated)

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|------------------|---------------------------|---------------------------|
| Other Receivable | - | 5.00 |
| Total | - | 5.00 |



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POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD
(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Note 10/OTHER CURRENT ASSETS

(Unsecured considered good unless otherwise stated)

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---------------------------------------------------------------------|---------------------------|---------------------------|
| Advances recoverable in cash or in kind or for value to be received | | |
| Contractors & Suppliers | - | 6,209.01 |
| For Land | - | 5,960.27 |
| Total | - | 12,169.28 |



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POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD

(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Note 11/Equity Share capital

| Particulars | (₹ in Lakhs) | |
|-------------------------------------------------------------------------|------------------------|------------------------|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| Equity Share Capital | | |
| Authorised | | |
| 1000000 (Previous year 1000000) equity share of ₹ 10/- each | 100.00 | 100.00 |
| Issued, subscribed and paid up | | |
| 10000 (Previous Year 10000) equity shares of ₹ 10/- each fully paid up | 1.00 | 1.00 |
| Total | 1.00 | 1.00 |

Further Notes:

1) Reconciliation of Number and amount of share capital outstanding at the beginning and at the end of the reporting period

| Particulars | For the year ended 31st March, 2019 | | For the year ended 31st March, 2018 | |
|-------------------------------------------------|-------------------------------------|------------|-------------------------------------|------------|
| | No. of Shares | ₹ in Lakhs | No. of Shares | ₹ in Lakhs |
| Shares outstanding at the beginning of the year | 10,000 | 1.00 | 10,000 | 1.00 |
| Shares Issued during the year | - | - | - | - |
| Shares outstanding at the end of the year | 10,000 | 1.00 | 10,000 | 1.00 |

2) The Company has only one class of equity shares having a par value of ₹ 10/- per share.

3) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at meetings of the Shareholders.

4) Shareholders holding more than 5% equity shares of the Company :-

| Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---------------------------------------------------------------|------------------------|--------------|------------------------|--------------|
| | No. of Shares | % of holding | No. of Shares | % of holding |
| i) Power Grid Corporation of India Limited (Holding Company)* | 10000 | 100% | 10000 | 100% |

* Out of 10000 Equity shares 6 equity shares are held by nominees of M/s Powergrid Corporation Of India Limited on its behalf .



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POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD

(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Note 12/Other Equity

| Particulars | (₹ in Lakhs) | |
|----------------------------------------------------|---------------------------|---------------------------|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| Surplus (Balance in statement of Profit and Loss) | | |
| As per last balance sheet | (0.18) | (0.18) |
| Add: Additions | - | - |
| Profit after tax as per Statement of Profit & Loss | - | - |
| Closing Balance | (0.18) | (0.18) |
| Total | (0.18) | (0.18) |



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POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD

(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Note 13/Borrowings

| Description | (₹ in Lakhs) | |
|------------------------------------------------------------|------------------------|------------------------|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| Term Loan From Others | | |
| Ruppee Loans (Unsecured) | | |
| Loan From M/s Power Grid Corp. of India Ltd. (Holding Co.) | 126,977.52 | 25,256.78 |
| Total | 126,977.52 | 25,256.78 |

Further Note - Inter Corporate Loan is provided by the Holding Company on cost to cost basis carrying interest rate ranging from 7.20% To 8.45% and the loan is repayable generally over a Period of 4 to 14 Year sstarting from 27-Sep-2022.



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POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD

(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Note 14/Other Non Current Financial Liability

| Particulars | (₹ in Lakhs) | |
|-------------------------------------------------------|------------------------|------------------------|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| Others | | |
| Deposits/Retention money from contractors and others. | 7,945.78 | - |
| Total | 7,945.78 | - |

Further Note -

Disclosure with regard to Micro and Small Enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note 31



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POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD

(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Note 15/Trade Payable

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| For Goods and Services | | |
| i) total Outstanding Dues of Micro Enterprises & Small Enterprises | - | - |
| ii) total Outstanding Dues of Creditors Other than Micro Enterprises & Small Enterprises | - | 0.20 |
| Total | - | 0.20 |

Further Note -

Disclosure with regard to Micro and Small Enterprises as required under "Division II of Schedule III of the Companies Act, 2013" and "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note 31



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POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD

(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Note 16/Other Current Financial Liability

| Particulars | (₹ in Lakhs) | |
|---------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| Interest accrued but not due on borrowings from Related Parties ** - M/s Power Grid Corp. of India Ltd. | 824.26 | 361.48 |
| | 824.26 | 361.48 |
| Others | | |
| Dues for Capital Expenditure | 5,119.67 | 4,678.61 |
| Deposits/Retention money from contractors and others. | 7,575.52 | 2,194.46 |
| Related parties ** - M/s Power Grid Corp. of India Ltd. | 3,048.39 | 346.72 |
| | 15,743.58 | 7,219.79 |
| Total | 16,567.84 | 7,581.27 |

Further Note -

Disclosure with regard to Micro and Small Enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note 31

**Breakup of Related Parties is provided in Note 32



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POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD

(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Note 17/Other current liabilities

| Particulars | (₹ in Lakhs) | |
|----------------|---------------------------|---------------------------|
| | As at 31st March, 2019 | As at 31st March, 2018 |
| Statutory Dues | 454.40 | 87.54 |
| Total | 454.40 | 87.54 |



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POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD
(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)
Note 18/Other Income

| Particulars | (₹ in Lakhs) | |
|-------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
| Interest from Advances to Contractors | 729.97 | 344.00 |
| Miscellaneous income | - | - |
| | 729.97 | 344.00 |
| Less: Transferred to Expenditure during Construction(Net)-Note 22 | 729.97 | 344.00 |
| Total | - | - |



POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD
(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Note 19/Finance Costs

| Particulars | (₹ in Lakhs) | |
|------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2018 | For the year ended 31st March, 2017 |
| Interest on Loan From Holding Co. (M/s Power Grid Corp. of India Ltd.) | 4,705.21 | 496.77 |
| | <u>4,705.21</u> | <u>496.77</u> |
| Less: Transferred to Expenditure during Construction (Net) - Note 22 | 4,705.21 | 496.77 |
| Total | <u>-</u> | <u>-</u> |



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POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD
(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Note 20/Depreciation and amortization expense

| Particulars | (₹ in Lakhs) | |
|----------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
| Depreciation on Property, Plant & Equipments | 46.31 | 2.65 |
| | 46.31 | 2.65 |
| Less: Transferred to Expenditure during Construction (Net) - Note 22 | 46.31 | 2.65 |
| Total | - | - |



POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD
(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Note 21/Other expenses

| Particulars | (₹ in Lakhs) | |
|----------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
| Other Expenses | | |
| Repair and maintenance | | |
| Transmission Lines | - | 0.75 |
| | | - |
| Legal Expenses | 0.37 | 2.58 |
| Professional charges | 0.78 | 0.05 |
| Consultancy expenses | 6,057.20 | 2,504.44 |
| Payments to Statutory Auditors | | |
| Audit Fees | 0.30 | 0.59 |
| Printing & Stationary | 0.01 | 0.01 |
| CERC Petition Other Charges | 5.00 | 4.70 |
| Miscellaneous expenses | 0.02 | 64.60 |
| Rates and taxes | 0.53 | 4.47 |
| | 6,064.21 | 2,582.19 |
| Less: Transferred to Expenditure during Construction (Net) - Note 22 | 6,064.21 | 2,582.19 |
| Total | - | - |



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POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD

(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Note 22/ Expenditure during Construction (Net)

| Particulars | (₹ in Lakhs) | |
|-------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
| Other Expenses | | |
| Repair and maintenance | | |
| Transmission Lines | | 0.75 |
| Others | - | - |
| Legal Expenses | 0.37 | 2.58 |
| Professional charges | 0.78 | 0.05 |
| Consultancy expenses | 6,057.20 | 2,504.44 |
| Travelling & Conveyance Exp (excluding foregin Travels) | - | - |
| Payment to Statutory Auditors | - | - |
| Audit Fees | 0.30 | 0.59 |
| Communication Expenses | - | - |
| Advertisement and Publicity | - | - |
| Printing & Stationary | 0.01 | 0.01 |
| CERC Petetion Other Charges | 5.00 | 4.70 |
| Miscellaneous expenses | 0.02 | 64.60 |
| Security Expenses | - | - |
| Hiring of Vehicles | - | - |
| Rates and taxes | 0.53 | 4.47 |
| Total | 6,064.21 | 2,582.19 |
| Depreciation/Amortisation | | |
| Depreciation on Plant,Property & Equipments | 46.31 | 2.65 |
| Total | 46.31 | 2.65 |
| Finance Costs | | |
| Interest and finance charges on financial liabilities at amortised cost | | |
| Indian Banks, Fin Inst. & Coprorations/ Related Party | 4,705.21 | 496.77 |
| Total | 4,705.21 | 496.77 |
| Less: Other Income | | |
| Miscellaneous income | - | - |
| Interest from Advance To Contractors | 729.97 | 344.00 |
| Total | 729.97 | 344.00 |
| Grand Total | 10,085.76 | 2,737.61 |



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POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD
(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Note 23/ Employee Benefit Obligations

The Company does not have any permanent employees. The personnel working for the company are from holding company on secondment basis and are working on time share basis. The employee cost (including retirement benefits such as Gratuity, Leave encashment, post-retirement benefits etc.) in respect of personnel working for the company are paid by holding company and holding company is raising the invoice to the Subsidiary company towards Consultancy charges.

Since there are no employees in the company, the obligation as per Ind AS 19 " Employee Benefits" does not arise Accordingly, no provision is considered necessary for any retirement benefit like gratuity, leave salary, pension etc., in the books of the company.



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POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD

(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Note 24/ Fair Value Measurements

(₹ in Lakhs)

| Financial instruments by category | 31-Mar-19 | | 31-Mar-18 | |
|------------------------------------|-----------|--------------------|-----------|------------------|
| | FVOCI | Amortised Cost | FVOCI | Amortised cost |
| Financial Assets | | | | |
| Cash & Cash Equivalents | - | 3.03 | - | 0.72 |
| Other Current Financial Assets | - | - | - | 5.00 |
| Total Financial Assets | - | 3.03 | - | 5.72 |
| Financial Liabilities | | | | |
| Borrowings | - | 1,27,801.78 | - | 25,618.26 |
| Trade Payables | - | - | - | 0.20 |
| Other Financial Liabilities | - | 15,743.58 | - | 7,219.79 |
| Total Financial Liabilities | - | 1,43,545.36 | - | 32,838.25 |

(i) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ in Lakhs)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed | Notes | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------------------------------------------------------------|-------|---------|--------------------|---------|--------------------|
| At 31 March 2019 | | | | | |
| Financial Assets | | | 3.03 | - | 3.03 |
| Total Financial Assets | | | 3.03 | | 3.03 |
| Financial Liabilities | | | | | - |
| Borrowings | | | 1,26,353.51 | | 1,26,353.51 |
| Other Financial Liabilities | | | 15,743.58 | | 15,743.58 |
| Total Financial Liabilities | | | 1,42,097.09 | | 1,42,097.09 |

(₹ in Lakhs)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed | Notes | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------------------------------------------------------------|-------|---------|------------------|---------|------------------|
| At 31 March 2018 | | | | | |
| Financial Assets | | | 5.72 | - | 5.72 |
| Total Financial Assets | | | 5.72 | | 5.72 |
| Financial Liabilities | | | | | - |
| Borrowings | | | 24,769.77 | | 24,769.77 |
| Other Financial Liabilities | | | 7,219.99 | | 7,219.99 |
| Total Financial Liabilities | | | 31,989.76 | | 31,989.76 |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year. The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of the financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2

(iii) Fair Value of Financial Assets and Liabilities measured at Amortised Cost

(₹ in Lakhs)

| | 31-Mar-19 | | 31-Mar-18 | |
|------------------------------------|--------------------|--------------------|------------------|------------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial Assets | 3.03 | 3.03 | 5.72 | 5.72 |
| Total Financial Assets | 3.03 | 3.03 | 5.72 | 5.72 |
| Financial Liabilities | | | | |
| Borrowings | 1,27,801.78 | 1,26,353.51 | 25,618.26 | 25,618.26 |
| Trade Payables | - | - | 0.20 | 0.20 |
| Other Financial Liabilities | 15,743.58 | 15,743.58 | 7,219.79 | 7,219.79 |
| Total Financial Liabilities | 1,43,545.36 | 1,42,097.09 | 32,838.25 | 32,838.25 |



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| | | | | |
|------------------------------------|-------------------|---------------------|------------------|------------------|
| Financial Assets | 3.03 | 3.03 | 5.72 | 5.72 |
| Total Financial Assets | 3.03 | 3.03 | 5.72 | 5.72 |
| Financial Liabilities | | | | |
| Borrowings | 127,801.78 | 1,264,000.00 | 25,618.26 | 25,618.26 |
| Trade Payables | | - | 0.20 | 0.20 |
| Other Financial Liabilities | 15,743.58 | 15,743.58 | 7,219.79 | 7,219.79 |
| Total Financial Liabilities | 143,545.36 | 1,279,743.58 | 32,838.25 | 32,838.25 |

The carrying amounts of Trade Payables, cash and cash equivalents, other current Financial Assets and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature. The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy since significant inputs required to fair value an instrument are observable. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.



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POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD
(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)

Note 25/ Earnings Per Share

| | (in ₹) | |
|----------------------------------------------------------------------------------------------|-------------|-------------|
| (a) Basic earnings per share attributable to the equity holders of the company | 31-Mar-2019 | 31-Mar-2018 |
| From Continuing Operations | - | - |
| Total Basic and Diluted earnings per share attributable to the equity holders of the company | - | - |

| | (₹ in Lakhs) | |
|---------------------------------------------------------------------------------------------------------------|--------------|-------------|
| (b) Reconciliation of earnings used as numerator in calculating earnings per share | 31-Mar-2019 | 31-Mar-2018 |
| Earnings attributable to the equity holders of the company including movement in Regulatory deferral balances | - | - |
| Earnings attributable to the equity holders of the company excluding movement in Regulatory deferral balances | - | - |
| Total Earnings attributable to the equity holders of the company | - | - |

| | (No. of Shares) | |
|----------------------------------------------------------------------------------------------------------------|-----------------|-------------|
| (c) Weighted average number of shares used as the denominator | 31-Mar-2019 | 31-Mar-2018 |
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | 10000 | 10000 |
| Adjustments for calculation of diluted earnings per share: | - | - |
| Total Weighted average number of equity shares used as the denominator in calculating basic earnings per share | 10000 | 10000 |



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POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD
(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)
Note 26/ Capital Management

Risk Management

The company's objectives when managing capital are to

- maximize the Shareholder Value
- safeguard its ability to continue as a going concern
- maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the company's capital management, equity capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the company. The company manages its capital structure and makes adjustments in light of changes in economic conditions, regulatory framework. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, regulate investments in new projects, return capital to shareholders or issue new shares.

The debt - equity ratio of the Company was as follows :

| Particulars | (₹ in Lakhs) | |
|--------------------------------|----------------|----------------|
| | 31-Mar-2019 | 31-Mar-2018 |
| Long Term Debt | 126,977.52 | 25,256.78 |
| Equity | 0.82 | 0.82 |
| Long Term Debt to Equity Ratio | 99.9994:0.0006 | 99.9968:0.0032 |



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POWERGRID MEDINIPUR JEERAT TRANSMISSION LTD
(FORMERLY MEDINIPUR -JEERAT TRANSMISSION LIMITED)
Note 27/ Financial Risk Management

The Company's principal financial liabilities comprise loans and borrowings denominated in Indian rupees or foreign currencies, trade payables and other payables. The Company Identifies, Evaluates and Manages Financial Risks in Close Co-Operation with the Company's Operating Units

The company's principal financial assets include advances to contractors, cash & cash equivalents that are generated from its operations.

The Company's activities expose it to the following financial risks, namely,

- a) Credit risk,
- b) Liquidity risk,
- c) Market risk.

(A) Credit Risk

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

(i) Credit Risk Management

Credit risk is the risk that counter party 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 on account of trade receivables and loans and advances and from its financing activities due to deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

A default on a financial asset is when the counterparty fails to make contractual payments within 3 years of when they fall due. This definition of default is determined considering the business environment in which the Company operates and other macro-economic factors.

Assets are written-off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in the statement of profit and loss.

Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 3.03/- Lakhs (Previous year: ₹ 0.72/- Lakhs). The cash and cash equivalents are held with public sector banks and high rated private sector banks and do not have any significant credit risk.

(ii) Provision for Expected Credit Losses

For Financial Assets, Credit Risk has not increased from Initial Recognition and therefore expected credit loss provisioning is not required

(B) Liquidity Risk

Prudent Liquidity Risk Management implies maintaining Sufficient Cash and Marketable Securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company has entered into Inter-Corporate Loan Agreement for Funding of its Obligations. For this, Company Provided Quarterly Cash Flows in Advance To Holding Company along with Monthly Requirement.

(i) Financing Arrangements

The company had access to the borrowing facilities with the Parent Company as per Agreement at the end of the reporting period.

(ii) Maturities of Financial Liabilities

The tables below analyse The company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities



The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| | (₹ in Lakhs) | | | | |
|--------------------------------------------------|------------------|-----------------------|-----------------------|-------------------|-------------------|
| Contractual Maturities of Financial Liabilities: | Within 1 Year | Between 1 and 2 years | Between 2 and 5 years | Beyond 5 Years | Total |
| 31-Mar-19 | | | | | |
| Non-Derivatives | | | | | |
| Borrowings | 11,005.97 | 10,469.87 | 38,192.63 | 160,430.87 | 220,099.34 |
| Trade payable | - | - | - | - | - |
| Other Financial Liabilities | 15,743.58 | - | - | - | 15,743.58 |
| Total Non-Derivative Liabilities | 26,749.55 | 10,469.87 | 38,192.63 | 160,430.87 | 235,842.92 |
| 31-Mar-18 | | | | | |
| Non-derivatives | | | | | |
| Borrowings | 2,281.09 | 1,919.61 | 6,708.63 | 31,530.17 | 42,439.50 |
| Trade payable | 0.20 | - | - | - | 0.20 |
| Other Financial Liabilities | 5,025.33 | - | 2,194.46 | - | 7,219.79 |
| Total Non-Derivative Liabilities | 7,306.62 | 1,919.61 | 8,903.09 | 31,530.17 | 49,659.49 |

(C) Market risk

(i) Foreign Currency Risk

The Company is exposed to Currency Risk mainly in respect of procurement of goods and services whose purchase consideration is denominated in foreign currency. Transmission Tariff are regulated by the Central Electricity Regulatory Commission (CERC). In Respect of goods and services procured for Capital Investment, the exchange rate variation is part of the project cost, for determination of Transmission Tariff. The currency risk in respect of goods and services procured for operation activities is not significant.

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR is NIL.



Note 28.

- a) The Company owns 66.47 hectare (Previous Year 33.59 hectare) of land amounting to ₹ 7233.15 Lakhs (Previous Year 1366.75 Lakhs) out of which 32.88 hectare (Previous Year NIL hectare) of land amounting to ₹ 5866.40 Lakhs (Previous Year NIL Lakhs) has been classified as freehold land based on available documentation and 33.59 hectare (Previous Year 33.59 hectare) of land amounting to ₹ 1366.75 Lakhs (Previous Year ₹ 1366.75 Lakhs) leasehold land based on available documentation.

Note 29.

Balances of Advances for Capital Expenditure Shown under Other Non-Current Assets (Note-7) & Dues for Capital Expenditure Shown under Other Current Financial Liabilities (Note-16) include balances subject to confirmation/reconciliation and consequential adjustments if any. However reconciliations are carried out on ongoing basis and Balance Confirmation are carried out on balances as on 31st March 2019.

Note 30.

Borrowing Cost of ₹ 4705.21/- Lakhs (Previous Year ₹ 496.77/- Lakhs) has been adjusted in the Property Plant & Equipment (PPE) / Capital Work in Progress (CWIP) as per Ind AS 23- "Borrowing Costs".

Note 31.

Based on information available with the company, there are No Suppliers/Service providers who are registered as Micro, Small or Medium Enterprise under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Information in respect of Micro, Small or Medium Enterprise as required by MSMED Act, 2006 is given as under:

| Sr. No. | Particulars | Current Year | Previous Year |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------------|
| 1 | Principal amount and interest due thereon remaining unpaid to any supplier as at end of each accounting year: Principal Interest | Nil Nil | Nil Nil |
| 2 | The amount of Interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | Nil | Nil |
| 3 | 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 MSMED Act, 2006 | Nil | Nil |



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|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----|
| 4 | The amount of interest accrued and remaining unpaid at the end of each accounting year. | Nil | Nil |
| 5 | 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 MSMED Act 2006 | Nil | Nil |



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Note 32: Related Party Transactions

a) List of Holding Co.

| Name of entity | Place of business/country of incorporation | Proportion of Ownership Interest | |
|-----------------------------------------|--------------------------------------------|----------------------------------|-------------|
| | | 31- Mar- 19 | 31- Mar- 18 |
| Power Grid Corporation of India Limited | India | 100% | 100% |

b) List of Fellow Subsidiaries Co. (Subsidiary Co. of Holding Co.)

| Name of entity | Place of business/country of incorporation | Proportion of Ownership Interest | |
|-----------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------------|------------------|
| | | 31st March, 2019 | 31st March, 2018 |
| Powergrid Vizag Transmission Limited | India | N.A | N.A |
| Powergrid NM Transmission Limited | India | N.A | N.A |
| Powergrid Unchahar Transmission Limited | India | N.A | N.A |
| Powergrid Kala Amb Transmission Limited | India | N.A | N.A |
| Powergrid Jabalpur Transmission Limited | India | N.A | N.A |
| Powergrid Warora Transmission Limited | India | N.A | N.A |
| Powergrid Parli Transmission Limited | India | N.A | N.A |
| Powergrid Southern Interconnector Transmission System Limited | India | N.A | N.A |
| Powergrid Vemagiri Transmission Limited | India | N.A | N.A |
| Powergrid Mithilanchal Transmission Limited (erstwhile ERSS XXI Transmission Limited) | India | N.A | N.A |
| POWERGRID Varanasi Transmission System Limited(erstwhile WR-NR Power Transmission System Limited) | India | N.A | N.A |
| Powergrid Jawaharpur Firozabad Transmission Limited(erstwhile Jawaharpur Firozabad Transmission Limited)# | India | N.A | N.A |

100% equity in Powergrid Jawaharpur Firozabad Transmission Limited acquired from REC Transmission Projects Limited on 21st December, 2018 by Holding Company.

c) List of Fellow Joint Ventures (JVs of Holding Co.)

| Name of entity | Place of business/country of incorporation | Proportion of Ownership Interest | |
|---------------------------------------------|--------------------------------------------|----------------------------------|------------------|
| | | 31st March, 2019 | 31st March, 2018 |
| Powerlinks Transmission Limited | India | N.A | N.A |
| Torrent Power Grid Limited | India | N.A | N.A |
| Jaypee Powergrid Limited | India | N.A | N.A |
| Parbati Koldam Transmission Company Limited | India | N.A | N.A |
| Teestavalley Power Transmission Limited | India | N.A | N.A |
| North East Transmission Company Limited | India | N.A | N.A |



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|-----------------------------------------------------|-------|-----|-----|
| National High Power Test Laboratory Private Limited | India | N.A | N.A |
| Bihar Grid Company Limited | India | N.A | N.A |
| Kalinga Vidyut Prasaran Nigam Private Limited | India | N.A | N.A |
| Cross Border Power Transmission Company Limited | India | N.A | N.A |
| RINL Powergrid TLT Private Limited* | India | N.A | N.A |
| Power Transmission Company Nepal Ltd | Nepal | N.A | N.A |

* POWERGRID's Board of Directors in its meeting held on 21st December, 2018 accorded approval for initiating procedure for Winding Up of RINL Powergrid TLT Private Limited.

d) List of Key Management Personnel

| Name | Designation | Date of Appointment |
|----------------------|-----------------------------------------------------------|----------------------------------|
| Shri Prabhakar Singh | Chairman & Director | Up to 30.06.2018 |
| Shri Ravi P. Singh | Chairman & Director | w.e.f. 10.07.2018 to 22.01.2019 |
| Shri R.K. Chauhan | Chairman & Director | w.e.f 22.01.2019 and Continue |
| Shri D.K Valecha | Director | Up to 30.04.2018 |
| Shri S.N Sahay | Director | w.e.f. 28.09.2017 and Continuing |
| Shri K.S.R Murty | Director | w.e.f 15.03.2018 and Continuing |
| Shri Abhay Choudhary | Director | w.e.f 07.05.2018 and Continuing |
| Shri N K Ohdar | Director | w.e.f 03.12.2018 and Continuing |
| Shri A. Barat | CEO | w.e.f 19.11.2018 and Continuing |
| Shri B. Ghosh | CEO | Up to 19.11.2018 |
| Shri S.S Sur | CFO | Up to 02.11.2018 |
| Shri N.L. Dhar | CFO | 02.11.2018 and continuing |
| Note | Company Secretary, Statutorily not require to be appoint. | |

The following balances are outstanding at the end of the reporting period in relation to transactions with related Parties

(e) Outstanding balances arising from sales/purchases of goods and services (₹ in Lakhs)

| Particulars | 31 March, 2019 | 31 March, 2018 |
|---------------------------------------------------------------------|----------------|----------------|
| Other Current Financial Liability (Purchases of Goods and Services) | | |
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | 3048.39 | 346.72 |



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(f) Investments Received during the year (Equity)**(₹ in Lakhs)**

| Particulars | 31 March, 2019 | 31 March, 2018 |
|-----------------------------------------|----------------|----------------|
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | Nil | NIL |

(g) Loans From Related Parties**(₹ in Lakhs)**

| Particulars | 31 March, 2019 | 31 March, 2018 |
|-----------------------------------------|----------------|----------------|
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | 126977.52 | 25256.78 |

(h) Interest Accrued on Loan**(₹ in Lakhs)**

| Particulars | 31 March, 2019 | 31 March, 2018 |
|-----------------------------------------|----------------|----------------|
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | 824.26 | 361.48 |

(i) Transactions with related parties (Consultancy Services without Taxes)

The following transactions occurred with related parties:

(₹ in Lakhs)

| Particulars | 31 March, 2019 | 31 March, 2018 |
|-----------------------------------------|----------------|----------------|
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | 5133.22 | 2150.88 |

(j) Interest on Loan**(₹ in Lakhs)**

| Particulars | 31 March, 2019 | 31 March, 2018 |
|-----------------------------------------|----------------|----------------|
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | 4705.21 | 496.77 |

Note 33. Segment Information**Business Segment**

The Board of Directors is the company's Chief operating decision maker who monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. The Company has Single Reportable Segment i.e. Transmission, identified on the basis of product/services.

The operations of the company are mainly carried out within the country and therefore there is no reportable geographical segment.



Note 34. Capital and other Commitments

| (₹ in Lakhs) | | |
|------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Particulars | As at 31.03.2019 | As at 31.03.2018 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) | 123385.20 | 197208.49 |

Note 35. Contingent Liabilities and Contingent Assets

1) Contingent Liabilities and Contingent Assets :

The contingent liabilities & contingent assets as on 31.03.19 is ₹ 150.00 lakhs Contingent liability and (previous year NIL).

- 2) Bank Guarantees of ₹. 14189.00 lakhs (last year ₹. 14189.00 lakhs) has been given by Power Grid Corporation of India Ltd. (Holding Co.) on behalf of Company.

Note 36. Impact of application of Ind AS 115 Revenue from Contracts with Customers

The company has not commenced its business / operations and no revenue from contracts with customer has been booked for the Financial Year 2018-19. Hence there is no significant impact of Ind AS 115 on financial position and / or financial performance of the company.

Note 37. Recent Accounting Pronouncements:

Ind AS 116 was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change.

The Company is evaluating the requirements of the amendment and the effect on financial statements.



Amendments to Ind AS 19, 'Employee Benefits'

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must :

- Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- Any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- Separately recognise any changes in the asset ceiling through other comprehensive income.

These amendments will apply to any future plan amendments, curtailments, or settlements of the Company on or after 1 April 2019. The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendment to Ind AS 12, 'Income Taxes'

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 23, 'Borrowing Costs'

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Company is evaluating the requirements of the amendment and the effect on financial statements.



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Note 38. Previous Year Figures

(a) The Previous Year's Figures have been reclassified/re-grouped wherever necessary

(b) Figures have been rounded off to nearest rupees in lakhs upto two decimal.

As per our report of even date
For Jain Seth & Company
Chartered Accountants
FRN-002069W


Bishnu Kant Agarwal
Partner
M.No. 053700



Place: Kolkata
Date: 15.05.19

For and on behalf of Board Of Directors


R.K. Chauhan
Chairman
DIN: 02018931


K.S.R. Murty
Director
DIN: 07359191

Place: Gurgaon
Date: 15.05.19



POWERGRID MITHILANCHALTRANSMISSION LIMITED

Wholly Owned Subsidiary of Power Grid Corporation of India Limited

(CIN: U40300DL2017GOI310436)

ANNUAL REPORT (2018-19)

POWERGRID MITHILANCHAL TRANSMISSION LIMITED

(Formerly known as ERSS XXI Transmission Limited)

CIN: U40300DL2017GOI310436

Regd. Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016

Tel: 011-26560121; Fax: 011-26601081

DIRECTORS' REPORT

To,

Dear Shareholders,

I am delighted to present on behalf of the Board of Directors, the Second Annual Report of POWERGRID Mithilanchal Transmission Limited {formerly ERSS XXI Transmission Limited} on the working of the Company together with Audited Financial Statement and Auditors Report for the financial year ended 31st March, 2019.

State of the Company's Affairs & Project implementation

POWERGRID Mithilanchal Transmission Limited (PMTL) (formerly known as ERSS XXI Transmission Limited) was acquired by POWERGRID on 12th January, 2018 under Tariff based competitive bidding from REC Transmission Projects Company Limited (the Bid Process Coordinator) for Transmission System associated with "Establish Transmission System for Eastern Region Strengthening Scheme – XXI (ERSS-XXI)". The transmission system includes establishment of 400kV Transmission lines in the state of Bihar including establishment of three new 400/220/132 kV Substations in Bihar. The Company was granted transmission license by CERC on 24th April, 2018. The work is under progress and scheduled date of completion is March, 2021.

The Company is implementing ERSS XXI Transmission System.

The land for 400/220/132 kV Chandauti Substation has been acquired/purchased in June'18 and civil and erection activities is under progress.

Major portion of the land for 400/220/132 kV Sitamarhi Substation and Saharsa Substation has been acquired and civil works at both S/S is under progress.

Work is under progress in (i) Darbhanga – Sitamarhi 400kV D/c line (79 kms.) (ii) Sitamarhi – Motihari 400kV D/c line (85 kms.), (iii) LILO of Kishanganj – Patna 400kV D/c line at Saharsa (75 kms.), (iv) LILO of Nabinagar-II – Gaya 400kV D/c

line at Chandauti (2.9 kms.). Around 80% foundation, 50% erection and 25% stringing has been completed in above mentioned lines.

Financial Performance

| Particulars | Rs. in Lacks | |
|---------------------------------|---------------------|----------------|
| | 2018-19 | 2017-18 |
| Revenue from Operations | - | - |
| Other Income | - | - |
| Total Income | - | - |
| Expenses | - | 0.70 |
| Profit before Tax | - | (0.70) |
| Profit after Tax | - | (0.70) |
| Earnings Per Equity Share (Rs.) | - | (1.40) |

Share Capital

The Authorised Share Capital and Paid up Share Capital as on 31st March, 2019 were Rs. 5 Lakhs. Subsequently the Authorised Share Capital was increased from Rs. 5 Lakhs to Rs. 100 Crore on 26th June, 2019.

Dividend and Transfer to Reserves

Your Company's Project is under implementation, hence Company has not started its commercial operations and there is no operational income/profit so your Company do not propose to carry any amount to the reserves for the Financial Year ended March 31, 2019. Your Directors have not recommended any dividend on the equity shares for the period under review.

Particulars of Loans, Guarantees or Investments made under section 186 of the Companies Act, 2013

Your Company has not given any loans, provided any guarantee or security to any other entity.

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related parties referred to Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, are given as **Annexure - I** to the Directors' Report.

Details of Significant & Material Orders passed by the regulators, courts, tribunals impacting the going concern status and company's operation in future

No significant / material orders passed by any authority during the Financial Year impacting the going concern status and Company's operation in future.

Deposits

Your Company has not accepted any deposit for the period under review.

Subsidiaries, Joint Ventures and Associate Companies

Your Company does not have any subsidiaries, joint ventures and associate companies.

Directors' Responsibility Statement

As required under section 134(3)(c) & 134(5) of the Companies Act, your Directors confirm that:

- a. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors had prepared the Annual Accounts on a going concern basis; and
- e. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go

Since no commercial activity was carried out by the Company, furnishing of information in respect of Conservation of Energy, Technology absorption and Foreign Exchange Earnings and out go under section 134(3) of the Companies Act, 2013 are not applicable.

Extract of Annual Return

The extract of Annual Return in Form MGT– 9 is enclosed at **Annexure – II** to this Report.

Board of Directors

As on 31st March, 2019, the Board comprised four Directors viz. Smt. Seema Gupta, Shri K. S. R. Murty, Shri Sunit Nath Sahay and Shri Abhay Choudhary.

There were some changes in the Board of Director of the Company during the financial year 2018-19. Shri Abhay Choudhary was appointed as Additional Director w.e.f. 15th October, 2018 who holds office up to the date of ensuing Annual General Meeting.

The Company has received a notice under section 160 of the Companies Act, 2013 from a member of the Company for appointment of Shri Abhay Choudhary as Directors, liable to retire by rotation, in the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 2013, Shri K. S. R. Murty shall retire by rotation at the Annual General Meeting of your Company and being eligible, offers himself for re-appointment.

None of the Directors is disqualified from being appointed/re-appointed as Director.

Number of Board meetings during the year

As on Financial Year ended 31st March, 2019, eight (08) meetings of Board of Directors were held on 23.05.2018, 11.07.2018, 29.08.2018, 17.09.2018, 15.10.2018, 01.11.2018, 08.11.2018 and 04.02.2019. The detail of number of meetings attended by each Director during the financial year are as under:

| Name of Director | Designation | No. of Board Meetings which were entitled to attend during Financial Year 2018-19. | No. of Board Meetings attendance during Financial Year 2018-19. |
|------------------------------------------------|-------------|------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| Shri Prabhakar Singh (Up to 30.06.2018) | Chairman | 1 | 1 |
| Smt. Seema Gupta (W.r.f. 10.07.2018) | Chairman | 7 | 7 |
| Shri K S R Murty | Director | 8 | 8 |
| Shri Sunit Nath Sahay | Director | 8 | 1 |
| Shri Abhay Choudhary (W.e.f. 15.10.2018) | Director | 3 | 3 |

Committees of the Board

Audit Committee

The provision of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 are not applicable to the Company.

Nomination & Remuneration Committee

The provision of Section 178 of the Companies Act, 2013 read with Rule 6 the Companies (Meetings of Board and its Powers) Rules, 2014 are not applicable to the Company.

Declaration by Independent Directors

Ministry of Corporate Affairs (MCA) vide notification dated 05th July 2017 had amended the Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 {said Rule 4} as per which the unlisted public companies in the nature of wholly owned subsidiaries are exempted from the requirement of appointing Independent Directors on their Board. Accordingly, PMTL, being a Wholly Owned Subsidiary of Power Grid Corporation of India Limited is exempted from the requirement of appointing Independent Directors on their Board.

Performance Evaluation

Your Company, being wholly-owned Subsidiary of POWERGRID, is a Government

Company. The Whole time Directors & senior officials of POWERGRID (the holding company) are nominated as Directors of your Company. POWERGRID, being a Government Company, the Directors so nominated by it in your Company, are being evaluated under a well laid down procedure for evaluation of CMD / Functional Directors by Administrative Ministry and for evaluation of senior officials by POWERGRID (the holding company).

Statutory Auditors

M/s H. L. Shah & Associates, Chartered Accounts, was appointed by Comptroller and Auditor General of India as Statutory Auditors of the Company for the financial year 2018-19.

Statutory Auditors' Report

M/s H. L. Shah & Associates, Chartered Accounts, Statutory Auditors for FY 2018-19 have given an unqualified report. The report is self-explanatory and does not require any further comments by the Board.

Details in respect of frauds reported by auditors other than those which are reportable to the Central Government

The Statutory Auditors of the Company have not reported any frauds to the Board of Directors under section 143(12) of the Companies Act, 2013, including rules made thereunder.

Comptroller and Auditor General's (C&AG) Comments

Principal Director of Commercial Audit and Ex-officio Member, Audit Board-III, Indian Audit and Accounts Department, office of the Principal Director of Commercial Audit, vide letter dated 15th July, 2019 has communicated that Comptroller and Auditor General of India have decided not to conduct the supplementary audit of financial statements of POWERGRID Mithilanchal Transmission Limited for the year ended 31st March, 2019 under Section 143(6)(a) of the Companies Act, 2013. Copy of letter dated 15th July, 2019 is given as Annexure- III to the Directors' Report.

Secretarial Audit Report

The requirement of obtaining a Secretarial Audit Report from the practicing company secretary is not applicable to the Company.

Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013, every Company having net worth of Rs. 500 Crore or more, or Turnover of Rs. 1000 Crore or more or a Net Profit of Rs. 5 Crore or more during immediately preceding Financial Year, is required to spend, atleast 2% of the Average Net Profits of the Company made during the three immediately preceding Financial Years, in pursuance of its Corporate Social Responsibility Policy. Since, the Company has not satisfied any of the above criteria during the FY 2018-19, the provisions of Section 135 requiring to incur expenditure on CSR were not applicable on the Company for the Financial Year 2018-19.

Development & Implementation of Risk Management Policy

Your Company being a wholly owned subsidiary of POWERGRID is covered under the Risk Management Framework as being done in the holding company.

Particulars of Employees

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 of the Companies Act, 2013 & corresponding rules of Chapter XIII are exempted for Government Companies. As your Company is a Government Company, the information has not been included as a part of Directors' report.

Prevention of Sexual Harassment Policy

There was no incidence of Sexual Harassment during the Financial Year 2018-19.

Internal Financial Control Systems and their adequacy

Your Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March, 2019.

Right to Information

In compliance to 'Right to Information Act, 2005', an appropriate mechanism is in place in the Company for promoting transparency and accountability, wherein the Company has nominated Central Public Information Officer / Appellate Authorities to provide required information under the provisions of Act.

Acknowledgement

The Board extends its sincere thanks to the Ministry of Power, the Central Electricity Regulatory Commission, POWERGRID, the Comptroller & Auditor General of India, and the Auditors of the Company.

For and on behalf of
POWERGRID Mithilanchal Transmission Limited

Date: 31st July, 2019
Place: Gurgaon

Sd/-
(Seema Gupta)
Chairperson
DIN: 06636330

POWERGRID MITHILANCHAL TRANSMISSION LIMITED**FORM No. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act
and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

| Sl. No. | Particulars | Details |
|----------------|-------------------------------------------------------------------------------------------------------------------|----------------|
| a | Name (s) of the related party & nature of relationship | - |
| b | Nature of contracts/arrangements/transaction | - |
| c | Duration of the contracts/arrangements/transaction | - |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e | Justification for entering into such contracts or arrangements or transactions' | - |
| f | Date of approval by the Board | - |
| g | Amount paid as advances, if any | - |
| h | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| Sl. No. | Particulars | Details |
|----------------|--------------------------------------------------------|-------------------------------------------------------------------------------------------|
| a | Name (s) of the related party & nature of relationship | Power Grid Corporation of India Limited (POWERGRID)) [holding company w.e.f. 12.01.2018]. |

| | | |
|---|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| b | Nature of contracts/arrangements/transaction | Part (A) to take any security(ies) / guarantee(s) in connection with loan(s) / any form of debt including ECBs and/or to avail Inter corporate loan(s) on cost to cost basis, or a combination thereof, upto an amount of Rs 1000 crore from POWERGRID. Part (B) to avail all inputs and services as may be required by the Company from POWERGRID @ 5% of the actual project cost (excl. IDC and Consultancy Fee) plus GST as applicable. |
| c | Duration of the contracts/arrangements/transaction | Part (A) As mutually agreed. Part (B) Commissioning of the project including associated reconciliation activities. |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | Refer (b) |
| e | Date of approval by the Board | For Part (A) 12.02.2018 For Part (B) 12.01.2018 |
| f | Amount paid as advances, if any | - |

For and on behalf of
POWERGRID Mithilanchal Transmission Limited

Sd/-
(Seema Gupta)
Chairperson
DIN: 06636330

Date: 31st July, 2019
Place: Gurgaon

POWERGRID MITHILANCHALTRANSMISSION LIMITED**Form No. MGT-9**

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on March 31, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|---------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| i. | CIN | U40300DL2017GOI310436 |
| ii. | Registration Date | 11th January, 2017 |
| iii. | Name of the Company | POWERGRID Mithilanchal Transmission Limited [formerly ERSS XXI Transmission Limited] |
| iv. | Category/ Sub-Category of the Company | Company Limited by Shares / Union Government Company |
| v. | Address of the Registered office and contact details | B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 Tel: 011-26560121; Fax: 011-26601081 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | Not Applicable |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|------------|----------------------------------------------------|----------------------------------------|---------------------------------------|
| 1 | Transmission | 35107 | NA |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name And Address Of The Company | CIN/GLN | Holding/ Subsidiary /Associate | %of shares held | Applicable Section |
|---------|-----------------------------------------------------|-----------------------|--------------------------------|-----------------|--------------------|
| 1. | Power Grid Corporation of India Limited (POWERGRID) | L40101DL1989GOI038121 | Holding company | 100% | 2(46) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. *Category-wise Share Holding*

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--------------------------|-------------------------------------------------|----------|-------|-------------------|-------------------------------------------|----------|-------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | - | 6 | 6 | 0.012 | - | 6 | 6 | 0.012 | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | - | 49994 | 49994 | 99.998 | - | 49994 | 49994 | 99.998 | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(1):- | - | 50000 | 50000 | 100 | - | 50000 | 50000 | 100 | - |
| 2) Foreign | | | | | | | | | |
| g) NRIs- Individuals | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|------------------------------------------------|---|---|---|---|---|---|---|---|---|
| h) Other-Individuals | - | - | - | - | - | - | - | - | - |
| i) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| j) Banks / FI | - | - | - | - | - | - | - | - | - |
| k)Any Other.... | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(2):- | - | - | - | - | - | - | - | - | - |
| B. Public Shareholding | - | - | - | - | - | - | - | - | - |
| 1. Institutions | - | - | - | - | - | - | - | - | - |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c)Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non Institutions | - | - | - | - | - | - | - | - | - |
| a) Bodies Corp. (i) Indian (ii) Overseas | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|---------------------------------------------------------------------------------------------------------------------------|---|-------|-------|-----|---|-------|-------|-----|---|
| b) Individual s | - | - | - | - | - | - | - | - | - |
| (i) Individual shareholder s holding nominal share capital upto Rs.1 lakh | | | | | | | | | |
| (ii) Individual shareholder s holding nominal share capital in excess of Rs.1 lakh | | | | | | | | | |
| c)Others (Specify) | - | - | - | - | - | - | - | - | - |
| Sub- total(B)(2) | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | - | 50000 | 50000 | 100 | - | 50000 | 50000 | 100 | - |

ii.Shareholding of Promoters

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---------|------------------------------------------------------------------|-------------------------------------------|----------------------------------|------------------------------------------------|-------------------------------------|----------------------------------|-------------------------------------------------|------------------------------------------|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1. | Power Grid Corporation of India Limited (POWERGRID) | 49994 | 99.988 | - | 49994 | 99.988 | - | - |
| 2. | Shri K. Sreekant, Director (Finance) jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | - |
| 3. | Shri Ravi P Singh, Director (Personnel) jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | - |
| 4. | Smt. Seema Gupta, Director (Operations) jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | - |
| 5. | Shri Prabhakar Singh, Director (Projects) jointly with POWERGRID | 01 | 0.002 | - | 00 | 0 | - | (0.002) |

| | | | | | | | | |
|--------------|-------------------------------------------------------|--------------|------------|----------|--------------|------------|----------|----------|
| 6. | Shri K S R Murty, ED (Finance) jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | - |
| 7. | Shri A. K. Singhal, ED (TBCB) jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | - |
| 8. | M. Taj Mukarrum ED (Finance) jointly with POWERGRID | - | - | - | 01 | 0.002 | - | 0.002 |
| Total | | 50000 | 100 | - | 50000 | 100 | - | - |

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 50000 | 100 | 50000 | 100 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 50000 | 100 | 50000 | 100 |

Share holding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Top ten shareholders | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |

iv. Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|--------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Directors and KMP | | | | |
| | For each of Directors | | | | |
| 1 | Smt. Seema Gupta, Chairperson | | | | |
| | At the beginning of the year | 01* | 0.002 | 01* | 0.002 |

| | | | | | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-------|-----|-------|
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 01* | 0.002 | 01* | 0.002 |
| 2 | Shri K S R Murty, Director | | | | |
| | At the beginning of the year | 01* | 0.002 | 01* | 0.002 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 01* | 0.002 | 01* | 0.002 |
| 3 | Shri Sunit Nath Sahay, Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | - | | |
| | At the End of the year | - | - | - | - |
| 4 | Shri Abhay Choudhary, | | | | |

| Director | | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| At the beginning of the year | - | - | - | - | - |
| Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | | |
| At the End of the year | - | - | - | - | - |

*Jointly with POWERGRID

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding /accrued but not due for payment:

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|-----------------------------------------------------|-----------------------------------------|------------------------|-----------------|---------------------------|
| Indebtedness at the beginning of the financial year | - | - | - | - |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total(i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | | | | |
| - Addition | | 20,481.24 | | 20,481.24 |
| - Reduction | | - | | - |

| | | | | |
|-----------------------------------------------|---|-----------|---|-----------|
| Net Change | - | 20,481.24 | - | 20,481.24 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | | 20,352.98 | | 20,352.98 |
| ii) Interest due but not paid** | | 97.86 | | 97.86 |
| iii) Interest accrued but not due | | 30.40 | | 30.40 |
| Total (i+ii+iii) | - | 20,481.24 | | 20,481.24 |

** Interest due but not paid pertains to interest for March, 2019 on borrowings, Rs 97.86 Lakh shown in schedule 12 B(iii) as payable to POWERGRID. This was converted into loan as on 1st April, 2019.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: [Not Applicable]

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | | Total Amount |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---|---|---|--------------|
| 1. | Gross salary (a)Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b)Value of perquisites u/s 17(2) Income-tax Act, 1961 (c)Profits in lieu of salary Under section17(3) Income- tax Act,1961 | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission - as% of profit - Others, specify... | - | - | - | - | - |
| 5. | Others, please specify | - | - | - | - | - |

| | | | | | | |
|----|------------------------|---|---|---|---|---|
| 6. | Total(A) | - | - | - | - | - |
| | Ceiling as per the Act | - | - | - | - | - |

B. Remuneration to other directors:
[Not Applicable]

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------|---|---|---|--------------|
| | <u>Independent Directors</u> - Fee for attending board committee meetings - Commission - Others ,please specify | - | - | - | - | - |
| | Total(1) | - | - | - | - | - |
| | <u>Other Non-Executive Directors</u> - Fee for attending board committee meetings - Commission - Others ,please specify | - | - | - | - | - |
| | Total(2) | - | - | - | - | - |
| | Total(B)=(1+2) | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - |
| | Over all Ceiling as per the Act | - | - | - | - | - |

C. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD:
[Not Applicable]

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|--------------------------------------------------------------------------------------------------|--------------------------|-------------------|-----|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a) Salary as per provisions contained in section17(1)of the Income-tax Act,1961 | - | - | - | - |

| | | | | | |
|----|-------------------------------------------------------------------------------|---|---|---|---|
| | (b)Value of perquisites u/s 17(2) Income-tax Act,1961 | | | | |
| | (c)Profits in lieu of salary under section 17(3) Income-tax Act,1961 | | | | |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as% of profit -others, specify... | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total | - | - | - | - |

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD /NCLT/Court] | Appeal made. If any (give details) |
|-------------------------------------|------------------------------|-------------------|----------------------------------------------------------|----------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| B. Directors | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| C. Other Officers In Default | | | | | |
| Penalty | | NIL | NIL | NA | NA |

| | | | | | |
|-------------|--|-----|-----|----|----|
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |

For and on behalf of
POWERGRID Mithilanchal Transmission Limited

Sd/-
(Seema Gupta)
Chairperson
DIN: 06636330

Date: 31st July, 2019
Place: Gurgaon



संख्या/No.MAB-III/Rep/01-64/Acs-Powergrid
Mithilanchal/2019-20/ 259

भारतीय लेखापरीक्षा और लेखा विभाग
कार्यालय
प्रधान निदेशक, वाणिज्यिक लेखा परीक्षा
एवं पदेन सदस्य लेखा परीक्षा बोर्ड-III
नई दिल्ली

INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
& EX-OFFICIO MEMBER, AUDIT BOARD-III
NEW DELHI

दिनांक/Dated: 15/07/2019

सेवा में

अध्यक्ष,
पावरग्रिड मिथिलांचल ट्रांसमिशन लिमिटेड,
नई दिल्ली।

विषय: 31 मार्च 2019 को समाप्त वर्ष के लिए पावरग्रिड मिथिलांचल ट्रांसमिशन लिमिटेड, नई दिल्ली के वार्षिक लेखाओं पर कम्पनी अधिनियम, 2013 की धारा 143(6)(b) के अन्तर्गत भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

मैं, पावरग्रिड मिथिलांचल ट्रांसमिशन लिमिटेड, नई दिल्ली के 31 मार्च 2019 को समाप्त वर्ष के लेखाओं पर कम्पनी अधिनियम, 2013 की धारा 143(6)(b) के अन्तर्गत भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणियाँ अग्रेषित कर रहा हूँ।

कृपया इस पत्र की संलग्नकों सहित प्राप्ति की पावती भेजी जाए।

भवदीय,

संलग्नक: - यथोपरि।

(राज कुमार)
प्रधान निदेशक

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF POWERGRID MITHILANCHAL TRANSMISSION
LIMITED FOR THE YEAR ENDED 31 MARCH 2019**

The preparation of financial statements of POWERGRID MITHILANCHAL TRANSMISSION LIMITED for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 23 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of POWERGRID MITHILANCHAL TRANSMISSION LIMITED for the year ended 31 March 2019 under Section 143(6)(a) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

Place: New Delhi
Dated: 15 July 2019


(Raj Kumar)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board – III,
New Delhi



Ref.....

Date.....

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s POWERGRID MITHILANCHAL TRANSMISSION LIMITED
(Formerly ERSS XXI Transmission Limited)

Report on the Ind-AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of M/s POWERGRID MITHILANCHAL TRANSMISSION LIMITED (Formerly ERSS XXI Transmission Limited) ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 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 31st March 2019, its profit including other comprehensive income, its changes in equity and its cash flows for the year ended on that date.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the

Branch Office :

Mumbai : F 57, Dream Mall, LBS Marg, Bhandup, Mumbai - 40 1 78 / Mob. : 98209 52337, 9869837138
Ranchi : Qtc. No. CD/343, HEC Colony, Dhurwa, Ranchi - 834 004 / Mo b. : 9431024980



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 Companies Act, 2013 and the Rules there under, 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 opinion.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act, read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order issued under section 143 (11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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.


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 Section 143(11) of the Act, we give in "Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. In terms of sub section (5) of section 143 of the Companies Act, 2013, we give in the Annexure "B" a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.
3. 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 Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows 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 Indian Accounting Standards prescribed under section 133 of the Act, read with the relevant rules issued there under.
- e. Being a Subsidiary of a Government Company, Section 164(2) of the Act pertaining to disqualification of Directors are not applicable to the Company.
- 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 "C".
- g. 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 H. L. Shah & Associates
Chartered Accountants
ICAI ERN : 004057C


(CA Pravind Kumar Singh)
Partner
Membership No.- 408793



Place: Patna
Date: 23/05/2019

As referred to in our Independent Auditors' Report to the members of the M/s **POWERGRID MITHILANCHAL TRANSMISSION LIMITED** (Formerly ERSS XXI Transmission Limited) ('the Company') on the Financial Statements for the Year Ended 31st March, 2019, we report that:

(i) (a) The Company has maintained records, showing full particulars including quantitative details and situation of Fixed Assets.

(b) Perpetual Leasehold Lands are the only Fixed Asset owned by the company.

(c) The Company is having perpetual leasehold land of 42.247 hectares valuing Rs. 39.43 Crores for which the lease deed is executed.

(ii) The company does not hold any inventories as on 31.03.19 hence clause (ii) of paragraph 3 of the order is not applicable.

(iii) The Company has not granted any Loans secured or unsecured to companies, firms or other parties Covered in the Register maintained under section 189 of the Companies Act, 2013.

(iv) According to the information and explanations given to us, the Company has not given any loans, investments guarantees and securities. Accordingly clause 3(iv) of the Order is not applicable.

(v) The company has not accepted any deposits from Public and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the act and the Companies (Acceptance of Deposits) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

(vi) There is no such Cost Records specified by Central Government u/s 148 of the Companies Act, 2013.

(vii) (a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues with appropriate authorities including Income Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to the Company and that there are no undisputed statutory dues outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable.

(b) Based on our audit and explanations given to us, there are no disputed dues of Duty of Customs or Duty of Excise of Sales Tax which have not been deposited.

(viii) According to the information and explanations given to us, the company has not taken any loan from any financial institution or bank or debenture holders, hence clause (viii) of paragraph 3 of the order is not applicable.

(ix) The company has not raised Money by way of IPO & FPO including debt instruments. However, Loan from holding Company are applied for the purposes for which they are raised.



(x) Based on our audit Procedures performed and the information and explanations given by the management, we report that no fraud by the company or on the company by its officers or employees has been noticed or reported during the year.

(xi) Based on our audit Procedures performed and the information and explanations given by the management, Managerial Remuneration & Other Payments relating to Staff are made from Holding Co. Hence clause (xi) of paragraph 3 of the order is Not Applicable.

(xii) The company is not an Nidhi company as prescribed U/s 406 of the act. Accordingly clause (xii) of paragraph 3 of the order is not applicable.

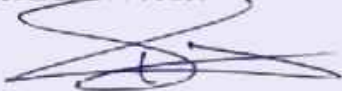
(xiii) All transactions with the "Related Parties" in compliance with sections 177 and 188 of the Companies Act, 2013 are disclosed.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) Based on our audit Procedures performed and 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.

(xvi) The Co. is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 as the Co. is not a NBFC.

For H. L. Shah & Associates
Chartered Accountants
ICAI FRN : 004057C


(CA Pravind Kumar Singh)
Partner
Membership No.- 408793



Place: Patna

Date: 23.05.19

As referred to in our Independent Auditors' Report to the Members of the M/s POWERGRID MITHILANCHAL TRANSMISSION LIMITED (Formerly ERSS XXI Transmission Limited) ('The Company'), on the Financial Statements for the Year Ended 31st March 2019, we Report that:

| Sl. No. | Directions | Auditor's reply on action taken on the directions | Impact on financial statement |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| 1. | Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | The company is having ERP system (SAP) in the place of processing all accounting transaction. No accounting transaction is being recorded/ processed otherwise than the ERP system in place. | Nil |
| 2. | Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. | As explained to us, there are no cases of restructuring of an existing loan or cases of waiver/ write off of debts/loan/interest etc. made by a lender to the company due to the company's inability to repay the loan. | Nil |
| 3. | Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation. | As per the information and explanation given to us, no funds from Central/State agencies were received/ receivable for specific schemes during the financial year by the company. | Nil |

For H. L. Shah & Associates
Chartered Accountants
ICALERN: 004057C

(CA Pravind Kumar Singh)

Partner

Membership No.- 408793

Date: 23.05.19





Ref.....

Date.....

Compliance Certificate

We have conducted the audit of annual stand-alone accounts M/s POWERGRID MITHILANCHAL TRANSMISSION LIMITED (Formerly ERSS XXI Transmission Limited) for the year ended 31st March 2019 in accordance with the directions / sub - directions issued by the C&AG of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with all the direction/Sub-directions issued to us.

For H. L. Shah & Associates
Chartered Accountants
ICAI FRN : 004057C

(CA Pravind Kumar Singh)

Partner

Membership No.- 408793



Place: Patna

Date: 23/05/2019

Branch Office :

Mumbai : F 57, Dream Mall, LBS Marg, Bhandup, Mumbai - 400178, Mob. : 9820952337, 9869837138
Ranchi : Qtc. No. CD/343, HEC Colony, Dhurwa, Ranchi - 834 004, Mob. : 9431024980

ANNEXURE - "C"

As referred to in our Independent Auditors' Report to the members of the M/s **POWERGRID MITHILANCHAL TRANSMISSION LIMITED** (Formerly ERSS XXI Transmission Limited) ("the Company"), on the Financial Statements for the year ended 31st March 2019

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 the company as at 31st March 2019 in conjunction with our audit of the 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 Control 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 (ICAI)". 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 business, including adherence to 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 Act.

Auditors' 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 Control over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed 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 Company's Internal Financial Controls System over Financial Reporting.

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 authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's Assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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 controls 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 and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March 2018, based on "the Internal Financial Controls 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 H. L. Shah & Associates
Chartered Accountants
ICAI FRN : 004057C



(CA Pravind Kumar Singh)
Partner
Membership No.- 408793
Place: Patna
Date: 23/05/2019



POWERGRID MITHILANCHAL TRANSMISSION LTD

(formerly ERSS XXI Transmission Limited)

CIN : U40300DL2017GOI310436

Balance Sheet as at 31st March, 2019

(₹ in Lakhs)

| Particulars | Note No | As at 31st MArch,2019 | As at 31st March,2018 |
|-----------------------------------------|---------|-----------------------|-----------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, Plant and equipment | 4 | 3,942.96 | - |
| Capital work in progress | 5 | 15,534.49 | 2,566.93 |
| Other non-current assets | 6 | 4,602.89 | - |
| | | 24,080.34 | 2,566.93 |
| Current Assets | | | |
| Financial Assets | | | |
| Cash & Cash equivalents | 7 | 7.27 | 0.18 |
| | | 7.27 | 0.18 |
| | | | |
| Total Assets | | 24,087.61 | 2,567.11 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Equity Share Capital | 8 | 5.00 | 5.00 |
| Other Equity | 9 | (0.70) | (0.70) |
| | | 4.30 | 4.30 |
| Liabilities | | | |
| Non Current Liabilities | | | |
| Financial Liabilities | | | |
| Borrowings | 10 | 20,352.98 | - |
| Other non-current financial liabilities | 11 | 739.88 | - |
| | | 21,092.85 | - |
| Current Liabilities | | | |
| Financial Liabilities | | | |
| Other current financial liabilities | 12 | 2,874.64 | 2,502.18 |
| Other current liabilities | 13 | 115.81 | 60.63 |
| | | 2,990.45 | 2,562.81 |
| | | | |
| Total Equity & Liabilities | | 24,087.61 | 2,567.11 |

The significant Accounting policies and Notes to Accounts (1 to 32) are an integral part of these financial statements.

In terms of our Report of even date

For H. L. Shah & Associates

Chartered Accountants

ICAI ERN : 0040570

(CA Pravin Kumar Singh)

Partner

Membership No.- 408793



For and on behalf of the Board

(Seema Gupta)

Chairperson

DIN-06636330

(K.S.R Murty)

Director

DIN-07359191

Place: Patna

Date: 21.05.19

(CFO)

Place: Gurgaon

Date: 21.05.19

POWERGRID MITHILANCHAL TRANSMISSION LTD

(formerly ERSS XXI Transmission Limited)

CIN : U40300DL2017GOI310436

Statement of Profit and Loss for the period from 01.04.2018 to 31.03.2019

(₹ in Lakhs)

| Particulars | Note No | For the period from 01.04.2018 to 31.03.2019 | For the period from 11.01.2017 to 31.03.2018 |
|--------------------------------------------------|-----------|-------------------------------------------------|-------------------------------------------------|
| Revenue from operation | | - | - |
| Other income | <u>14</u> | - | - |
| Total Income | | - | - |
| Expenses | | | |
| Finance cost | <u>15</u> | - | - |
| Other Expenses | <u>16</u> | - | 0.38 |
| Preliminary Expenses | | - | 0.32 |
| Total Expenses | | - | 0.70 |
| Profit before tax | | - | (0.70) |
| Tax expenses | | - | - |
| Profit for the period | | - | (0.70) |
| Other Comprehensive Income | | - | - |
| Total Comprehensive Income for the period | | - | (0.70) |
| Earnings per Equity Share (Par Value ₹ 10 each) | | | |
| Basic (in ₹) | | - | (1.40) |
| Diluted (in ₹) | | - | (1.40) |

The significant Accounting policies and Notes to Accounts (1 to 32) are an integral part of these financial statements.

In terms of our Report of even date

For H. L. Shah & Associates
Chartered Accountants

ICAI FRN : 004057C



(CA Pravind Kumar Singh)

Partner

Membership No.- 408793



For and on behalf of the Board



(Seema Gupta)

Chairperson

DIN-06636330



(K.S.R. Murty)

Director

DIN-07359191

Place: Patna

Date: 21.05.19


CFO

Place: Gurgaon

Date: 21.05.19

POWERGRID MITHILANCHAL TRANSMISSION LTD

(formerly ERSS XXI Transmission Limited)

CIN : U40300DL2017GOI310436

Statement of Cash Flows for the period from 01.04.2018 to 31.03.2019

(₹ in Lakhs)

| Particulars | For the period ended 31st March, 2019 | For the year ended 31st March, 2018 |
|-----------------------------------------------------------------------------|---------------------------------------|-------------------------------------|
| A.CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before Tax | - | (0.70) |
| Operating Profit/(Loss) before working capital change | - | (0.70) |
| Adjustment for: | | |
| Increase/Decrease in other current financial liabilities | 372.46 | 2,502.18 |
| Increase/Decrease in other current liabilities | 55.18 | 60.63 |
| Other non-current liabilities | 739.88 | - |
| Net Cash Flow (used in)/from operating activities (A) | 1,167.52 | 2,562.81 |
| B.CASH FLOW FROM INVESTING ACTIVITIES | | |
| Property, Plant and equipment | (3,942.96) | |
| Capital work in progress (CWIP) | (12,179.23) | (2,566.93) |
| Loan & Advance given | (4,602.89) | |
| Net cash (used in)/from Investing activities (B) | (20,725.08) | (2,566.93) |
| C.CASH FLOW FROM FINANCING ACTIVITIES | | |
| Issue of Share Capital during the year | - | 5.00 |
| Proceeds from Borrowings/ Loans | 20,352.98 | |
| Interest and financial charges on financial liabilities | (788.33) | |
| Net Cash Flow from Financing Activities (C) | 19,564.65 | 5.00 |
| Net Increase/(Decrease) in cash and cash equivalents (A) + (B) + (C) | 7.09 | 0.18 |
| Cash and Cash Equivalents at the beginning of the period | 0.18 | - |
| Cash and Cash Equivalents at the end of the period (Note 7) | 7.27 | 0.18 |

Note :

Cash and Cash equivalents consist balances with banks in current accounts.

The significant Accounting policies and Notes to Accounts (1 to 32) are an integral part of these financial statements

In terms of our Report of even date

For H. L. Shah & Associates

Chartered Accountants

ICAI ERN - 064057C



(CA Prayind Kumar Singh)

Partner

Membership No.- 408793

For and on behalf of the Board

(Signature)
(Seema Gupta)
Chairperson
DIN-06636330

(Signature)
(K.S.R Murty)
Director
DIN-07359191

Place: Patna

Date: 21.05.19

(Signature)
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Place: Gurgaon

Date: 21.05.19

POWERGRID MITHILANCHAL TRANSMISSION LTD

(formerly ERSS XXI Transmission Limited)

CIN : U40300DL2017GOI310436

Statement of Changes in Equity for the period ended 31st March, 2019

A. Equity Share Capital

(₹ in Lakhs)

| Particulars | Total |
|---------------------------------|-------|
| As at 1st April, 2018 | 5.00 |
| Changes in equity share capital | - |
| As at 31st March, 2019 | 5.00 |
| Particulars | Total |
| As at 1st April, 2017 | 5.00 |
| Changes in equity share capital | - |
| As at 31st March, 2018 | 5.00 |

B. Other Equity

(₹ in Lakhs)

| Particulars | Reserve & Surplus |
|----------------------------------------------|-------------------|
| | Retained Earnings |
| As at 1st April, 2018 | (0.70) |
| Total Comprehensive Income during the period | - |
| Balance at 31st March, 2019 | (0.70) |
| Particulars | Reserve & Surplus |
| | Retained Earnings |
| As at 1st April, 2017 | - |
| Total Comprehensive Income during the period | (0.70) |
| Balance at 31st March, 2018 | (0.70) |

Refer to Note 8 for Nature & Movement of Other Equity.

The significant Accounting policies and Notes to Accounts (1 to 32) are an integral part of these financial statements

In terms of our Report of even date

For H. L. Shah & Associates
Chartered Accountants
ICAI FRN : 004057C

(CA Pravind Kumar Singh)
Partner
Membership No.- 408793



For and on behalf of the Board

(Seema Gupta)
Chairperson
DIN-06636330

(K.S.R. Murty)
Director
DIN-07359191

Place: Patna

Date: 21.05.19

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CFO

Place: Gurgaon

Date: 21.05.19

POWERGRID MITHILANCHAL TRANSMISSION LTD

(formerly ERSS XXI Transmission Limited)

CIN : U40300DL2017GOI310436

Note 4/ Property, Plant and equipment

(₹ in Lakhs)

| Particulars | Cost | | | | | Accumulated depreciation | | | | | Net Book Value | |
|--------------------------------------|-----------------------|-----------------------------|----------|----------------------------|------------------------|--------------------------|-----------------------------|----------|----------------------------|-----------------------|-----------------------|-----------------------|
| | As at 1st April, 2018 | Additions during the period | Disposal | Adjustment during the year | As at 31st March, 2019 | As at 1st April, 2018 | Additions during the period | Disposal | Adjustment during the year | As at 31st March 2019 | As at 31st March 2019 | As at 31st March 2018 |
| Land | | | | | | | | | | | | |
| Perpetual Leasehold | - | 3,942.96 | - | - | 3,942.96 | - | - | - | - | - | 3,942.96 | - |
| Total | - | 3,942.96 | - | - | 3,942.96 | - | - | - | - | - | 3,942.96 | - |
| Less: Provision for assets discarded | - | - | - | - | - | - | - | - | - | - | - | - |
| Grand Total | - | 3,942.96 | - | - | 3,942.96 | - | - | - | - | - | 3,942.96 | - |

The Company owns 42.247 hectare (Previous Year NIL hectare) of Leasehold land amounting to ₹ 3942.96 Lakhs (Previous Year ₹ NIL Lakhs) which has been classified as Perpetual leasehold land based on available documentation.

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POWERGRID MITHILANCHAL TRANSMISSION LTD

(formerly ERSS XXI Transmission Limited)

CIN : U40300DL2017GOI310436

Note 5/Capital work in progress

(₹ in Lakhs)

| Particulars | As at 31st March, 2018 | Additions during the period | Adjustments | Capitalised during the period | As at 31st March, 2019 |
|--------------------------------------------------------|------------------------|-----------------------------|-------------|-------------------------------|------------------------|
| Development of Land | - | 3,942.99 | - | 3,942.98 | 0.00 |
| a) Transmission | - | 2,454.98 | - | - | 2,454.98 |
| b) Substation | - | 218.67 | - | - | 218.67 |
| Expenditure pending allocation | - | - | - | - | - |
| Expenditure during construction period (net) (Note-17) | 2,566.93 | 1,422.89 | - | - | 3,989.82 |
| Construction Stores (Net of Provision) | - | 8,871.01 | - | - | 8,871.01 |
| Total | 2,566.93 | 16,910.54 | - | 3,942.98 | 15,534.49 |

Note 5/Capital work in progress

(₹ in Lakhs)

| Particulars | As at 1st April, 2017 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March, 2018 |
|--------------------------------------------------------|-----------------------|---------------------------|-------------|-----------------------------|------------------------|
| Expenditure pending allocation | - | - | - | - | - |
| Expenditure during construction period (net) (Note-13) | - | 2,566.93 | - | - | 2,566.93 |
| Total | - | 2,566.93 | - | - | 2,566.93 |

Note 5/Capital work in progress (Details of Construction Stores)

(At cost)

(₹ in Lakhs)

| Construction Stores | As at 31st March, 2019 | As at 31st March, 2018 |
|------------------------|------------------------|------------------------|
| Sub-Station Equipments | 1,187.95 | - |
| Towers | 3,547.61 | - |
| Other Line Materials | 1,374.03 | - |
| Conductors | 1,274.09 | - |
| Sub-Station Equipments | 1,486.36 | - |
| Others | 0.97 | - |
| Grand Total | 8,871.01 | - |

(₹ in Lakhs)

Construction Stores includes:

| | As at 31st March, 2019 | As at 31st March, 2018 |
|-------------------------------|------------------------|------------------------|
| i) Material in transit | | |
| Sub-Station Equipments | 1,187.95 | - |
| Total | 1,187.95 | - |
| ii) Material with Contractors | | |
| Towers | 3,547.61 | - |
| Other Line Materials | 1,374.03 | - |
| Conductors | 1,274.09 | - |
| Sub-Station Equipments | 1,486.36 | - |
| Others | 0.97 | - |
| Total | 7,683.06 | - |
| Grand Total | 8,871.01 | - |



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POWERGRID MITHILANCHAL TRANSMISSION LTD

(formerly ERSS XXI Transmission Limited)

CIN : U40300DL2017GOI310436

Note 6/Other non-current assets

(Unsecured considered good unless otherwise stated)

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|----------------------------------|------------------------|------------------------|
| Advances for Capital Expenditure | | |
| Against Bank guarantees | 4,602.89 | - |
| | - | - |
| Total | 4,602.89 | - |



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POWERGRID MITHILANCHAL TRANSMISSION LTD

(formerly ERSS XXI Transmission Limited)

CIN : U40300DL2017GOI310436

Note 7/Cash and Cash equivalents

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|------------------------------------------|------------------------|------------------------|
| Balance with Banks- | | |
| In Current Accounts with scheduled banks | 7.27 | 0.18 |
| Total | 7.27 | 0.18 |



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POWERGRID MITHILANCHAL TRANSMISSION LTD

(formerly ERSS XXI Transmission Limited)

CIN : U40300DL2017GOI310436

Note 8 - Equity Share Capital

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|------------------------------------------------------------------------------|------------------------|------------------------|
| Equity Share Capital | | |
| Authorised Share Capital | | |
| 50,000 Equity Shares of ₹ 10 each | 5.00 | 5.00 |
| Issued, Subscribed and Paid up capital | | |
| 50,000 fully paid up Equity shares of ₹ 10/- each | 5.00 | 5.00 |
| (100 % shares held by Holding Company "Power Grid Corporation of India Ltd") | | |
| Total | 5.00 | 5.00 |

Further Notes :**1) Reconciliation of number and amount of share capital outstanding at the beginning and end of reporting period:**

| Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|------------------------------------------------------|------------------------|--------------|------------------------|--------------|
| | No. of Shares | (₹ in Lakhs) | No. of Shares | (₹ in Lakhs) |
| Equity shares outstanding at the beginning of period | 50,000.00 | 5.00 | 50,000.00 | 5.00 |
| Add: Shares issued during the period | - | - | - | - |
| Equity shares outstanding at the end of period | 50,000.00 | 5.00 | 50,000.00 | 5.00 |

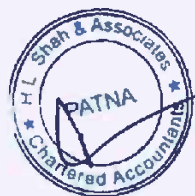
2) The Company has only one class of equity shares having a par value of ₹ 10/- per share.

3) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at meetings of

4) Shareholders holding more than 5% equity shares of the Company

| Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|-------------------------------------------|------------------------|--------------|------------------------|--------------|
| | No. of Shares | % of holding | No. of Shares | % of holding |
| Power Grid Corporation of India Limited # | 50,000 | 100 | 50,000 | 100 |
| TOTAL | 50,000 | 100 | 50,000 | 100 |

Out of 50000 Equity Shares, 6 Equity Shares are held by Nominees of M/s Power Grid Corporation of India Limited on its behalf.



POWERGRID MITHILANCHAL TRANSMISSION LTD

(formerly ERSS XXI Transmission Limited)

CIN : U40300DL2017GOI310436

Note 9/Other Equity

(₹ in Lakhs)

| Particulars | For the period ended 31.03.2019 | For the period ended 31.03.2018 |
|----------------------------------------|------------------------------------|------------------------------------|
| Reserves and Surplus | | |
| Retained Earnings | | |
| Balance at the beginning of the period | (0.70) | - |
| Addition during the period | - | (0.70) |
| Total | (0.70) | (0.70) |
| Subtotal | (0.70) | (0.70) |



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POWERGRID MITHILANCHAL TRANSMISSION LTD

(formerly ERSS XXI Transmission Limited)

CIN : U40300DL2017GOI310436

Note 10/Borrowings**(₹ in Lakhs)**

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| Unsecured Loan from Power Grid Corporation of India Ltd (Holding Company) | 20,352.98 | - |
| | | |
| Total | 20,352.98 | - |
| Further Note - Inter Corporate Loan is provided by Holding Company on Cost to Cost Basis at the rate of interest which varies from 7.85% to 8.60% repayable over a period of 5 to 15 years | | |



POWERGRID MITHILANCHAL TRANSMISSION LTD

(formerly ERSS XXI Transmission Limited)

CIN : U40300DL2017GOI310436

Note 11/Other Non-current financial liabilities

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|-------------------------------------------|---------------------------|------------------------|
| Other liabilities | | |
| Deposit/Retention Money-contractors/Other | 739.88 | - |
| | | |
| Total | 739.88 | - |

Note:-

Disclosure with regard to Micro and Small Enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note 21 (d)



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POWERGRID MITHILANCHAL TRANSMISSION LTD

(formerly ERSS XXI Transmission Limited)

CIN : U40300DL2017GOI310436

Note 12/Other current financial liabilities**(₹ in Lakhs)**

| Particulars | For the period ended 31.03.2019 | For the period ended 31.03.2018 |
|----------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| A) Interest accrued but not due on borrowings from Loan from Power Grid Corporation of India Ltd. * | 30.40 | |
| B) Others | | |
| i) Dues for Capital Expenditure | 1,970.95 | 2,501.83 |
| ii) Deposit/Retention Money-contractors/Other | 551.04 | |
| iii) Payable to Power Grid Corp. of India Ltd. * | 321.90 | |
| iv) Auditor Remuneration Payable | 0.35 | 0.35 |
| Total | 2,874.64 | 2,502.18 |

Note:-

Disclosure with regard to Micro and Small Enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note 21 (d)

*Breakup of Related Parties is provided in Note 22

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POWERGRID MITHILANCHAL TRANSMISSION LTD
(formerly ERSS XXI Transmission Limited)
CIN : U40300DL2017GOI310436

Note 13/Other Current Liabilities

| (₹ in Lakhs) | | |
|----------------|------------------------------------|------------------------------------|
| Particulars | For the period ended 31.03.2019 | For the period ended 31.03.2018 |
| Statutory Dues | 115.81 | 60.63 |
| Total | 115.81 | 60.63 |



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POWERGRID MITHILANCHAL TRANSMISSION LTD
(formerly ERSS XXI Transmission Limited)
CIN : U40300DL2017GOI310436

Note 14/ Other Income

(₹ in Lakhs)

| Particulars | For the period ended 31.03.2019 | For the period ended 31.03.2018 |
|--------------------------------------------------------------------|------------------------------------|------------------------------------|
| Other Income | | |
| Interest from advances to contractors | 201.26 | - |
| FV gain on initial recognition of Fin.Liab | 104.29 | - |
| Sale of RFP Documents | - | 40.00 |
| Total | 305.56 | 40.00 |
| Less : Transferred to Expenditure during construction (Net) | 305.56 | 40.00 |
| Note - 17 | | |
| Grand Total | - | - |



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POWERGRID MITHILANCHAL TRANSMISSION LTD
(formerly ERSS XXI Transmission Limited)
CIN : U40300DL2017GOI310436

Note 15/Finance Cost

(₹ in Lakhs)

| Particulars | For the period ended 31.03.2019 | For the period ended 31.03.2018 |
|-------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| I) Interest and financial charges on financial liabilities at amortised cost | | |
| Interest on Loan from Power Grid Corporation of India Ltd | 788.33 | |
| Interest charged | | 9.54 |
| II) Unwinding of discount on financial liabilities | 16.62 | - |
| Total | 804.95 | 9.54 |
| Less : Transferred to Expenditure during construction (Net) Note - 17 | 804.95 | 9.54 |
| Grand Total | - | - |



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POWERGRID MITHILANCHAL TRANSMISSION LTD

(formerly ERSS XXI Transmission Limited)

CIN : U40300DL2017GOI310436

Note 16/ Other Expenses*(Rs. in Lakhs)*

| Particulars | For the period ended 31.03.2019 | For the period ended 31.03.2018 |
|------------------------------------------------------------------------------|------------------------------------|---------------------------------------|
| Other Expenses | | |
| Professional fee charged | 0.03 | 1,591.65 |
| Reimbursement of cost incurred to REC Transmission Projects | - | 229.49 |
| Auditor Remuneration | 0.35 | 0.35 |
| Bank Charges | 0.01 | 0.02 |
| Fee-Adoption Transmission chgs | - | 25.00 |
| Fee-Grant of Transmis. License | - | 1.00 |
| BG Charges | - | 34.82 |
| Stamp Charges | - | 0.01 |
| Consultancy Chages payable to Power Grid Corporation of India Ltd | 918.24 | 715.43 |
| Legal Expenses | 0.15 | - |
| Licence Fee to CERC | 4.69 | - |
| Licence Fee | 0.03 | - |
| Total | 923.50 | 2,597.77 |
| Less : Transferred to Expenditure during construction (Net) Note - 17 | 923.50 | 2,597.39 |
| Grand Total * | - | 0.38 |

* Remarks : Grand Total includes Auditor Remuneration, Bank Charges & Stamp Charges expenses.

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POWERGRID MITHILANCHAL TRANSMISSION LTD

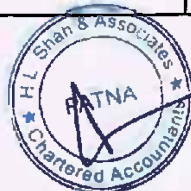
(formerly ERSS XXI Transmission Limited)

CIN : U40300DL2017GOI310436

Note 17/Expenditure during construction (Net)

(₹ in Lakhs)

| Particulars | For the period ended 31.03.2019 | For the period ended 31.03.2018 |
|-------------------------------------------------------------------|------------------------------------|------------------------------------|
| A. Other Expenses | | |
| Professional fee charged | 0.03 | 1,591.65 |
| Reimbursement of cost incurred to REC Transmission Projects | - | 229.49 |
| Auditor Remuneration | 0.35 | - |
| Bank Charges | 0.01 | - |
| Fee-Adoption Transmission chgs | - | 25.00 |
| Fee-Grant of Transmis. License | - | 1.00 |
| BG Charges | - | 34.82 |
| Consultancy Chages payable to Power Grid Corporation of India Ltd | 918.24 | 715.43 |
| Legal Expenses | 0.15 | - |
| Licence Fee to CERC | 4.69 | - |
| Licence Fee | 0.03 | - |
| Total A | 923.50 | 2,597.39 |
| B.Finance Cost | | |
| Interest charged | 804.95 | 9.54 |
| Total B | 804.95 | 9.54 |
| C. Less : Other Income | | |
| Sale of RFP Documents | - | 40.00 |
| Interest from advances to contractors | 305.56 | - |
| Total C | 305.56 | 40.00 |
| Grand Total (A+B-C) | 1,422.89 | 2,566.93 |



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Notes to Financial Statements

1. Corporate and General Information

M/s POWERGRID MITHILANCHAL TRANSMISSION LIMITED ("the Company") domiciled and incorporated in India under the provisions of Companies Act and is wholly owned subsidiary of M/s Power Grid Corporation of India Limited. The Registered Office of the Company is situated at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi, India.

The company is engaged in business of Power Systems Network, construction operation and maintenance of transmission lines and other related allied activities.

The Financial Statements of the Company for the year ended 31st March 2019 were approved for issue by the Board of Directors on 21.05.2019.

2. Significant Accounting Policies

2.1 Basis of Preparation

i) Compliance with Ind AS

The Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013(the Act), Companies (Indian Accounting Standards) Rules, 2015, the relevant provisions of Companies Act, 2013 (to the extent notified), the Companies Act, 1956 and the provisions of the Electricity Act, 2003 to the extent applicable and as amended thereafter.

ii) Basis of Measurement

The financial statements have been prepared on accrual basis and under the historical cost convention except certain financial assets and liabilities measured at fair value at Note no. 2.11.

iii) Functional and Presentation Currency

The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency and all amounts are rounded to the nearest lakhs and two decimals thereof, except as stated otherwise.



iv) Use of Estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Note 3 on critical accounting estimates, assumptions and judgments).

v) Current and 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 realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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 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 settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

The Company recognizes twelve months period as its operating cycle other liabilities are classified as non-current.



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2.2 Property, Plant and Equipment (PPE)

Initial Recognition on Measurement

Property, Plant and Equipment is initially measured at cost of acquisition/construction including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation / amortisation and accumulated impairment losses, if any.

Property, Plant and Equipment acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized.

If the cost of the replaced part or earlier inspection is not available, the estimated cost of similar new parts/inspection is used as an indication of what the cost of the existing part/ inspection component was when the item was acquired or inspection was carried out.

In the case of commissioned assets, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

Transmission system assets are considered as ready for intended use after meeting the conditions for Commercial Operation as stipulated in Transmission Service Agreement (TSA) and capitalized accordingly.

The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken.

Expenditure on leveling, clearing and grading of land is capitalized as part of cost of the related buildings.

Spares parts whose cost is ₹ 5,00,000/- and above, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized.



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Subsequent costs

Subsequent expenditure is recognized as an increase in carrying amount of assets when it is probable that future economic benefits deriving from the cost incurred will flow to the company and cost of the item can be measured reliably.

The cost of replacing part of an item of PPE is recognized in the carrying amount of the item if it is probable that future economic benefit embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit & Loss as incurred.

De-recognition

An item of Property, Plant and Equipment is derecognized when no future economic benefits are expected from their use or upon disposal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss on the date of disposal or retirement.

2.3 Capital Work-In-Progress (CWIP)

Cost of material, erection charges and other expenses incurred for the construction of Property, Plant and Equipment are shown as CWIP based on progress of erection work till the date of capitalization.

Expenditure of Offices and Projects, attributable to construction of property, plant and equipment are identified and allocated on a systematic basis to the cost of the related assets.

Interest during construction and expenditure (net) allocated to construction as per policy above are kept as a separate item under CWIP and apportioned to the assets being capitalized in proportion to the closing balance of CWIP.

Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.



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2.4 Intangible Assets and Intangible Assets under development

Intangible assets are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Subsequent expenditure on already capitalized Intangible Assets is capitalized when it increases the future economic benefits embodied in an existing asset and is amortized prospectively.

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognized as an intangible asset when the same is ready for its use.

Afforestation charges for acquiring right-of-way for laying transmission lines are accounted for as intangible assets on the date of capitalization of related transmission lines.

Expenditure incurred, eligible for capitalization under the head Intangible Assets, are carried as "Intangible Assets under Development" till such assets are ready for their intended use.

An item of Intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is de-recognized.

2.5 Depreciation / Amortization

Depreciation/amortisation on the assets is provided on straight line method following the rates and methodology notified by the Central Electricity Regulatory Commission (CERC) for the purpose of recovery of tariff, except for assets specified in following paragraphs.

Leasehold land is fully amortized over lease period or life of the related plant whichever is lower in accordance with the rates and methodology specified in CERC Tariff Regulation. Leasehold land acquired on perpetual lease is not amortized.



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Depreciation on spares parts, standby equipment and servicing equipment which are capitalized, is provided on straight line method from the date they are available for use over the remaining useful life of the related assets following the rates and methodology notified by the CERC.

Depreciation on following assets is provided based on estimated useful life as per technical assessment.

| Particulars | Useful Life |
|---------------------------------|-------------|
| a. Computers & Peripherals | 3 years |
| b. Servers & Network Components | 5 years |

Residual value of above assets is considered as Nil.

Mobile phones are charged off in the year of purchase.

Fixed Assets costing ₹ 5,000/- or less, are fully depreciated in the year of acquisition.

Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively at the rates and methodology as specified by the CERC Tariff Regulations.

Depreciation on additions to/deductions from Property, Plant and Equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The residual values, useful lives and methods of depreciation for assets are reviewed at each financial year-end and adjusted prospectively, wherever required.

Intangible Assets

Cost of software capitalized as intangible asset is amortized over the period of legal right to use or 3 years, whichever is less with Nil residual value.

Amortisation on additions to/deductions from Intangible Assets during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.



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The amortization period and the amortization method for an intangible asset are reviewed at each financial year-end and are accounted for as change in accounting estimates in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors.

2.6 Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized (net of income on temporarily deployment of funds) as part of the cost of such assets till the assets are ready for the intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use.

Other borrowing costs are charged to revenue

2.7 Impairment of Non-Financial Assets, other than Inventories

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.



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Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, and deposits held at call with banks having a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.9 Inventories

Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.

Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.

Spares which do not meet the recognition criteria as Property, Plant and Equipment, including spare parts whose cost is less than ₹ 5,00,000/- are recorded as inventories.

Surplus materials as determined by the management are held for intended use and are included in the inventory.

The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

2.10 Leases

i) As a Lessor

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 fulfillment of the arrangement is dependent on the use of a specific



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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.

A lease is classified at the inception date as a finance lease or an operating lease.

a) Finance lease

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is classified as a finance lease.

b) Operating lease

An operating lease is a lease other than a finance lease. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

For operating leases, the asset is capitalized as property, plant and equipment and depreciated over its economic life. Rental income from operating lease is recognized over the term of the arrangement.

ii) As a Lessee

Finance lease

Leases of property, plant and equipment where the company, as lessee has substantially all risks and rewards of ownership are classified as finance lease. On initial recognition, assets held under finance lease are recorded as property, plant and equipment and related liability is recognized under borrowings. At inception of the lease, finance leases are recorded at amount equal to fair value of leased asset or if lower the present value of minimum lease payments. The minimum lease payments made under finance leases are apportioned between the finance expense and reduction of the finance liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Payments made under operating leases are recognized as an expense over the lease term.



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2.11 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

Classification

The Company classifies its financial assets in the following categories:

- at amortised cost,
- at fair value through other comprehensive income

The classification depends on the following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset

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, if any, that are attributable to the acquisition of the financial asset.

Subsequent measurement

Debt Instruments at Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognized in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Debt Instruments at Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI).

Equity investments

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The company may, on initial recognition, make an irrevocable election to present subsequent changes in the fair value in other comprehensive income (FVOCI) on an instrument by-instrument basis.

For equity instruments classified as at FVOCI, all fair value changes on the instrument, excluding dividends are recognized in the OCI. There is no recycling of the amounts from OCI to Profit or Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.



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De-recognition of financial assets

A financial asset is derecognized only when

The right to receive cash flows from the assets have expired, or

- The company has transferred the rights to receive cash flows from the financial asset, or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Impairment of financial assets:

For trade receivables, the company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For recognition of impairment loss on other financial assets and risk exposure, the company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Financial Liabilities

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company.

The Company's financial liabilities include loans & borrowings, trade and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable to the issue of financial liabilities. Financial liabilities are classified as subsequently measured at amortized cost. 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 effective interest rate (EIR). Any difference between the proceeds (net of



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transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the EIR.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing 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 between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other income or finance cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.12 Foreign Currency Translation

(a) Functional and Presentation Currency

Items included in the Financial Statements of the Company are measured using the Currency of the Primary Economic Environment in which the company operates ('the Functional Currency'). The Financial Statements are presented in Indian Rupees (Rupees or ₹), which is the Company's Functional and Presentation Currency.

(b) Transactions and Balances

Transactions in Foreign Currencies are initially recorded at the Exchange Rates prevailing on the Date of Transaction. Foreign Currency Monetary Items are translated with reference to the rates of exchange ruling on the date of Balance Sheet. Non-Monetary items denominated in foreign currency are reported at the exchange rate



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ruling on the date of initial recognition of the non-monetary prepayment asset or deferred income liability, or the date that related item is recognized in the financial statements, whichever is earlier. In case the transaction is recognized in stages, then transaction date is established for each stage.

Exchange differences arising from foreign currency borrowing to the extent regarded as an adjustment to interest costs are treated as borrowing cost.

Other exchange differences are recognized in the statement of profit and loss.

2.13 Income Tax

Income tax expense represents the sum of current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case the tax is also recognised directly in equity or in other comprehensive income.

Current Income Tax

The Current Tax is based on taxable profit for the year under the tax laws enacted and applicable to the reporting period in the countries where the company operates and generates taxable income.

Deferred Tax

Deferred Tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet method. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

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



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Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

2.14 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer. The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 and Ind AS 11.

2.14.1 Revenue Recognition from Operations

Transmission Income is accounted for based on orders issued by CERC u/s 63 of Electricity Act, 2003 for adoption of transmission charges.

The Transmission system incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees and in accordance with the Transmission Service Agreement (TSA) entered between the Transmission Service Provider and the Long Term Transmission Customers.

2.14.2 Other Income

Interest income is recognized, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

Surcharge recoverable from trade receivables, liquidated damages, warranty claims and interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.

Scrap other than steel scrap & conductor scrap are accounted for as and when sold.

Dividend income is recognized when right to receive payment is established.



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Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realization.

Revenue from rentals and operating leases is recognized on an accrual basis in accordance with the substance of the relevant agreement.

2.15 Dividends

Annual dividend distribution to the shareholders is recognized as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognized on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognized directly in equity.

2.16 Provisions and Contingencies

a) Provisions

Provisions are recognized 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. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

b) Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognized.

Contingent liabilities are disclosed on the basis of judgement of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimates.



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2.17 Share Capital and Other Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Self-Insurance Reserve is created @ 0.12% p.a. on Gross Block of Property, Plant and Equipments except assets covered under insurance as at the end of the year by appropriated of Current Year Profit to mitigate future losses from un-insured risk and for taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers and equipment of AC substation. The Reserve created as above is shown as "Self Insurance Reserve" under 'Other Equity'.

2.18 Prior Period Items

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

2.19 Earnings per Share

Basic earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of equity and potential equity shares outstanding during the year, except where the result would be anti-dilutive.

Additionally, basic and diluted earnings per share are computed using the earnings amounts excluding the movements in regulatory deferral account balances.

2.20 Cash Flow Statement

Cash flow statement is prepared as per Indirect Method prescribed in the Ind AS 7 "Statement of Cash Flows".



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Note 3. Critical Estimates and Judgments

The preparation of financial statements requires the use of accounting estimates which may significantly vary from the actual results. Management also needs to exercise judgment while applying the company's accounting policies.

The areas involving critical estimates or judgments

1. Useful life of property, plant and equipment

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

2. Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

Estimates and judgments are periodically evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.



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Notes to Financial Statements

18. Exceptional and Extraordinary Items

There are no exceptional and extraordinary items as at the Balance Sheet date.

19. Party Balances and Confirmations

a) Balances of Advances for Capital Expenditure Shown under Other Non-Current Assets (Note-6) and Other liabilities Shown under Other Non-Current Financial Liabilities (Note-11) and Other Current Financial Liabilities (Note-12) include balances subject to confirmation/reconciliation and consequential adjustments if any. However, reconciliations are carried out on ongoing basis and Balance Confirmation were carried out on balances as on 31st December, 2018.

b) In the opinion of the management, the value of any of the assets other than Property, Plant and Equipment and non-current investments on realization in the ordinary course of business will not be less than value at which they are stated in the Balance Sheet.

20. Auditors Remuneration

| S. No. | Particulars | FY 2018-19 Amount (₹. in Lakhs) | FY 2017-18 Amount (₹. in Lakhs) |
|--------|----------------------|---------------------------------------|---------------------------------------|
| 1 | Statutory Audit Fees | 0.30 | 0.30 |
| 2 | Tax Audit | - | - |
| 3 | Other Matters | - | 0.30 |
| 4 | GST/Service Tax | 0.05 | 0.10 |
| | Total | 0.35 | 0.70 |

21. Other Disclosures

a. Employee Benefits

The Company does not have any permanent employees. The personnel working for the company are from holding company on secondment basis and are working on time share basis. The employee cost (including retirement benefits such as Gratuity, Leave encashment, post-retirement benefits etc.) in respect of personnel working for the company are paid by holding company and holding company is raising the invoice to the Subsidiary company towards Consultancy charges for manpower as per the agreement. Since there are no employees in the company, the obligation as per Ind-AS 19 does not arise. Accordingly, no provision is considered necessary for any retirement benefit like gratuity, leave salary, pension etc., in the books of the company.

b. Taxation

Current tax is reckoned based on the current year's income and tax payable thereon in accordance with the applicable tax rates as per the prevailing tax laws.



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Leases

Finance Lease: The Company has no finance leases.

Operating Lease: The Company has no operating leases.

c. Borrowing cost

Borrowing Cost of ₹ 804.95/- Lakhs (Previous Year 9.54/- Lakhs) has been adjusted in the Property Plant & Equipment (PPE) / Capital Work in Progress (CWIP) as per Ind AS 23- "Borrowing Costs".

d. Dues to Micro and Small Enterprises

Based on information available with the company, there are No Suppliers/Service providers who are registered as Micro, Small or Medium Enterprise under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Information in respect of Micro, Small or Medium Enterprise as required by MSMED Act, 2006 is given as under:

| Sr. No. | Particulars | 31.03.2019 | 31.03.2018 |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| 1 | Principal amount and interest due thereon remaining unpaid to any supplier as at end of each accounting year: Principal Interest | Nil Nil | Nil Nil |
| 2 | The amount of Interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | Nil | Nil |
| 3 | 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 MSMED Act, 2006 | Nil | Nil |
| 4 | The amount of interest accrued and remaining unpaid at the end of each accounting year. | Nil | Nil |
| 5 | 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 MSMED Act 2006 | Nil | Nil |



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22. Related party Transactions

(a) Holding Company

| | | Proportion of Ownership Interest |
|------------------------------------------|---------------------------------------------------------|----------------------------------|
| Name of entity | Place of business/country of incorporation/Relationship | 31-Mar-2019 |
| Power Grid Corporation of India Limited* | India- Holding Company | 100% |

(b) Subsidiaries

| | | Proportion of Ownership Interest | |
|-------------------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------------------|------------------------------|
| Name of entity | Place of business/country of incorporation | 31 st March, 2019 | 31 st March, 2018 |
| Powergrid Vizag Transmission Limited | India | N.A | N.A |
| Powergrid NM Transmission Limited | India | N.A | N.A |
| Powergrid Unchahar Transmission Limited | India | N.A | N.A |
| Powergrid Kala Amb Transmission Limited | India | N.A | N.A |
| Powergrid Jabalpur Transmission Limited | India | N.A | N.A |
| Powergrid Warora Transmission Limited | India | N.A | N.A |
| Powergrid Parli Transmission Limited | India | N.A | N.A |
| Powergrid Southern Interconnector Transmission Limited | India | N.A | N.A |
| Powergrid Vemagiri Transmission Limited | India | N.A | N.A |
| Powergrid Medinipur Jeerat Transmission Limited | India | N.A | N.A |
| Powergrid Varanasi Transmission System Limited (erstwhile WR-NR Power Transmission Limited) | India | N.A | N.A |
| Powergrid Jawaharpur Firozabad Transmission Limited (erstwhile Jawaharpur Firozabad Transmission Limited)* | India | N.A | N.A |

*100% equity in Powergrid Jawaharpur Firozabad Transmission Limited acquired from REC Transmission Projects Limited on 21st December, 2018.



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(c) Joint Ventures

| Name of entity | Place of business/country of incorporation | Proportion of Ownership Interest | |
|-----------------------------------------------------|--------------------------------------------|----------------------------------|------------------------------|
| | | 31 st March, 2019 | 31 st March, 2018 |
| Powerlinks Transmission Limited | India | N.A | N.A |
| Torrent Power Grid Limited | India | N.A | N.A |
| Jaypee Powergrid Limited | India | N.A | N.A |
| Parbati Koldam Transmission Company Limited | India | N.A | N.A |
| Teestavalley Power Transmission Limited### | India | N.A | N.A |
| North East Transmission Company Limited | India | N.A | N.A |
| National High Power Test Laboratory Private Limited | India | N.A | N.A |
| Bihar Grid Company Limited | India | N.A | N.A |
| Kalinga Bidyut Prasaran Nigam Private Limited* | India | N.A | N.A |
| Cross Border Power Transmission Company Limited | India | N.A | N.A |
| RINL Powergrid TLT Private Limited## | India | N.A | N.A |
| Power Transmission Company Nepal Ltd | Nepal | N.A | N.A |

*POWERGRID's Board of Directors in its meeting held on 16th august 2017 accorded approval for initiating procedure for winding up/removal of the name of Kalinga Bidyut Prasaran Nigam Private Ltd under fast track Exit mode of Registrar of Companies (ROC).

##POWERGRID's Board of Directors in its meeting held on 01st May 2018 accorded in-principle approval to close RINL Powergrid TLT Private Limited and seek consent of other JV Partner Rashtriya Ispat Nigam Limited.

###POWERGRID & Teesta Urja Ltd. are the joint venture partners in Teestavalley Power Transmission Limited & holds 26% and 74% of equity respectively as per shareholding agreement. On call of additional equity by Teestavalley Power Transmission Limited, POWERGRID contributed their share amounting 11.28 crores while the other JV partner has not contributed their share of money as on 31.03.2019. Consequently, the holding of POWERGRID increased to 28.23% as on 31.03.2019 against 26% provided in shareholding agreement.

(d) Key Management Personnel

| Sr. No. | Name of Director | Designation | Date of Appointment | Date of Resignation |
|---------|-----------------------|------------------------|---------------------|---------------------|
| 1. | Ms. Seema Gupta | Chairperson & Director | 10.07.2018 | Continuing |
| 2. | Shri K. S. R. Murty | Director | 12.01.2018 | Continuing |
| 3. | Shri Sunit Nath Sahay | Director | 12.01.2018 | Continuing |
| 3. | Shri Abhay Choudhary | Director | 15.10.2018 | Continuing |
| 4. | Shri Prabhakar Singh* | Chairman & Director | 12.01.2018 | 30.06.2018 |

(e) Transactions with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:



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| (₹ in Lakhs) | | |
|-----------------------------------------|-----------------------------|-----------------------------|
| Particulars | 31 st March 2019 | 31 st March 2018 |
| Purchases of Goods and Services | | |
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | 321.90 | 2,501.83 |

(f) Investments Received during the year (Equity)

| (₹ in Lakhs) | | |
|-----------------------------------------|-----------------------------|-----------------------------|
| Particulars | 31 st March 2019 | 31 st March 2018 |
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | - | 5.00 |

(g) Loans From Related Parties

| (₹ in Lakhs) | | |
|-----------------------------------------|-----------------------------|-----------------------------|
| Particulars | 31 st March 2019 | 31 st March 2018 |
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | 20,352.98 | - |

(h) Interest Accrued on Loan

| (₹ in Lakhs) | | |
|-----------------------------------------|-----------------------------|-----------------------------|
| Particulars | 31 st March 2019 | 31 st March 2018 |
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | 30.40 | - |

(i) Transactions with related parties

The following transactions occurred with related parties:

1. Consultancy Charges

| (₹ in Lakhs) | | |
|-----------------------------------------|-----------------------------|-----------------------------|
| Particulars | 31 st March 2019 | 31 st March 2018 |
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | 778.17 | 606.30 |

2. Interest on Loan

| (₹ in Lakhs) | | |
|-----------------------------------------|-----------------------------|-----------------------------|
| Particulars | 31 st March 2019 | 31 st March 2018 |
| <u>Holding Co.</u> | | |
| Power Grid Corporation of India Limited | 788.33 | - |

23. Segment Information

Business Segment

The Board of Directors is the company's Chief operating decision maker who monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. One reportable segments have been identified on the basis of product/services. The company has a single reportable segment i.e., Power transmission network for transmission system.

The operations of the company are mainly carried out within the country and therefore there is no reportable geographical segment.



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24. Property, Plant and Equipment

The Company owns 42.247 hectare (Previous Year NIL hectare) of land amounting to ₹ 3942.96 Lakhs (Previous Year ₹NIL Lakhs) which has been classified as Perpetual leasehold land based on available documentation.

25. Earnings Per Share

(₹ in Lakhs)

| (a) Basic Earnings Per Share attributable to the Equity Holders of the Company | Year Ended | |
|-----------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
| From Continuing Operations including Movement in Regulatory Deferral Balances | - | -1.40 |
| From Continuing Operations excluding Movement in Regulatory Deferral Balances | - | -1.40 |
| Total Basic and Diluted Earnings Per Share attributable to the Equity Holders of the Company | - | -1.40 |

(₹ in Lakhs)

| (b) Reconciliation of Earnings used as Numerator in Calculating Earnings Per Share | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
|---------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Earnings attributable to the Equity Holders of the Company including Movement in Regulatory Deferral Balances | - | -0.70 |
| Earnings attributable to the Equity Holders of the Company excluding Movement in Regulatory Deferral Balances | - | -0.70 |
| Total Earnings attributable to the Equity Holders of the Company | - | -0.70 |

(No. of Shares)

| (c) Weighted Average Number of Shares used as the Denominator | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
|-----------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Weighted Average Number of Equity Shares used as the Denominator in calculating Basic Earnings per Share | 50,000 | 50,000 |
| Adjustments for calculation of Diluted Earnings per Share: | - | - |
| Total Weighted Average Number of Equity Shares used as the Denominator in Calculating Basic Earnings per Share | 50,000 | 50,000 |

26. Corporate Social Responsibilities (CSR)

As per section 135 of the Companies Act 2013, every company having net worth of Rupees Five Hundred Crore or more, or Turnover of Rupees One Thousand Crore or more or a Net Profit of Rupees Five Crore or more during any Financial Year, every year the company is required to spend, at least Two per cent of the Average Net Profits of the Company made during the Three immediately preceding Financial Years, in pursuance of its Corporate Social Responsibility Policy. Since, PMTL has not satisfied any of the above criteria, Expenditure on account of CSR does not apply to the company."



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27. Fair Value Measurements

(₹. In Lakhs)

| | 31 st March, 2019 | | 31 st March, 2018 | 31 st March, 2018 |
|-----------------------------------------------------|------------------------------|------------------|------------------------------|------------------------------|
| Financial Instruments by category | FVOCI | Amortised cost | FVOCI | Amortised cost |
| Financial Assets | | | | |
| Cash & cash Equivalents | - | 7.27 | - | 0.18 |
| Total Financial assets | - | 7.27 | - | 0.18 |
| Financial Liabilities | | | | |
| Borrowings | - | 20,383.38 | - | - |
| Other Financial Liabilities (Current & Non-Current) | - | 3,699.93 | - | 2502.18 |
| Total financial liabilities | - | 24,083.31 | - | 2502.18 |

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An Explanation of each level follows underneath the table.

(₹. in Lakhs)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed | Notes | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------------------------------------------------------------|-------|---------|------------------|---------|------------------|
| At 31 March 2019 | | | | | |
| Financial Assets | - | - | - | - | - |
| Total Financial Assets | - | - | - | - | - |
| Financial Liabilities | | | | | |
| Borrowings | - | - | 20,321.44 | - | 20,321.44 |
| Other Financial Liabilities (Current & Non-Current) | - | - | 3,639.19 | - | 3,639.19 |
| Total financial liabilities | - | - | 23,960.63 | - | 23,960.63 |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity Instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.



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Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2

(iii) Fair value of financial assets and liabilities measured at amortized cost

(₹. in Lakhs)

| | 31st March 2019 | | 31st March 2018 | |
|-----------------------------------------------------|------------------|------------------|-----------------|----------------|
| | Carrying Amount | Fair value | Carrying Amount | Fair value |
| Financial Assets | | | | |
| Financial Assets | 7.27 | 7.27 | 0.18 | 0.18 |
| Total Financial Assets | 7.27 | 7.27 | 0.18 | 0.18 |
| Financial Liabilities | | | | |
| Borrowings | 20,383.38 | 20,321.44 | - | - |
| Other Financial Liabilities (Current & Non-Current) | 3699.93 | 3,639.19 | 2502.18 | 2502.18 |
| Total financial liabilities | 24,083.31 | 23,960.63 | 2502.18 | 2502.18 |

The carrying amounts of cash and cash equivalents, current financial liabilities are considered to be the same as their fair values, due to their short-term nature.



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- For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

28 i). Capital management

a) Risk Management

The company's objectives when managing capital are to

- maximize the shareholder value;
- safeguard its ability to continue as a going concern;
- maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the company's capital management, equity capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The company manages its capital structure and makes adjustments in light of changes in economic conditions, regulatory framework and requirements of financial covenants with lenders. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, regulate investments in new projects, return capital to shareholders or issue new shares. The company monitors the debt equity ratio as the company policy is to maintain a 80:20. However, since the company has not fully implemented the project the actual ratio as on 31.03.2019 is temporary and considered normal.

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

b) No dividend declared has been declared by the company in the previous year and current year.

ii) Financial Risk Management:

The Company's principal financial liabilities comprise loans and borrowings denominated in Indian rupees, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's capital investments and operations.

The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that are generated from its operations.

The Company's activities expose it to the following financial risks, namely,

- a) Credit risk,
- b) Liquidity risk,
- c) Market risk.

This note presents information regarding the company's exposure, objectives, policies and processes for measuring and managing these risks.

The management of financial risks by the Company is summarized below:-

A) Credit Risk

Credit risk is the risk that 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 on account of trade receivables.

A default on a financial asset is when the counterparty fails to make contractual payments within 3 years of when they fall due. This definition of default is determined considering the business environment in which the Company operates and other macro-economic factors.



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Assets are written-off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in the statement of profit and loss.

(i) Trade Receivables

The Company primarily provides transmission facilities to inter-state transmission service customers (DICs) comprising mainly state utilities owned by State Governments. CERC tariff regulations allows payment against monthly bills towards transmission charges within a period of 60 days from the date of the bill and levy of charge on delayed payment beyond 60 days. A granted rebate is provided by the company for payment made within 60 days.

(ii) Other Financial Assets (excluding trade receivables)

• Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 7.27 Lakhs on 31st March, 2019. The cash and cash equivalents are held with public sector banks and high rated private sector banks and do not have any significant credit risk.

○ Exposure to credit risk

(₹. in Lakhs)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|-----------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL) | | |
| Cash and cash equivalents | 7.27 | 0.18 |
| Total | 7.27 | 0.18 |

(a) Financial assets for which loss allowance is measured using 12 month expected credit losses

The Company has assets where the counter- parties have sufficient capacity to meet the obligations and where the risk of default is very low. At initial recognition, financial assets (excluding trade receivables) are considered as having negligible credit risk and the risk has not increased from initial recognition. Therefore expected credit loss provision is not required.

(b) Financial assets for which loss allowance is measured using life time expected credit losses

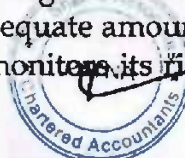
In respect of trade receivables from Telecom and Consultancy, customer credit risk is managed by regular monitoring of the outstanding receivables and follow-up with the consumer for realization.

With regard to transmission segment, the Company has customers most of whom are state government utilities with capacity to meet the obligations and therefore the risk of default is negligible. Further, management believes that the unimpaired amounts that are 30 days past due date are still collectible in full, based on the payment security mechanism in place and historical payment behavior.

Considering the above factors and the prevalent regulations, the trade receivables continue to have a negligible credit risk on initial recognition and thereafter on each reporting date.

B) Liquidity risk

Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company monitors its risk of a shortage of funds using a



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liquidity planning tool. The Company has access to a variety of sources of funding such as commercial paper, bank loans, bonds and external commercial borrowings and retains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position comprising the undrawn borrowing facilities below and cash and cash equivalents on the basis of expected cash flows.

The Company depends on both internal and external sources of liquidity to provide working capital and to fund capital expenditure.

Maturities of financial liabilities

The tables below analyses the company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amount disclosed in the table is the contractual undiscounted cash flows

(₹. in Lakhs)

| Contractual maturities of financial liabilities | Within a year | Between 1-2 years | Between 2-5 years | Beyond 5 years | Total |
|-------------------------------------------------|------------------|-------------------|-------------------|------------------|------------------|
| 31 March 2019 | | | | | |
| Borrowings | 1,726.03 | 1,686.46 | 6,510.99 | 24,268.62 | 34,192.10 |
| Other financial liabilities | 23,343.43 | 827.55 | - | - | 24,170.98 |
| Total | 25,069.46 | 2,514.01 | 6,510.99 | 24,268.62 | 58,363.08 |
| Contractual maturities of financial liabilities | Within a year | Between 1-5 years | Beyond 5 years | Total | |
| 31 March 2018 | | | | | |
| Current financial liabilities | 2502.18 | - | - | 2502.18 | |
| Total | 2502.18 | - | - | 2502.18 | |

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 three types of risk:

- Currency risk
- Interest rate risk

i) Currency risk

As on Reporting date the Company does not have any exposure to currency risk in respect of foreign currency denominated loans and borrowings and procurement of goods and services whose purchase consideration foreign currency.



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ii) **Interest rate risk**

The Company is not exposed to any interest rate risk arising from long term borrowings since all the borrowings are with fixed interest rates.

29. Capital and other Commitments

| (₹. in Lakhs) | | |
|--------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Particulars | As at March 31,2019 | As at March 31,2018 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) * | 87,455.00 | 80,839.41 |

30. Contingent Liabilities and contingent assets

Contingent Liabilities

Claims against the Company not acknowledged as debts in respect of:

(i) Disputed Income Tax/Sales Tax/Excise/Municipal Tax/Entry Tax Matters

Disputed Entry Tax Matters amounting to ₹ Nil (Previous Year ₹ Nil) are being contested before Appellate Authorities.

31. Income Tax Expense

This Note provides an analysis of the Company's Income Tax Expense, and how the Tax Expense is affected by Non-Assessable and Non-Deductible Items. It also explains significant estimates made in relation to The company's Tax Positions.

| (₹ in Lakhs) | | |
|-------------------------------------|-----------------------------|-----------------------------|
| Particulars | 31 st March 2019 | 31 st March 2018 |
| Income Tax Expense | - | - |
| Current Tax | - | - |
| Current Tax on Profits for the year | - | - |
| Total Current Tax Expense | - | - |
| Income Tax Expense | - | - |



See/6

Reconciliation of Tax Expense and the Accounting Profit multiplied by India's Tax Rate:

| (₹ in Lakhs) | | |
|------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Particulars | 31st March 2019 | 31st March 2018 |
| Profit before Tax | Nil | Nil |
| Tax Using Company's Domestic Tax Rate @ 29.12% (Previous Year 27.55%) | Nil | Nil |
| Tax Effect of: Non Deductible Tax Expenses Tax Exempt Income Mat Adjustment Deffered Tax | Nil | Nil |
| TAX EXPENSE CARRIED TO P/L | Nil | Nil |

32A Recent Accounting Pronouncements:

Ind AS 116 was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 19, 'Employee Benefits'

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must :

- Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- Any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- Separately recognise any changes in the asset ceiling through other comprehensive income.

These amendments will apply to any future plan amendments, curtailments, or settlements of the Company on or after 1 April 2019. The Company is evaluating the requirements of the amendment and the effect on financial statements.



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Amendment to Ind AS 12, 'Income Taxes'

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 23, 'Borrowing Costs'

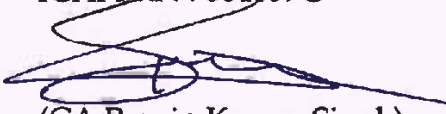
The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

32.8 Previous Year Figures

1. The Previous Year's Figures have been reclassified/re-grouped wherever necessary
2. Figures have been rounded off to nearest Rupees in Lakhs up to Two Decimal

For H. L. Shah & Associates
Chartered Accountants
ICAI FRN: 004057C

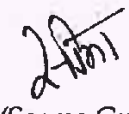

(CA Pravin Kumar Singh)
Partner
Membership No.- 408793

Place: Patna
Date: 21.05.19

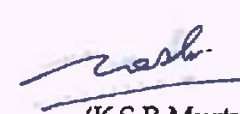

(CFO)



For and on behalf of the Board


(Seema Gupta)
Chairperson
DIN-06636330

Place: Gurgaon
Date: 21.05.19


(K.S.R Murty)
Director
DIN-07359191



POWERGRID VARANASI TRANSMISSION SYSTEM LIMITED

{Formerly known as WR-NR Power Transmission Limited}
Wholly Owned Subsidiary of Power Grid Corporation of India Limited
(CIN: U40100DL2017GOI310478)

ANNUAL REPORT (2018-19)

POWERGRID VARANASI TRANSMISSION SYSTEM LIMITED

(Formerly known as WR-NR Power Transmission Limited)

CIN: U40100DL2017GOI310478

Regd. Office: B-9 Qutab Institutional Area, Katwaria Sarai, New Delhi-110016

Tel: 011-26560121; Fax: 011-26601081

DIRECTORS' REPORT

To,

Dear Members,

I am delighted to present on behalf of the Board of Directors, the Second Annual Report of POWERGRID Varanasi Transmission System Limited {formerly WR-NR Power Transmission Limited} on the working of the Company together with Audited Financials Statements and Auditors' Report for the financial year ended 31st March, 2019.

State of the Company's Affairs

POWERGRID Varanasi Transmission System Limited (PVTSL), formerly known as WR-NR Power Transmission Limited was acquired by POWERGRID on March 27, 2018 under Tariff Based Competitive Bidding from REC Transmission Projects Company Limited (the Bid Process Co-ordinator) for establishing Transmission System for new Western Region – Northern Region 765kV Inter Regional Corridor. The Transmission System includes establishment of a 765kV D/C Transmission Line from Vindhyachal pooling station to Varanasi and traverses the states of Madhya Pradesh and Uttar Pradesh. The Company was granted transmission license by CERC in August, 2018. The work is under progress and scheduled date of completion is 27.07.2021

Financial Performance

As on 31st March, 2019, the Company has not yet started commercial operation as the project is under execution. The expenditure during construction of ₹16573.89 lakh incurred during the year has been included under Capital Work in progress.

Share Capital

As on 31st March, 2019, the Company has Authorised and Paid up Share Capital of ₹5Lakh each.

Dividend and Transfer to Reserves

Your Company's Project is under implementation hence, there is no operating income/profit.

Particulars of Loans, Guarantees or Investments made under section 186 of the Companies Act, 2013

Your Company has not given any loans, provided any guarantee or security to any other entity.

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related parties referred to Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, are given as **Annexure - I** to the Directors' Report.

Details of Significant & Material Orders passed by the regulators, courts, tribunals impacting the going concern status and company's operation in future

No significant / material orders passed by any authority during the Financial Year impacting the going concern status and Company's operation in future.

Deposits

Your Company has not accepted any deposit for the period under review.

Subsidiaries, Joint Ventures and Associate Companies

Your Company does not have any subsidiaries, joint ventures and associate companies.

Director's Responsibility Statement

As required under section 134 (3) (c) & 134(5) of the Companies Act, your Directors confirm that:

- a. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit/loss of the company for that period;

- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors had prepared the Annual Accounts on a going concern basis; and
- e. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go

Since no commercial activity was carried out by the Company, furnishing of information in respect of Conservation of Energy, Technology absorption and Foreign Exchange Earnings and out go under section 134(3) of the Companies Act, 2013 are not applicable.

Extract of Annual Return

The extract of Annual Return in Form MGT- 9 is enclosed at ***Annexure – II*** to this Report.

Board of Directors and Key Managerial Personnel

As on 31st March, 2019, the Board comprised five Directors viz. Shri Rajeev Kumar Chauhan, Shri Deep Chandra Joshi, Mohammed Taj Mukarrum, Shri Deepak Kumar Singh and Shri Rakesh Kumar Singh.

During the year, there were changes in the composition of Board of Directors. Shri Atul Trivedi ceased to be Additional Director w.e.f 31st July, 2018 and Shri Rakesh Kumar Singh has been appointed as Additional Director w.e.f. 2nd August, 2018 and after your approval in the last Annual General Meeting (AGM) held on 24th September, 2018, he was appointed as the Director of the Company. Further Smt. Seema Gupta resigned from the office of Director w.e.f 18th October, 2018 and Shri Rajeev Kumar Chauhan has been appointed as Additional Director w.e.f 9th January, 2019, who holds office up to the date of ensuing Annual General Meeting.

Further, after end of Financial Year, Shri Rakesh Kumar Singh resigned from the Company w.e.f 30th June, 2019 and Shri Sanjai Gupta was appointed as Additional Director w.e.f 02nd July, 2019.

The Company has received a notice under section 160 of the Companies Act, 2013 from a member of the Company for appointment of Shri Rajeev Kumar Chauhan and Shri Sanjai Gupta as Directors, liable to retire by rotation, in the ensuing AGM.

In accordance with the provisions of the Companies Act, 2013 read with the Articles of Association of the Company, Shri Deep Chandra Joshi shall retire by rotation at the ensuing AGM of your Company and being eligible, offers himself for re-appointment.

The Board placed on record its appreciation for the valuable contribution, guidance & support given by Shri Atul Trivedi, Smt. Seema Gupta and Shri Rakesh Kumar Singh during their tenure as Directors of the Company.

None of the Directors is disqualified from being appointed/re-appointed as Director.

Pursuant to provisions of Section 203 of the Companies Act, 2013, there is no KMP appointed in the Company.

Number of Board meetings during the year

During the financial year ended 31st March, 2019, seven (7) meetings of Board of Directors were held on 11.04.2018, 23.05.2018, 11.07.2018, 02.08.2018, 20.09.2018, 13.11.2018 and 09.01.2019. The details of number of meetings attended by each Director during the financial year are as under:

| Name of Director | Designation | No. of Board Meetings which were entitled to attend during 2017-18 | No. of Board Meetings attendance during 2017-18 |
|-----------------------------|---------------------|---------------------------------------------------------------------------|--------------------------------------------------------|
| Smt. Seema Gupta* | Director | 5 | 5 |
| M. Taj Mukarrum | Director | 7 | 7 |
| Shri Deep Chandra Joshi | Director | 7 | 7 |
| Shri Deepak Kumar Singh | Director | 7 | 1 |
| Shri Atul Trivedi** | Director | 3 | 1 |
| Shri Rakesh Kumar Singh^ | Additional Director | 3 | 0 |
| Shri Rajeev Kumar Chauhan^^ | Additional Director | 0 | 0 |

*ceased to be Director w.e.f. 18.10.2018

** ceased to be Director w.e.f. 31.07.2018

^appointed as Additional Director w.e.f. 02.08.2018 and ceased to be Director w.e.f 30.06.2019

^^appointed as Additional Director w.e.f. 09.01.2019

Committees of the Board

Audit Committee

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 are not applicable to the Company.

Nomination & Remuneration Committee

The provisions of Section 178 of the Companies Act, 2013 read with Rule 6 the Companies (Meetings of Board and its Powers) Rules, 2014 are not applicable to the Company.

Declaration by Independent Directors

Ministry of Corporate Affairs (MCA) vide notification dated 05th July 2017 had amended the Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 {said Rule 4} as per which the unlisted public companies in the nature of wholly owned subsidiaries are exempted from the requirement of appointing Independent Directors on their Board. Accordingly, PVTSL, being a Wholly Owned Subsidiary of Power Grid Corporation of India Limited is exempted from the requirement of appointing Independent Directors on their Board.

Performance Evaluation

Your Company, being wholly-owned Subsidiary of POWERGRID, is a Government Company. The Whole time Directors & senior officials of POWERGRID (the holding company) are nominated as Directors of your Company. POWERGRID, being a Government Company, the Directors so nominated by it in your Company, are being evaluated under a well laid down procedure for evaluation of CMD / Functional Directors by Administrative Ministry and for evaluation of senior officials by POWERGRID (the holding company).

Statutory Auditors

M/s Pawan Agarwal & Associates, Chartered Accounts, Lucknow was appointed by Comptroller and Auditor General (C&AG) of India as Statutory Auditors of the Company for the financial year 2018-19.

Statutory Auditors' Report

M/s Pawan Agarwal & Associates, Chartered Accounts, Statutory Auditors for the Financial Year 2018-19, have given an unqualified report. The report is self-explanatory and does not require any further comments by the Board.

Details in respect of frauds reported by auditors other than those which are reportable to the Central Government

The Statutory Auditors of the Company have not reported any frauds to the Board of Directors under section 143(12) of the Companies Act, 2013, including rules made thereunder.

Comptroller and Auditor General's (C&AG) Comments

Comptroller and Auditor General of India vide letter dated 11th July, 2019 stated that C&AG have decided not to conduct supplementary audit under section 143(6)(a) of the Companies Act, 2013 of the financial statements of the Company for the year ended 31st March, 2019. Copy of letter dated 11th July, 2019 received from C&AG is placed at ***Annexure - III*** to this report.

Secretarial Audit Report

The requirement of obtaining a Secretarial Audit Report from the practicing company secretary is not applicable to the Company.

Corporate Social Responsibility (CSR)

Your Company's Project is under implementation hence, there is no operating profit. Therefore, the provisions of Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility (CSR) are presently not applicable to the Company.

Development & Implementation of Risk Management Policy

Your Company being a wholly owned subsidiary of POWERGRID is covered under the Risk Management Framework as being done in POWERGRID, the holding company.

Particulars of Employees

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 of the Companies Act, 2013 & corresponding rules of Chapter XIII are exempted for Government Companies. As your Company is a Government Company, the information has not been included as a part of Directors' report.

Prevention of Sexual Harassment at Workplace

There was no incidence of Sexual Harassment during the Financial Year 2018-19.

Internal Financial Control Systems and their adequacy

Your Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March, 2019.

Right to Information

In compliance with 'Right to Information Act, 2005', an appropriate mechanism is in place for promoting transparency and accountability, wherein your Company has nominated Central Public Information Officer / Appellate Authorities to provide required information under the provisions of Act.

Acknowledgement

The Board extends its sincere thanks to the Ministry of Power, the Central Electricity Regulatory Commission, POWERGRID, the Comptroller & Auditor General of India, and the Auditors of the Company.

For and on behalf of
POWERGRID Varanasi Transmission System Limited

Sd/-
(Rajeev Kumar Chauhan)
Chairman
DIN: 02018931

Date: 29th July, 2019
Place: Gurgaon

POWERGRID VARANASI TRANSMISSION SYSTEM LIMITED**FORM No. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act
and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

| Sl. No. | Particulars | Details |
|---------|-------------------------------------------------------------------------------------------------------------------|---------|
| a | Name (s) of the related party & nature of relationship | - |
| b | Nature of contracts/arrangements/transaction | - |
| c | Duration of the contracts/arrangements/transaction | - |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e | Justification for entering into such contracts or arrangements or transactions' | - |
| f | Date of approval by the Board | - |
| g | Amount paid as advances, if any | - |
| h | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| Sl. No. | Particulars | Details |
|---------|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a | Name (s) of the related party & nature of relationship | Power Grid Corporation of India Limited (POWERGRID)) [holding company w.e.f. 27.03.2018]. |
| b | Nature of contracts/arrangements/transaction | Part (A) to avail all inputs and services (including utilization of POWERGRID premises & facilities thereon) as may be required by the Company from POWERGRID at a Consultancy Fee @ 5.00% of the Actual Project Cost (excl. IDC & consultancy fee) plus taxes as applicable. Part (B) to take any security(ies)/guarantee(s) in connection with loan(s) and/or any form of debt including ECBs and/or to provide inter corporate loan(s) on cost to cost basis , or a combination thereof, upto an amount of Rs. 756Crore from POWERGRID. |
| c | Duration of the contracts/arrangements/transaction | Part (A) Commissioning of the project including associated reconciliation activities. Part (B) As mutually agreed. |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | Refer (b) |
| e | Date of approval by the | 27.03.2018 [for Part (A)], 11.04.2018[for Part (B)] |

| | | |
|---|------------------------------------|---|
| | Board | |
| f | Amount paid as advances, if any | - |

For and on behalf of
POWERGRID Varanasi Transmission System Limited

Sd/-
(Rajeev Kumar Chauhan)
Chairman
DIN: 02018931

Date: 29th July, 2019
Place: Gurgaon

POWERGRID VARANASI TRANSMISSION SYSTEM LIMITED

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on March 31, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i. | CIN | U40100DL2017GOI310478 |
| ii. | Registration Date | 12th January, 2017 |
| iii. | Name of the Company | POWERGRID Varanasi Transmission System Limited [formerly WR-NR Power Transmission Limited] |
| iv. | Category/ Sub-Category of the Company | Public Limited Company / Indian Government Company |
| v. | Address of the Registered office and contact details | B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 Tel: 011-26560121; Fax: 011-26601081 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | CDSL Ventures Limited A Wing, 25th Floor, Marathon Futurex, Mafatlal Mills Compounds, N M Joshi Marg, Lower Parel (E), Mumbai – 400013 Phone No. 022-61216903 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|-------------------------------------------------|----------------------------------|------------------------------------|
| 1 | Transmission | 35107 | NA |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary /Associate | % of shares held | Applicable Section |
|---------|-------------------------------------------------------|-----------------------|--------------------------------|------------------|--------------------|
| 1. | Power Grid Corporation of India Limited (POWERGRID)** | L40101DL1989GOI038121 | Holding Company | 100% | 2(46) |

**Holding Company w.e.f. 27.03.2018*

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--------------------------|-------------------------------------------------|----------|-------|-------------------|-------------------------------------------|----------|-------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | - | 6* | 6 | 0.012 | 6* | - | 6 | 0.012 | 0 |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | - | 49994 | 49994 | 99.988 | 49994 | - | 49994 | 99.988 | 0 |

| | | | | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|-------|-------|-----|-------|---|-------|-----|---|
| 2. Non Institutions | - | - | - | - | - | - | - | - | - |
| a) Bodies Corp. (i) Indian (ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals (i) Individual shareholders holding nominal share capital upto Rs.1 lakh (ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others (Specify) | - | - | - | - | - | - | - | - | - |
| Sub-total(B)(2) | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | - | 50000 | 50000 | 100 | 50000 | - | 50000 | 100 | 0 |

Notes:

*6 equity shares held by POWERGRID's nominees (Individuals) jointly with POWERGRID.

ii.Shareholding of Promoters

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|---------|---------------------------------------------------------------------------|-------------------------------------------|----------------------------------|------------------------------------------------|-------------------------------------|----------------------------------|-------------------------------------------|----|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total | |
| 1. | Power Grid Corporation of India Limited (POWERGRID) | 49994 | 99.988 | - | 49994 | 99.988 | - | 00 |
| 2. | Shri K. Sreekant, Director (Finance), POWERGRID jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | 00 |
| 3. | Shri Ravi P Singh, Director (Personnel), POWERGRID jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | 00 |
| 4. | Smt. Seema Gupta, Director (Operations), POWERGRID jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | 00 |

| | | | | | | | | |
|----|-----------------------------------------------------------------------------|--------------|------------|----------|--------------|------------|----------|-----------|
| 5. | Shri Prabhakar Singh, Director (Projects), POWERGRID jointly with POWERGRID | 01 | 0.002 | - | 00 | 00 | - | (0.002) |
| 6. | Shri K S R Murthy, ED (Finance), POWERGRID jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | 00 |
| 7. | Shri A. K. Singhal, ED (TBCB), POWERGRID jointly with POWERGRID | 01 | 0.002 | - | 01 | 0.002 | - | 00 |
| 8. | Mohammed Taj Mukarrum, ED (Finance), POWERGRID jointly with POWERGRID | 00 | 00 | - | 01 | 0.002 | - | 0.002 |
| | Total | 50000 | 100 | - | 50000 | 100 | - | 00 |

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 50000 | 100 | 50000 | 100 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 01 Equity Share held by Shri Prabhakar Singh jointly with POWERGRID transferred to Mohammed Taj Mukarrum jointly with POWERGRID on 11.07.2018. | | | |
| | At the End of the year | 50000 | 100 | 50000 | 100 |

iv. Share holding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Top ten shareholders | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |

| | | | | | |
|--|------------------------|---|---|---|---|
| | equity etc): | | | | |
| | At the End of the year | - | - | - | - |

v. Shareholding of Directors and Key Managerial Personnel:

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Directors and KMP | | | | |
| | For each of Directors | | | | |
| 1 | Shri Rajeev Kumar Chauhan, Chairman | | | | |
| | At the beginning of the year | 00 | 0.000 | 000 | 0.000 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| | At the End of the year | 00 | 0.000 | 000 | 0.000 |
| 2 | Shri Deepak Kumar Singh, Director | | | | |
| | At the beginning of the year | 00 | 0.000 | 000 | 0.000 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / | - | | | |

| | | | | | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----|-------|
| | bonus/ sweat equity etc): | | | | |
| | At the End of the year | 00 | 0.000 | 000 | 0.000 |
| 3 | Shri Rakesh Kumar Singh, Director** | | | | |
| | At the beginning of the year | 00 | 0.000 | 000 | 0.000 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| | At the End of the year | 00 | 0.000 | 000 | 0.000 |
| 4 | Mohammed Taj Mukarrum, Director | | | | |
| | At the beginning of the year | 00 | 0.000 | 00 | 0.000 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 01 Equity Share held by Shri Prabhakar Singh jointly with POWERGRID transferred to Mohammed Taj Mukarrum jointly with POWERGRID on 11.07.2018. | | | |
| | At the End of the year | 1* | 0.002 | 1* | 0.002 |
| 5 | Shri Deep Chandra Joshi, Director | | | | |
| | At the beginning of the year | 00 | 0.000 | 000 | 0.000 |
| | Date wise Increase / Decrease in Promoters | | | | |

| | | | | | |
|------------------------------------------------------------------------------------------------------------------------------------|----|-------|-----|-------|--|
| Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | | |
| At the End of the year | 00 | 0.000 | 000 | 0.000 | |

*Jointly with POWERGRID

**Ceased to be Director w.e.f 30.06.2019

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding /accrued but not due for payment

(₹ In Lakh)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|-----------------------------------------------------|-----------------------------------------|------------------------|-----------------|---------------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | | | | |
| - Addition | <i>20218.51</i> | - | - | <i>20218.51</i> |
| - Reduction | - | - | - | - |
| Net Change | - | - | - | - |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | <i>20218.51</i> | - | - | <i>20218.51</i> |
| ii) Interest due but not paid | - | - | | - |

| | | | | |
|-----------------------------------|----------|---|---|----------|
| iii) Interest accrued but not due | 69.89 | - | | 69.89 |
| Total (i+ii+iii) | 20288.40 | - | - | 20288.40 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: **[Not Applicable]**

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | | Total Amount |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---|---|---|--------------|
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission - as% of profit - Others, specify... | - | - | - | - | - |
| 5. | Others, please specify | - | - | - | - | - |
| 6. | Total(A) | - | - | - | - | - |
| | Ceiling as per the Act | - | - | - | - | - |

B. Remuneration to other directors: **[Not Applicable]**

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | | Total Amount |
|---------|------------------------------|------------------------|---|---|---|--------------|
| | <u>Independent Directors</u> | - | - | - | - | - |

| | | | | | | |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|
| | <ul style="list-style-type: none"> • Fee for attending board committee meetings • Commission • Others ,please specify | | | | | |
| | Total(1) | - | - | - | - | - |
| | <u>Other Non-Executive Directors</u> <ul style="list-style-type: none"> • Fee for attending board committee meetings • Commission • Others ,please specify | - | - | - | - | - |
| | Total(2) | - | - | - | - | - |
| | Total(B)=(1+2) | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - |
| | Over all Ceiling as per the Act | - | - | - | - | - |

C. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD:
[Not Applicable]

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------|-----|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a) Salary as per provisions contained in section17(1)of the Income-tax Act,1961 (b) Value of perquisites u/s 17(2) Income-tax Act,1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act,1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as% of profit | - | - | - | - |

| | | | | | |
|----|------------------------|---|---|---|---|
| | -others, specify... | | | | |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total | - | - | - | - |

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD /NCLT/Court] | Appeal made. If any (give details) |
|-------------------------------------|------------------------------|-------------------|----------------------------------------------------------|----------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| B. Directors | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| C. Other Officers In Default | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |

For and on behalf of
POWERGRID Varanasi Transmission System Limited

Sd/-
(Rajeev Kumar Chauhan)
Chairman
DIN: 02018931

Date: 29th July, 2019
Place: Gurgaon

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF POWERGRID VARANASI TRANSMISSION
SYSTEM LIMITED FOR THE YEAR ENDED 31 MARCH 2019**

The preparation of financial statements of Powergrid Varanasi Transmission System Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of Powergrid Varanasi Transmission System Limited for the year ended 31 March 2019 under Section 143(6)(a) of the Act.

For and on behalf of the
Comptroller & Auditor General of India



(Rajdeep Singh)

**Principal Director of Commercial Audit &
Ex-officio Member, Audit Board – III,
New Delhi**

Place: New Delhi

Dated: 11 July 2019

POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
(Formerly WR-NR POWER TRANSMISSION LTD)
CIN : U40100DL2017GOI310478

Balance Sheet as at 31st March, 2019

(₹ in Lakhs)

| Particulars | Note No. | As at 31st March, 2019 | As at 31st March, 2018 |
|-----------------------------------------|----------|------------------------|------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| CAPITAL WORK-IN-PROGRESS | 4 | 16573.89 | 1525.16 |
| INTANGIBLE ASSETS UNDER DEVELOPMENT | 5 | 2267.87 | 0.00 |
| OTHER NON-CURRENT ASSETS | 6 | 3750.79 | 0.00 |
| | | 22592.55 | 1525.16 |
| CURRENT ASSETS | | | |
| FINANCIAL ASSETS | | | |
| CASH AND CASH EQUIVALENTS | 7 | 44.29 | 0.19 |
| | | 44.29 | 0.19 |
| Total Assets | | 22636.84 | 1525.35 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| EQUITY SHARE CAPITAL | 8 | 5.00 | 5.00 |
| OTHER EQUITY | 9 | (0.67) | (0.67) |
| | | 4.33 | 4.33 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| FINANCIAL LIABILITIES | | | |
| BORROWINGS | 10 | 20218.51 | 0.00 |
| OTHER NON CURRENT FINANCIAL LIABILITIES | 11 | 1023.17 | 0.00 |
| | | 21241.68 | 0.00 |
| CURRENT LIABILITIES | | | |
| FINANCIAL LIABILITIES | | | |
| OTHER CURRENT FINANCIAL LIABILITIES | 12 | 1241.68 | 1521.02 |
| OTHER CURRENT LIABILITIES | 13 | 149.15 | 0.00 |
| | | 1390.83 | 1521.02 |
| Total Liabilities | | 22636.84 | 1525.35 |

The accompanying Notes 1 to 30 form an integral part of the Financial Statements.

In terms of our Report of even date

For Pawan Agarwal & Associates

Chartered Accountants

ICAI FRN : 002985C

(Pawan Agarwal)

Partner

Membership No. : 072190



For and on behalf of the Board

Rajeev Kumar Chauhan

Chairman

DIN:- 02018931

M. Taj Mukarrum

Director

DIN: 08097837

Place : Lucknow

Date : 20.05.2019

Place : Gurugram

Date : 20.05.2019

POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
(Formerly WR-NR POWER TRANSMISSION LTD)
CIN : U40100DL2017GOI310478

Statement of Profit and Loss for the year ended 31st March, 2019

(₹ in Lakhs)

| Particulars | Note No. | For the year ended 31st March 2019 | For the period from 12.01.2017 to 31.03.2018 |
|-----------------------------------------------------------|----------|------------------------------------|----------------------------------------------|
| Income | | | |
| Revenue from operation | | - | - |
| Other income | 14 | - | - |
| Total Income | | - | - |
| Expenses | | | |
| Finance cost | 15 | - | - |
| Other Expenses | 16 | - | 0.35 |
| Preliminary Expenses | | - | 0.32 |
| Total Expenses | | - | 0.67 |
| Profit /(Loss) before tax | | - | (0.67) |
| Tax expenses | | - | - |
| Profit /(Loss) for the period | | - | (0.67) |
| Other Comprehensive Income | | - | - |
| Total Comprehensive Income / (Loss) for the period | | - | (0.67) |
| Earnings per Equity Share (Par Value ₹ 10 each) | | | |
| Basic (in ₹) | | - | (1.34) |
| Diluted (in ₹) | | - | (1.34) |

The accompanying Notes 1 to 30 form an integral part of the Financial Statements.

In terms of our Report of even date

For Pawan Agarwal & Associates

Chartered Accountants

ICAI FRN : 002985C

(Pawan Agarwal)

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Rajeev Kumar Chauhan

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Place : Lucknow

Date : 20.05.2019

Place : Gurugram

Date : 20.05.2019

POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
(Formerly WR-NR POWER TRANSMISSION LTD)
CIN : U40100DL2017GOI310478

Cash Flow Statement for the year ended March 31, 2019

(₹ in Lakhs)

| Particulars | For the year ended 31st March 2019 | For the period from 12.01.2017 TO 31.03.2018 |
|------------------------------------------------------------------------------------------|------------------------------------|----------------------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before Tax | - | (0.67) |
| Add : Depreciation | - | - |
| Add : Interest Expense | - | - |
| Operating Profit/(Loss) before working capital change | - | (0.67) |
| Adjustment for: | | |
| Increase / Decrease in Current Assets | - | - |
| Increase in Other Non Current Assets | (3,750.79) | - |
| Increase / Decrease in other Current Financial Liabilities and other Current Liabilities | (130.19) | 1,521.02 |
| Cash Generated from Operations | (3,880.98) | 1,520.35 |
| Tax Paid | - | - |
| Tax Refund Received | - | - |
| Net Cash Flow(used in)/ from Operating Activities (A) | (3,880.98) | 1,520.35 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Capital work in progress (CWIP) | (14,626.11) | (1,525.16) |
| Intangible Assets under Development | (2,267.87) | - |
| Net cash (used in)/from Investing activities (B) | (16,893.98) | (1,525.16) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Equity Share Capital | - | 5.00 |
| Loan Obtained /(Paid) during the year | 20,218.51 | - |
| Interest Paid | (422.62) | - |
| Retentions from Contractor / Suppliers | 1,023.17 | - |
| Net Cash Flow (Used in)/from Financing Activities (C) | 20,819.06 | 5.00 |
| Net change in Cash and Cash Equivalents (A)+(B)+(C) | 44.10 | 0.19 |
| Cash and Cash Equivalents (Opening Balance) | 0.19 | - |
| Cash and Cash Equivalents (Closing Balance) Note - 7 | 44.29 | 0.19 |

The accompanying Notes 1 to 30 form an integral part of the Financial Statements.

Notes:

- Cash and cash equivalents consists of balances with banks.
- Previous year figures have been re-grouped / rearranged whenever necessary.

In terms of our Report of even date

For Pawan Agarwal & Associates

Chartered Accountants

ICAI FRN : 002985C

(Pawan Agarwal)

Partner

Membership No. : 072190



For and on behalf of the Board

Rajeev Kumar Chauhan

Chairman

DIN:- 02018931

M. Taj Mukarram

Director

DIN: 08097837

Place : Lucknow

Date : 20.05.2019

Place : Gurugram

Date : 20.05.2019

POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
(Formerly WR-NR POWER TRANSMISSION LTD)
CIN : U40100DL2017GOI310478

Statement of Changes in Equity for the year ended March 31, 2019

| A. Equity Share Capital | | (₹ in Lakh) |
|---------------------------------------|--|-------------|
| As at 1st April, 2018 | | 5.00 |
| Changes in equity share capital | | 0.00 |
| Balance at 31st March, 2019 | | 5.00 |
| As on Incorporation Date (12.01.2017) | | 0.00 |
| Changes in equity share capital | | 5.00 |
| Balance at 31st March, 2018 | | 5.00 |

| B. Other Equity | | (₹ In Lakh) |
|-----------------------------------------|--|---------------------------------|
| | | Reserves & Surpluses |
| | | Retained Earnings |
| As at 1st April, 2018 | | (0.67) |
| Total Comprehensive Income for the year | | 0.00 |
| Balance at 31st March, 2019 | | (0.67) |
| As on Incorporation Date (12.01.2017) | | 0.00 |
| Total Comprehensive Income for the year | | (0.67) |
| Balance at 31st March, 2018 | | (0.67) |


The accompanying Notes 1 to 30 form an integral part of the Financial Statements.

In terms of our Report of even date

For Pawan Agarwal & Associates

Chartered Accountants

ICAI FRN : 002985C




(Pawan Agarwal)

Partner

Membership No. : 072190



For and on behalf of the Board


Rajeev Kumar Chauhan
Chairman
DIN:- 02018931


M. Taj Mukarrum
Director
DIN: 08097837

Place : Lucknow

Date : 20.05.2019

Place : Gurugram

Date : 20.05.2019

Notes to Financial Statements

1. Corporate and General Information

Powergrid Varanasi Transmission System Limited (formerly WR-NR Power Transmission Ltd.) ('the Company') is domiciled and incorporated in India under the provisions of Companies Act and is wholly owned subsidiary of Power Grid Corporation of India Limited. The registered office of the Company is situated at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016.

The company is engaged in business of Power Systems Network, construction, operation and maintenance of transmission lines and other related allied activities.

The financial statements of the company for the year ended March 31, 2019 were approved for issue by the Board of Directors on May 20, 2019.

2. Significant Accounting Policies

2.1 Basis of Preparation

i) Compliance with Ind AS

The financial statements are prepared in compliance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015, the relevant provisions of the Companies Act, 2013 (to the extent notified), The Companies Act, 1956 and the provisions of Electricity Act, 2003, in each case, to the extent applicable and as amended thereafter.

ii) Basis of Measurement

The financial statements have been prepared on accrual basis and under the historical cost convention except certain financial assets and liabilities measured at fair value at Note no. 2.11.

iii) Functional and presentation currency

The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency and all amounts are rounded to the nearest lakhs and two decimals thereof, except as stated otherwise.

iv) Use of estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are



made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Note no. 3 on critical accounting estimates, assumptions and judgments).

v) Current and 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 realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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 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 settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

The Company recognizes twelve months' period as its operating cycle.



2.2 Property, Plant and Equipment

Initial Recognition and Measurement

Property, Plant and Equipment is initially measured at cost of acquisition/construction including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation / amortisation and accumulated impairment losses, if any.

Property, Plant and Equipment acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized.

If the cost of the replaced part or earlier inspection is not available, the estimated cost of similar new parts/inspection is used as an indication of what the cost of the existing part/ inspection component was when the item was acquired or inspection was carried out.

In the case of commissioned assets, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

Assets and systems common to more than one transmission system are capitalized on the basis of technical estimates/ assessments.

Transmission system assets are considered as ready for intended use after meeting the conditions for commercial operation as stipulated in Transmission Service Agreement (TSA) and capitalized accordingly.

The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken.

Expenditure on leveling, clearing and grading of land is capitalized as part of cost of the related buildings.

Spares parts whose cost is ₹5,00,000/- and above, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized.

Subsequent costs

Subsequent expenditure is recognized as an increase in carrying amount of assets when it is probable that future economic benefits deriving from the cost



incurred will flow to the company and cost of the item can be measured reliably.

The cost of replacing part of an item of PPE is recognized in the carrying amount of the item if it is probable that future economic benefit embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit & Loss as incurred.

Derecognition

An item of Property, Plant and Equipment is derecognized when no future economic benefits are expected from their use or upon disposal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

2.3 Capital Work-In-Progress (CWIP)

Cost of material, erection charges and other expenses incurred for the construction of Property, Plant and Equipment are shown as CWIP based on progress of erection work till the date of capitalization.

Expenditure of office and Projects, attributable to construction of property, plant and equipment are identified and allocated on a systematic basis to the cost of the related assets.

Interest during construction and expenditure (net) allocated to construction as per policy above are kept as a separate item under CWIP and apportioned to the assets being capitalized in proportion to the closing balance of CWIP.

Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.

2.4 Intangible Assets and Intangible Assets under development

Intangible assets are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on already capitalized Intangible assets is capitalised when it increases the future economic benefits embodied in an existing asset and is amortised prospectively.



The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognized as an intangible asset when the same is ready for its use.

Afforestation charges for acquiring right-of-way for laying transmission lines are accounted for as intangible assets on the date of capitalization of related transmission lines.

Expenditure incurred, eligible for capitalization under the head Intangible Assets, are carried as "Intangible Assets under Development" till such assets are ready for their intended use.

Expenditure on research shall be recognised as an expense when it is incurred.

Expenditure on development shall be recognised as Intangible asset if it meets the eligibility criteria as per Ind AS 38 'Intangible Assets', otherwise it shall be recognised as an expense.

An item of Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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 and Loss when the asset is derecognised.

2.5 Depreciation / Amortisation

Property, Plant & Equipment

Depreciation/amortisation on the assets is provided on straight line method following the rates and methodology notified by the CERC for the purpose of recovery of tariff except for assets specified in the following paragraphs.

Leasehold land is fully amortized over lease period or life of the related plant whichever is lower in accordance with the rates and methodology specified in CERC Tariff Regulation. Leasehold land acquired on perpetual lease is not amortized.

Depreciation on spares parts, standby equipment and servicing equipment which are capitalized, is provided on straight line method from the date they are available for use over the remaining useful life of the related assets, following the rates and methodology notified by the CERC.

Depreciation on following assets is provided based on estimated useful life as per technical assessment.



| Particulars | Useful life |
|---------------------------------|-------------|
| a. Computers & Peripherals | 3 Years |
| b. Servers & Network Components | 5 years |

Residual value of above assets is considered as Nil.

Mobile phones are charged off in the year of purchase.

Fixed Assets costing ₹5,000/- or less, are fully depreciated in the year of acquisition.

Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively at the rates and methodology as specified by the CERC Tariff Regulations.

Depreciation on additions to/deductions from Property, Plant and Equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The residual value, useful lives and method of depreciation for assets are reviewed at each financial year - and adjusted prospectively, wherever required.

Intangible Assets

Cost of software capitalized as intangible asset is amortized over the period of legal right to use or 3 years, whichever is less with Nil residual value.

Afforestation charges are amortized over thirty five years from the date of capitalization of related transmission assets following the rates and methodology notified by Central Electricity Regulatory Commission (CERC) Tariff Regulations.

Amortisation on additions to/deductions from Intangible Assets during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The amortization period and the amortization method for an intangible asset are reviewed at each financial year-end and are accounted for as change in accounting estimates in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors.



2.6 Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised (net of income on temporary deployment of funds) as part of the cost of such assets till the assets are ready for the intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use.

Other borrowing costs are charged to revenue.

2.7 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, and deposits held at call with banks having a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.



2.9 Inventories

Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.

Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.

Spares which do not meet the recognition criteria as Property, Plant and Equipment, including spare parts whose cost is less than ₹5,00,000/- are recorded as inventories.

Surplus materials as determined by the management are held for intended use and are included in the inventory.

The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

2.10 Leases

i) As a Lessor

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 fulfillment of the 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.

A lease is classified at the inception date as a finance lease or an operating lease.

a) Finance leases

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is classified as a finance lease.

b) Operating leases

An operating lease is a lease other than a finance lease. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

For operating leases, the asset is capitalized as property, plant and equipment and depreciated over its economic life. Rental income from operating lease is recognized over the term of the arrangement.



ii) As a Lessee

Finance lease

Leases of property, plant and equipment where the company, as lessee has substantially all risks and rewards of ownership are classified as finance lease. On initial recognition, assets held under finance lease are recorded as property, plant and equipment and related liability is recognized under borrowings. At inception of the lease, finance leases are recorded at amount equal to fair value of leased asset or if lower the present value of minimum lease payments. The minimum lease payments made under finance leases are apportioned between the finance expense and reduction of the finance liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Payments made under operating leases are recognized as an expense over the lease term.

2.11 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

Classification

The Company classifies its financial assets in the following categories:

- at amortised cost,
- at fair value through other comprehensive income

The classification depends on the following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset

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, if any, that are attributable to the acquisition of the financial asset.



Subsequent measurement

Debt Instruments at Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Debt Instruments at Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI).

Equity investments

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The company may, on initial recognition, make an irrevocable election to present subsequent changes in the fair value in other comprehensive income (FVOCI) on an instrument by-instrument basis.

For equity instruments classified as at FVOCI, all fair value changes on the instrument, excluding dividends are recognized in the OCI. There is no recycling of the amounts from OCI to Profit or Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

De-recognition of financial assets

A financial asset is derecognized only when

The right to receive cash flows from the assets have expired, or

- The company has transferred the rights to receive cash flows from the financial asset, or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Impairment of financial assets:

For trade receivables, the company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.



For recognition of impairment loss on other financial assets and risk exposure, the company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Financial Liabilities

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company.

The Company's financial liabilities include loans & borrowings, trade and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable to the issue of financial liabilities. Financial liabilities are classified as subsequently measured at amortized cost. 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 effective interest rate (EIR). Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the EIR.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing 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 between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other income or finance cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.12 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items are translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-Monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of initial recognition of the non-monetary prepayment asset or deferred income liability, or the date that related item is recognized in the financial statements, whichever is earlier. In case the transaction is recognized in stages, then transaction date is established for each stage.

Foreign exchange gains and losses (other than related to foreign currency loans outstanding) are presented in the statement of profit and loss on a net basis within other gains/(losses).

The Company has availed the exemption available in Ind AS 101, to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary liabilities outstanding as on March 31, 2016.



Exchange differences arising from foreign currency borrowing to the extent regarded as an adjustment to interest costs are treated as borrowing cost. Other exchange differences are recognized in the Statement of Profit and Loss.

2.13 Income Tax

Income tax expense represents the sum of current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case the tax is also recognised directly in equity or in other comprehensive income.

Current income tax

The Current Tax is based on taxable profit for the year under the tax laws enacted or subsequently enacted at the end of the reporting period in the countries where the company operate and generate taxable income.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Balance Sheet method. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.



2.14 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer. The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 and Ind AS 11.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and value added taxes.

2.14.1 Revenue from Operations

Transmission Income is accounted for based on orders issued by CERC u/s 63 of Electricity Act 2003 for adoption of transmission charges.

The Transmission system incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees and in accordance with the Transmission Service Agreement (TSA) entered between the Transmission Service Provider and long term Transmission Customers.

2.14.2 Other Income

Surcharge recoverable from trade receivables, liquidated damages, warranty claims and interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.

Scrap other than steel scrap & conductor scrap are accounted for as and when sold.

Dividend income is recognized when right to receive payment is established.

Interest income is recognized, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realization.



Revenue from rentals and operating leases is recognized on an accrual basis in accordance with the substance of the relevant agreement.

2.15 Dividends

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognised directly in equity.

2.16 Provisions and Contingencies

a) 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. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

b) Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised.

Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

2.17 Share capital and Other Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.



Self-insurance reserve is created @ 0.12% p.a. on Gross Block of Property, Plant and Equipment except assets covered under insurance as at the end of the year by appropriation of current year profit to mitigate future losses from uninsured risks and for taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers and equipment of AC substation. The Reserve created as above is shown as "Self Insurance Reserve" under 'Other Equity'.

2.18 Prior Period Items

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

2.19 Earnings per Share

Basic earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of equity and potential equity shares outstanding during the year, except where the result would be anti-dilutive.

Additionally, basic and diluted earnings per share are computed using the earnings amounts excluding the movements in Regulatory Deferral Account Balances.

2.20 Cash Flow Statement

Cash flow statement is prepared as per indirect method prescribed in the Ind AS 7 'Statement of Cash Flows'.

3. Critical Estimates and Judgments

The preparation of financial statements requires the use of accounting estimates which may significantly vary from the actual results. Management also needs to exercise judgment while applying the company's accounting policies.

The areas involving critical estimates or judgments are:



Revenue Recognition:

Transmission income is accounted for based on orders issued by the CERC under section 63 of Electricity Act for adoption of transmission charges. Transmission income in respect of additional capital expenditure incurred after the date of commercial operation is accounted for based on expenditure incurred on year to year basis as per CERC tariff regulations.

Useful life of property, plant and equipment

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The Company reviews at the end of each reporting date the useful plant and equipment, other than the assets of transmission business which are governed by CERC Regulations, and are adjusted prospectively, if appropriate.

Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

Estimates and judgments are periodically evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.



POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
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Note 4/ CAPITAL WORK IN PROGRESS

(₹ in Lakhs)

| Particulars | As at 1st April, 2018 | Additions during the period | Adjustments | Capitalised during the period | As at 31st March 2019 | As at 31st March 2018 |
|--------------------------------------------------------|-----------------------|-----------------------------|-------------|-------------------------------|-----------------------|-----------------------|
| Plants and Equipments (Transmission Line) | - | 5,428.58 | - | - | 5,428.58 | - |
| Expenditure Pending Allocation | | | | | | |
| Expenditure During Construction Period (Net) (Note 17) | 1,525.16 | 1,380.85 | - | - | 2,906.01 | 1,525.16 |
| Construction Stores | - | 8,239.30 | - | - | 8,239.30 | - |
| Total | 1,525.16 | 15,048.73 | - | - | 16,573.89 | 1,525.16 |

Note 4/ CAPITAL WORK IN PROGRESS

(₹ in Lakhs)

| Particulars | As at 12th Jan, 2017 | Additions during the period | Adjustments | Capitalised during the period | As at 31st March 2018 |
|--------------------------------------------------------|----------------------|-----------------------------|-------------|-------------------------------|-----------------------|
| Expenditure Pending Allocation | | | | | |
| Expenditure During Construction Period (Net) (Note 17) | - | 1,525.16 | - | - | 1,525.16 |
| Total | - | 1,525.16 | - | - | 1,525.16 |

Note 4/ CAPITAL WORK IN PROGRESS (Detail of Construction Store)

(₹ in Lakhs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|----------------------------|-----------------------|-----------------------|
| <u>Construction Stores</u> | | |
| Cons. Stores - Towers | 3161.66 | - |
| Cons. Stores - Conductor | 4288.56 | - |
| Cons. Stores - Hardware | 782.92 | - |
| Cons. Stores -Earthwire | 6.16 | - |
| Total | 8239.30 | - |

Construction Store include:

(₹ in Lakhs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|--------------------------------------|-----------------------|-----------------------|
| i) Material in Transit | - | - |
| ii) Material with Contractors | | |
| Cons. Stores - Towers | 3161.66 | - |
| Cons. Stores - Conductor | 4288.56 | - |
| Cons. Stores - Hardware | 782.92 | - |
| Cons. Stores -Earthwire | 6.16 | - |
| Total | 8239.30 | - |



POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
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Note 5 / INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in Lakhs)

| Particulars | As at 1st April, 2018 | Additions during the period | Adjustments | Capitalised during the period | As at 31st March 2019 | As at 31st March 2018 |
|----------------------------------------------------------------------|-----------------------|-----------------------------|-------------|-------------------------------|-----------------------|-----------------------|
| Intangible Assets Under Development - Right of Way (Afforstation) | 0.00 | 2267.87 | 0.00 | 0.00 | 2267.87 | - |
| Total | - | | | | | - |

Note 5 / INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in Lakhs)

| Particulars | As at 12th Jan, 2017 | Additions during the period | Adjustments | Capitalised during the period | As at 31st March 2018 |
|----------------------------------------------------------------------|----------------------|-----------------------------|-------------|-------------------------------|-----------------------|
| Intangible Assets Under Development - Right of Way (Afforstation) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | - | | | | |



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Note 6/ OTHER NON-CURRENT ASSETS

(Unsecured considered good unless otherwise specified)

(₹ in Lakhs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|-------------------------------------------------------------------------------|-----------------------|-----------------------|
| A) Advances for Capital Expenditure | | |
| Advances Against Bank guarantees | 3726.49 | - |
| B) Deposits with CDSL | 0.10 | |
| C) Advances recoverable in cash or in kind or for value to be received | | |
| Advance Tax and TDS | 24.20 | |
| Total | 3,750.79 | - |



POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
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Note 7/Cash and cash equivalents

(₹ in Lakhs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|-----------------------------------------------------------------|-----------------------|-----------------------|
| Balance with Banks- In Current Accounts with scheduled banks | 44.29 | 0.19 |
| Total | 44.29 | 0.19 |



POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
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Note 8 - Equity Share Capital

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|------------------------------------------------------------|-----------------------|-----------------------|
| Equity Share Capital | | |
| Authorised Share Capital | | |
| 50,000 Equity Shares of Rs. 10/- each at par | 5.00 | 5.00 |
| Issued,Subscribed and Paid up Share Capital | | |
| 50,000 fully paid up Equity shares of Rs. 10/- each at par | 5.00 | 5.00 |
| Total | 5.00 | 5.00 |

Further Notes:

1) Reconciliation of Number and amount of share capital outstanding at the beginning and at the end of the reporting period

| Particulars | For the year ended 31st March, 2019 | | For the year ended 31st March, 2018 | |
|-------------------------------------------------|-------------------------------------|------------|-------------------------------------|------------|
| | No.of Shares | ₹ in Lakhs | No.of Shares | ₹ in Lakhs |
| Shares outstanding at the beginning of the year | 50000 | 5.00 | - | - |
| Shares issued during the year | - | - | 50000 | 5.00 |
| Shares outstanding at the end of the year | 50000 | 5.00 | 50000 | 5.00 |

2) The Company has only one class of equity shares having a par value of ₹10/- per share. |

3) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at meetings of the Shareholders.

4) Shareholders holding more than 5% equity shares of the Company

| Particulars | As at 31st March,2019 | | As at 31st March,2018 | |
|-------------------------------------------------------------|-----------------------|--------------|-----------------------|--------------|
| | No.of Shares | % of holding | No.of Shares | % of holding |
| Power Grid Corporation of India Limited # (Holding Company) | 50000 | 100% | 50000 | 100% |

Out of 50000 Equity Shares, 6 Equity Shares are held by Nominees of M/s Power Grid Corporation of India Limited on its behalf.



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Note 9/ Other Equity

(₹ in Lakhs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|----------------------------------------|-----------------------|-----------------------|
| Reserves and Surplus | | |
| Retained Earnings | | |
| Balance at the beginning of the period | (0.67) | - |
| Addition during the period | - | (0.67) |
| Balance at the end of the period | (0.67) | (0.67) |
| Total | (0.67) | (0.67) |



POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
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Note 10/ Borrowings

(₹ in Lakhs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---------------------------------------------------------------------|-----------------------|-----------------------|
| Unsecured | | |
| Loan from Power Grid Corporation of India Limited (Holding Company) | 20218.51 | - |
| TOTAL | 20218.51 | - |

Note :

- i) The inter corporate loan is provided by the Powergrid Corpoartion of India Ltd. (Holding Company) on cost to cost basis (Interest rate varying from 8.05 % to 8.35%) and back to back servcing basis and the said loan is repayable over a period of 4-15 years.
- ii) There have been no default in repayment of loans or payment of interest thereon during the year.



POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
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Note 11 / Others Non Current Financial Liabilities

(₹ in Lakhs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|----------------------------------------------------|-----------------------|-----------------------|
| <u>Others Liabilities</u> | | |
| Deposits / Retentions from Contractor and Others # | 1023.17 | - |
| TOTAL | 1023.17 | - |

This includes the fair valuation impact of Rs. 139.87/- lakh on retention balance of Rs. 1163.04 lakh.

The disclosure with regard to Micro and Small Enterprises as required under " The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note No. 20 (d).



POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
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Note 12/ OTHER CURRENT FINANCIAL LIABILITIES

(₹ in Lakhs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|-----------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| Interest accrued but not due on borrowings from Power Grid Corporation of India Limited (Holding Company) | 69.89 | - |
| Dues for Capital Expenditure | 184.81 | - |
| Payable to Power Grid Corporation of India Limited (Holding Company) | 625.04 | 1,520.67 |
| Retention money - Contractors / Others | 361.59 | - |
| Auditor Remuneration Payable | 0.35 | 0.35 |
| Total | 1,241.68 | 1,521.02 |

Further Notes :

1. The disclosure with regard to Micro and Small Enterprises as required under " The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note No. 20 (d).
2. There have been no default in repayment of loans or payment of interest thereon during the year.



POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
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Note 13/ Other Current Liabilities

(₹ in Lakhs)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|----------------|-----------------------|-----------------------|
| Statutory Dues | 149.15 | - |
| Total | 149.15 | - |



POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
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Note 14/ Other Income

(₹ in Lakhs)

| Particulars | For the year ended 31st March 2019 | For the period 12.01.2017 to 31.03.2018 |
|-------------------------------------------------------------------------|---------------------------------------|-----------------------------------------------|
| Sale of RFP documents | - | 45.00 |
| Interest on advances to contractors | 241.99 | - |
| FV gain on initial recognition of financial liabilities | 148.01 | - |
| Less: Transferred to Expenditure during Construction (Net) - Note 17 | 390.00 | 45.00 |
| Total | - | - |



POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
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Note 15/Finance Cost

(₹ in Lakhs)

| Particulars | For the year ended 31st March 2019 | For the period 12.01.2017 to 31.03.2018 |
|-----------------------------------------------------------------------------|---------------------------------------|-----------------------------------------------|
| Interest on loan from Powergrid Corporation of India Ltd. (Holding Company) | 414.21 | 15.87 |
| Other Finance Cost | 0.27 | - |
| Unwinding of discount on Financial Liabilities (FV) | 8.14 | - |
| Less: Transferred to Expenditure during Construction (Net) - Note 17 | (422.62) | (15.87) |
| Total | - | - |



POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
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Note 16/ Other Expenses

(₹ in Lakhs)

| Particulars | For the year ended 31st March 2019 | For the period 12.01.2017 to 31.03.2018 |
|-------------------------------------------------------------------------|---------------------------------------|-----------------------------------------------|
| Professional Fees | 1,318.83 | 1,270.28 |
| Reimbursement of cost | - | 270.83 |
| Auditor remuneration | | |
| - Statutory Audit Fees | 0.30 | 0.30 |
| - Tax Audit Fees | - | - |
| - Other Matters | - | - |
| - GST / Service Tax | 0.05 | 0.05 |
| Bank Charges | 0.04 | 13.18 |
| Payment to CERC as Licence Fee / Others | 28.97 | - |
| Printing and stationery | 0.04 | - |
| Less: Transferred to Expenditure during Construction (Net) - Note 17 | (1,348.23) | (1,554.29) |
| Total | - | 0.35 |



POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
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Note 17 / Expenditure During Construction (Net)

(₹ in Lakhs)

| Particulars | For the year ended 31st March 2019 | For the period 12.01.2017 to 31.03.2018 |
|-----------------------------------------------------------------------------|---------------------------------------|-----------------------------------------------|
| A. Finance Cost | | |
| Interest on loan from Powergrid Corporation of India Ltd. (Holding Company) | 414.21 | 15.87 |
| Other Finance Cost | 0.27 | - |
| Unwinding of discount on Financial Liabilities (FV) | 8.14 | - |
| Total (A) | 422.62 | 15.87 |
| B. Other Expenses | | |
| Professional fees | 1,318.83 | 1,270.28 |
| Reimbursement of cost | - | 270.83 |
| Auditor Remuneration | 0.35 | - |
| Bank charges | 0.04 | 13.18 |
| Payment to CERC as Licence Fee / Others | 28.97 | - |
| Printing and stationery | 0.04 | - |
| Total (B) | 1,348.23 | 1,554.29 |
| C. Less: Other Income | | |
| Sale of RFP documents | - | 45.00 |
| Interest from advances to contractors | 241.99 | - |
| FV gain on initial recognition of financial liabilities | 148.01 | - |
| Total (C) | 390.00 | 45.00 |
| Grand Total (A+B-C) | 1,380.85 | 1,525.16 |



Powergrid Varanasi Transmission System Limited
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Notes to Financial Statements

18. Party Balances and Confirmations

Balances of Other Payables shown under Liabilities are subject to confirmation/reconciliation and consequential adjustments if any. However reconciliations are carried out on ongoing basis.

19. Auditors Remuneration

| S. No. | Particulars | FY 2018-19 Amount (₹ in Lakhs) | FY 2017-18 Amount (₹ in Lakhs) |
|--------|----------------------|--------------------------------------|--------------------------------------|
| 1 | Statutory Audit Fees | 0.30 | 0.30 |
| 2 | Tax Audit | - | - |
| 3 | Other Matters | 0.00 | 0.30 |
| 4 | GST/Service Tax | 0.05 | 0.10 |
| | Total | 0.35 | 0.70 |

20. Other Disclosures

a. Employee Benefits

The Company does not have any permanent employees. The personnel working for the company are from holding company on secondment basis and are working on time share basis. The employee cost (including retirement benefits such as Gratuity, Leave encashment, Post-Retirement Benefits etc.) in respect of personnel working for the company are paid by holding company and holding company is raising the invoice to the Subsidiary company towards Consultancy charges for manpower as per the agreement. Since there are no employees in the company, the obligation as per Ind-AS 19 does not arise. Accordingly, no provision is considered necessary for any retirement benefit like gratuity, leave salary, pension etc., in the books of the company.

b. Taxation

Current tax is reckoned based on the current year's income and tax payable thereon in accordance with the applicable tax rates as per the prevailing tax laws.

The company had made a tax provision of ₹ NIL Lakhs for the year towards current Tax (Minimum Alternate Tax) (Previous Year NIL). In accordance with Ind-AS 12 on Accounting for Taxes on Income, the Company has computed Deferred Tax Liability/ (Asset) amounting to ₹



NIL Lakhs (Previous Year NIL) on account of timing difference in relation to depreciation as per books vis.a.vis Tax Laws. Deferred tax asset on Other Equity of ₹ (0.67) Lakh is not recognised due to uncertainty of sufficient taxable future income.

c. Borrowing cost

Borrowing cost capitalised during the year is ₹ 422.62 Lakh (Previous Years ₹ 15.87 Lakhs) in the respective carrying amount of Property, Plant and Equipment/Capital work in Progress (CWIP) as per Ind AS 23 'Borrowing Costs'.

d. Dues to Micro and Small Enterprises

Based on information available with the company, there are no suppliers/service providers who are registered as micro, small or medium enterprise under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Information in respect of micro and small enterprises as required by Companies Act 2013 and MSMED Act, 2006 is given as under:

| Sr. No | Particulars | (₹ in Lakhs) | | | |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | | Trade Payables | | Others | |
| | | 31 st March, 2019 | 31 st March, 2018 | 31 st March, 2019 | 31 st March, 2018 |
| 1 | Principal amount and interest due thereon remaining unpaid to any supplier as at end of each accounting year: Principal Interest | Nil Nil | Nil Nil | Nil Nil | Nil Nil |
| 2 | The amount of Interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | Nil | Nil | Nil | Nil |
| 3 | 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 MSMED Act, 2006 | Nil | Nil | Nil | Nil |
| 4 | The amount of interest accrued and remaining unpaid at the end of each accounting year | Nil | Nil | Nil | Nil |
| 5 | 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 MSMED Act 2006 | Nil | Nil | Nil | Nil |



e. Impact of application of Ind AS 115 Revenue from Contracts with Customers

The company is under construction stage hence the disclosure under Ind AS 115 Revenue from Contracts with Customers is not applicable to the company.

21. (i) Fair Value Measurements

(₹ In Lakhs)

| | 31 st March, 2019 | | 31 st March, 2018 | |
|------------------------------------------|------------------------------|-----------------------|------------------------------|-----------------------|
| Financial Instruments by category | FVOCI | Amortised cost | FVOCI | Amortised cost |
| <u>Financial Assets</u> | | | | |
| Cash & cash Equivalents | - | 44.29 | - | 0.19 |
| Total Financial Assets | - | 44.29 | - | 0.19 |
| <u>Financial Liabilities</u> | | | | |
| Borrowings | - | 20218.51 | - | NIL |
| Other Non Current Financial Liabilities | - | 1023.17 | - | NIL |
| Other Current Financial Liabilities | - | 1241.68 | - | 1521.02 |
| Total Financial Liabilities | - | 22483.36 | - | 1521.02 |

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An Explanation of each level follows underneath the table.

(₹ in Lakhs)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed | Notes | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------------------------------------------------------------------------|--------------|----------------|----------------|----------------|--------------|
| At 31 March 2019 | | | | | |
| Financial Assets | - | - | - | - | - |
| Total Financial Assets | | | | | |



| | | | | | |
|------------------------------------|----|---|-----------------|---|-----------------|
| Financial Liabilities | | | | | |
| Borrowings | 10 | - | 20213.35 | - | 20213.35 |
| Total financial liabilities | - | - | 20213.35 | - | 20213.35 |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity Instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2

(iii) Fair value of financial assets and liabilities measured at amortized cost

(₹ in Lakhs)

| | 31 March 2019 | | 31 March 2018 | |
|-----------------------------------------|-----------------|-----------------|-----------------|-------------|
| | Carrying Amount | Fair value | Carrying Amount | Fair value |
| Financial Assets | | | | |
| Total Financial Assets | | | | |
| Financial Liabilities | | | | |
| Borrowings | 20218.51 | 20213.35 | 0.00 | 0.00 |
| Other Non Current Financial Liabilities | 1163.04 | 1023.17 | 0.00 | 0.00 |
| Total financial Liabilities | 21381.55 | 21236.52 | 0.00 | 0.00 |



The carrying amounts of cash and cash equivalents, other current financial assets and other liabilities are considered to be the same as their fair values, due to their short-term nature.

22. Related Party Transactions

(a) Holding Company

| Name of entity | Place of business/country of incorporation/Relationship | Proportion of Ownership Interest 31-Mar-2019 |
|----------------------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------|
| Powergrid Corporation of India Limited REC Transmission Projects Company Ltd* | India- Holding Company | 100% |

*Ceased to be holding company w.e.f. 27.03.2018

(b) List of fellow Subsidiaries.

| Name of entity | Place of business/country of incorporation | Proportion of Ownership Interest 31st March, 2019 |
|------------------------------------------------------------------------------------------------------------|--------------------------------------------|------------------------------------------------------|
| Powergrid NM Transmission Limited | India | NA |
| PowergridVizag Transmission Limited | India | NA |
| Powergrid Kala Amb Transmission Limited | India | NA |
| Powergrid Jabalpur Transmission Limited | India | NA |
| PowergridWarora Transmission Limited | India | NA |
| PowergridParli Transmission Limited | India | NA |
| Powergrid Southern Interconnector Transmission Limited | India | NA |
| PowergridVemagiri Transmission Limited | India | NA |
| Powergrid Medinipur Jeerat Transmission Limited [erstwhile MedinipurJeerat Transmission] | India | NA |
| Powergrid Mithilanchal Transmission Limited[erstwhile ERSS XXI Transmission Limited] | India | NA |
| Powergrid Unchahar Transmission Limited | India | NA |
| Powergrid Jawaharpur Firozabad Transmission Limited**[erstwhile Jawaharpur Firozabad Transmission Limited] | India | NA |

**100% equity in Powergrid Jawaharpur Firozabad Transmission Limited acquired from REC Transmission Projects Company Limited on 21st December, 2018

(c) List of fellow Joint Ventures

| Name of entity | Place of business/country of incorporation | Proportion of Ownership Interest 31st March, 2019 |
|---------------------------------|--------------------------------------------|------------------------------------------------------|
| Powerlinks Transmission Limited | India | N.A |
| Torrent Power Grid Limited | India | N.A |
| Jaypee Powergrid Limited | India | N.A |



| | | |
|-----------------------------------------------------|-------|-----|
| ParbatiKoldam Transmission Company Limited | India | N.A |
| Teestavalley Power Transmission Limited | India | N.A |
| North East Transmission Company Limited | India | N.A |
| National High Power Test Laboratory Private Limited | India | N.A |
| Bihar Grid Company Limited | India | N.A |
| KalingaVidyutPrasaran Nigam Private Limited# | India | N.A |
| Cross Border Power Transmission Company Limited | India | N.A |
| RINL Powergrid TLT Private Limited ## | India | N.A |
| Power Transmission Company Nepal Ltd | Nepal | N.A |

Powergrid Board of Directors in its meeting held on 16th Aug 2017 accorded approval for initiating procedure for winding up / removal of the name of Kalinga Vidyut Prasaran Nigam Pvt. Ltd. under fast track exit made of Registrar of Companies (ROC).

Powergrid Board of Directors in its meeting held on 1st May 2018 accorded approval for incalling procedure for winding up / removal of the name of RINL Powergrid TLT Private Limited.

###POWERGRID & Teesta Urja Ltd. are the joint venture partners in Teestavalley Power Transmission Limited & holds 26% and 74% of equity respectively as per shareholding agreement. On call of additional equity by Teestavalley Power Transmission Limited, POWERGRID contributed their share amounting 11.28 crores while the other JV partner has not contributed their share of money as on 31.03.2019. Consequently, the holding of POWERGRID increased to 28.23% as on 31.03.2019 against 26% provided in shareholding agreement.

(d) Key Management Personnel

| Name | Designation | Date of Appointment |
|----------------------|-------------|---------------------------------------|
| Smt. Seema Gupta | Chairperson | 27.03.2018 and resigned on 18/10/2018 |
| Shri R. K. Chauhan | Chairman | 09.01.2019 and continuing |
| Shri D. C. Joshi | Director | 27.03.2018 and continuing |
| Shri M. Taj Mukarrum | Director | 27.03.2018 and continuing |
| Shri Atul Trivedi | Director | 27.03.2018 and resigned on 31.07.2018 |
| Shri D. K. Singh | Director | 27.03.2018 and continuing |
| Sh. R. K. Singh | Director | 09.01.2019 and continuing |

(e) Transactions with related parties

The following transactions occurred with related parties:

| | | ₹ in Lakhs | |
|-------|-------------------------------------------------------------------------------------|----------------|----------------|
| Sl no | Particulars | March 31, 2019 | March 31, 2018 |
| 1. | Services received from RECTPCL *(Incl taxes) | - | 1269.93 |
| 2. | Interest Expense paid to RECTPCL * | - | 15.87 |
| 3. | Reimbursement of expenses (Incl taxes) paid to RECTPCL* | - | 270.83 |
| 4. | Reimbursement of expenses (Incl. taxes) paid to Powergrid Corporation of India Ltd. | - | 13.18 |
| 5. | Consultancy Services received from | | |



| | | | |
|----|------------------------------------------------------------------------------------|---------|---|
| | Powergrid Corporation of India Ltd. (Holding Company)* (excl. taxes) | 1117.46 | - |
| 6. | Interest Expense paid to Powergrid Corporation of India Ltd. (Holding Company) | 414.21 | |
| 7. | Infusion of equity from from Powergrid Corporation of India Ltd. (Holding Company) | - | - |

*100% Shares were acquired by Power Grid Corporation of India Limited from REC Transmission Projects Company Limited on 27.03.2018 and therefore REC Transmission Projects Company Limited Ceased to be Holding Company w.e.f. 27.03.2018.

(f) Outstanding balances arising with related parties:

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

| (₹ in Lakhs) | | |
|---------------------------------------------------------|----------------|----------------|
| Particulars | 31 March, 2019 | 31 March, 2018 |
| Trade payables (purchases of goods and services) | | |
| <u>Holding Company</u> | | |
| Power Grid Corporation of India Ltd. | 625.04 | 1520.67 |
| Total payables to related parties | 625.04 | 1520.67 |

(g) Loans to/from related parties

| (₹ in Lakh) | | |
|--------------------------------------|-----------------|----------------|
| Loans from Holding Company | 31 March, 2019 | 31 March, 2018 |
| Power Grid Corporation of India Ltd. | 20218.51 | NIL |
| Total | 20218.51 | NIL |

(h) Interest accrued on Loan

| (₹ in Lakh) | | |
|--------------------------------------|----------------|----------------|
| Particulars | 31 March, 2019 | 31 March, 2018 |
| <u>Holding</u> | | |
| Power Grid Corporation of India Ltd. | 69.89 | NIL |
| Total | 69.89 | NIL |

(i) Interest on Loan

| (₹ In Lakh) | | |
|-------------------------------------------|----------------|----------------|
| Particulars | 31 March, 2019 | 31 March, 2018 |
| <u>Holding</u> | | |
| Power Grid Corporation of India Ltd. | 414.21 | - |
| REC Transmission Projects Company Limited | - | 15.87 |
| Total | 414.21 | 15.87 |



23. Segment Information

Business Segment

The Board of Directors is the company's Chief operating decision maker who monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. One reportable segments have been identified on the basis of product/services. The company has a single reportable segment i.e., Power transmission network for transmission system.

The operations of the company are mainly carried out within the country and therefore there is no reportable geographical segment.

24. Capital and other Commitments

| Particulars | (₹ in Lakhs) | |
|------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 46136.95 | NIL |

25. Contingent Liabilities and contingent assets

Contingent Liabilities

Claims against the Company not acknowledged as debts in respect of:

(i) Disputed Income Tax/Sales Tax/Excise/Municipal Tax/Entry Tax Matters

Disputed Tax Matters amounting to ₹ NIL (Previous Year ₹ NIL)

(ii) Others

Other contingent liabilities amounts to ₹ NIL (Previous Year ₹NIL)

26. Capital management

a) Risk Management

The company's objectives when managing capital are to

- maximize the shareholder value;
- safeguard its ability to continue as a going concern;
- maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the company's capital management, equity capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The company manages its capital structure and makes adjustments in light of changes in economic conditions, regulatory framework and requirements of financial covenants with lenders. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, regulate investments in new projects, return capital to shareholders or issue new shares.



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

b) Debts Equity Ratio

(₹ in Lakhs)

| Particulars | 31 March, 2019 | 31 March, 2018 |
|-------------------|----------------|----------------|
| Debt | 20218.51 | 0.00 |
| Equity | 4.33 | 4.33 |
| Debt Equity Ratio | 99.98 : 0.02 | 100.00 : 0.00 |

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

27. Earnings per share

(Amount in ₹/Share)

| (a) Basic and diluted earnings per share attributable to the equity holders of the company | 31 March, 2019 | 31 March, 2018 |
|--------------------------------------------------------------------------------------------|----------------|----------------|
| From Continuing Operations including movement in Regulatory Deferral Balances | - | (1.34) |
| From Continuing Operations excluding movement in Regulatory Deferral Balances | - | (1.34) |
| Total basic diluted earnings per share attributable to the equity holders of the company | - | (1.34) |

(₹ in Lakhs)

| (b) Reconciliation of earnings used in denominator for calculating earnings per share | 31 March, 2019 | 31 March, 2018 |
|---------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Earnings attributable to the equity holders of the company including movement in Regulatory Deferral Balances | Nil | (0.67) |
| Earnings attributable to the equity holders of the company excluding movement in Regulatory Deferral Balances | Nil | Nil |
| Total Earnings attributable to the equity holders of the company | Nil | (0.67) |

| (c) Weighted average number of shares used as the denominator | 31 March, 2019 No. of shares | 31 March, 2018 No. of shares |
|----------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | 50000 | 50000 |



| | | |
|----------------------------------------------------------------------------------------------------------------|-------|-------|
| Adjustments for calculation of diluted earnings per share | - | - |
| Total weighted average number of equity shares used as the denominator in calculating basic earnings per share | 50000 | 50000 |

28. Financial Risk Management:

The Company's principal financial liabilities comprise loans and borrowings denominated in Indian rupees, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's capital investments and operations.

The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that are generated from its operations.

The Company's activities expose it to the following financial risks, namely,

- a) Credit risk,
- b) Liquidity risk,
- c) Market risk.

This note presents information regarding the company's exposure, objectives, policies and processes for measuring and managing these risks.

The management of financial risks by the Company is summarized below:-

A) Credit Risk

Credit risk is the risk that 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 on account of trade receivables.

A default on a financial asset is when the counterparty fails to make contractual payments within 3 years of when they fall due. This definition of default is determined considering the business environment in which the Company operates and other macro-economic factors.

Assets are written-off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in the statement of profit and loss.

(i) Trade Receivables

The Company primarily provides transmission facilities to inter-state transmission service customers (DICs) comprising mainly state utilities owned by State Governments. CERC tariff regulations allows payment against monthly



bills towards transmission charges within a period of 60 days from the date of the bill and levy of charge on delayed payment beyond 60 days. A granted rebate is provided by the company for payment made within 60 days.

(ii) Other Financial Assets (excluding trade receivables)

• Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 44.29 Lakhs as on March 31, 2019 (Previous Year Rs. 0.19 Lakhs). The cash and cash equivalents are held with public sector banks and high rated private sector banks and do not have any significant credit risk.

○ **Exposure to credit risk**

| Particulars | (₹ in Lakhs) | |
|-----------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| | 31 st March, 2019 | 31 st March, 2018 |
| Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL) | | |
| Cash and cash equivalents | 44.29 | 0.19 |
| Total | 44.29 | 0.19 |

B) Liquidity risk

Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company has access to a variety of sources of funding such as commercial paper, bank loans, bonds and external commercial borrowings and retains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position comprising the undrawn borrowing facilities below and cash and cash equivalents on the basis of expected cash flows.

The Company depends on both internal and external sources of liquidity to provide working capital and to fund capital expenditure.

Maturities of financial liabilities

The tables below analyses the company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amount disclosed in the table is the contractual undiscounted cash flows



(₹ in Lakhs)

| Contractual maturities of financial liabilities | Within a year | Between 1-5 years | Beyond 5 years | Total |
|-------------------------------------------------|----------------|-------------------|-----------------|-----------------|
| 31 March 2019 | | | | |
| Borrowings (including interest outflows) | Nil | 1918.30 | 37592.50 | 39510.80 |
| Other Non Current Financial Liabilities | Nil | 1163.04 | Nil | 1163.04 |
| Other Current Financial Liabilities | 1241.68 | Nil | Nil | 1241.68 |
| Total | 1241.68 | 3081.34 | 37592.50 | 41915.52 |
| 31 March 2018 | | | | |
| Borrowings (including interest outflows) | Nil | Nil | Nil | Nil |
| Other Current financial liabilities | 1521.02 | Nil | Nil | 1521.02 |
| Total | 1521.02 | Nil | Nil | 1521.02 |

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 i.e

- i. Currency risk
- ii. Interest rate risk

i) Currency risk

As on Reporting date the Company does not have any exposure to currency risk in respect of foreign currency denominated loans and borrowings and procurement of goods and services whose purchase consideration is in foreign currency.

ii) Interest rate risk

The Company is not exposed to any interest rate risk arising from long term borrowings since all the borrowings are with fixed interest rates.

29. Recent Accounting Pronouncements:-

Ind AS 116 was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 19, 'Employee Benefits'



The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must :

- Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- Any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- Separately recognise any changes in the asset ceiling through other comprehensive income.

These amendments will apply to any future plan amendments, curtailments, or settlements of the Company on or after 1 April 2019. The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendment to Ind AS 12, 'Income Taxes'

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 23, 'Borrowing Costs'

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

30. Previous year figures have been regrouped / rearranged wherever considered necessary.

For Pawan Agarwal & Associates

ICAI FRN : 002985C

Chartered Accountants



Pawan Agarwal

Partner

Membership No. : 072190



For and on behalf of

POWERGRID Varanasi Transmission System Ltd.



Rajeev Kumar Chauhan

Chairman

DIN: 02018931



M. Taj Mukarrum

Director

DIN: 08097837

Place: Lucknow
Date: 20.05.2019

Place: Gurugram
Date: 20.05.2019

POWERGRID JAWAHARPUR FIROZABADTRANSMISSION LIMITED

Wholly Owned Subsidiary of Power Grid Corporation of India Limited

(CIN: U40100DL2018GOI337674)

ANNUAL REPORT (2018-19)

POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED

(Formerly known as Jawaharpur Firozabad Transmission Limited)

CIN: U40100DL2018GOI337674

Regd. Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016

Tel: 011-26560121; Fax: 011-26601081

DIRECTORS' REPORT

To,

Dear Shareholders,

I am delighted to present on behalf of the Board of Directors, the First Annual Report of POWERGRID Jawaharpur Firozabad Transmission Limited {formerly known as Jawaharpur Firozabad Transmission Limited} on the working of the Company together with Audited Financial Statement and Auditors Report for the financial year ended 31st March, 2019.

State of the Company's Affairs & Project implementation

POWERGRID Jawaharpur Firozabad Transmission Limited (PJFTL) (formerly known as Jawaharpur Firozabad Transmission Limited) was acquired by POWERGRID on 21st December, 2018 under Tariff based competitive bidding from REC Transmission Projects Company Limited (the Bid Process Coordinator) for implementing Transmission system for evacuation of power from 2x660MW Jawaharpur Thermal Power Project and associated Transmission Lines of 400 kV Substation at Firozabad. The Company was granted transmission license by UPRC on 5th July, 2019. The work is under progress and scheduled date of completion March, 2021.

The land for 400/220/132 kV Firozabad Substation without approach road has been received from Energy Department, Govt. of UP in Jan'19 and Site activities like soil investigation and contouring etc. have been completed. Other site activities like cutting, filling and leveling work have been started. Tower Foundation casting of 400 kV started. Boundary wall prefab panel casting started.

Route alignment of (i) LILO of 765 kV Mainpuri-Gr. Noida SC line at Jawaharpur TPS. (22.194 kms.) (ii) Jawaharpur TPS-Firozabad 400 kV DC Quad line (70.384kms.), (iii) LILO of 1 circuit of 400 kV Agra South - Fatehabad (765kV) DC line (12.634 kms.), (iv) LILO of 220kV Firozabad (220kV) - Agra (765kV PG) line at 400kV Firozabad (10.090 kms.), (v) LILO of 132 kV Atmadpur - Barhan SC line at 400kV Firozabad (24.721), (vi) 132 kV Firozabad (400kV)- Narkhi DC line (27.345 KM) have already been completed

Detail survey and check survey of all Line elements are under progress. Foundation work of (i) LILO of 765 kV Mainpuri-Gr. Noida SC line at Jawaharpur TPS. (ii) Jawaharpur TPS-Firozabad 400 kV DC Quad line (iii) LILO of 1 circuit of 400 kV Agra South - Fatehabad DC line (iv) LILO of 220kV Firozabad (220kV) - Agra (765kV PG) line at 400kV Firozabad have been started.

Financial Performance

| <i>Rs. in Lacks</i> | |
|---------------------------------|----------------|
| Particulars | 2018-19 |
| Revenue from Operations | - |
| Other Income | - |
| Total Income | - |
| Expenses | 0.10 |
| Profit before Tax | (0.10) |
| Profit after Tax | (0.10) |
| Earnings Per Equity Share (Rs.) | (0.20) |

Share Capital

The Authorised and Paid up Share Capital as on 31st March, 2019 of the Company were Rs. 5 Lakhs.

Dividend and Transfer to Reserves

Your Company's Project is under implementation, hence Company has not started its commercial operations and there is no operational income/profit so your Company do not propose to carry any amount to the reserves for the Financial Year ended March 31, 2019. Your Directors have not recommended any dividend on the equity shares for the period under review.

Particulars of Loans, Guarantees or Investments made under section 186 of the Companies Act, 2013

Your Company has not given any loans, provided any guarantee or security to any other entity.

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related parties referred to Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, are given as ***Annexure - I*** to the Directors' Report.

Details of Significant & Material Orders passed by the regulators, courts, tribunals impacting the going concern status and company's operation in future

No significant / material orders passed by any authority during the Financial Year impacting the going concern status and Company's operation in future..

Deposits

Your Company has not accepted any deposit for the period under review.

Subsidiaries, Joint Ventures and Associate Companies

Your Company does not have any subsidiaries, joint ventures and associate companies.

Directors' Responsibility Statement

As required under section 134(3)(c) & 134(5) of the Companies Act, your Directors confirm that:

- a. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors had prepared the Annual Accounts on a going concern basis; and

- e. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go

Since no commercial activity was carried out by the Company, furnishing of information in respect of Conservation of Energy, Technology absorption and Foreign Exchange Earnings and out go under section 134(3) of the Companies Act, 2013 are not applicable.

Extract of Annual Return

The extract of Annual Return in Form MGT- 9 is enclosed at **Annexure – II** to this Report.

Board of Directors

As on 31st March, 2019, the Board comprised four Directors viz. Shri Rajeev Kumar Chauhan, Shri R. K. Singh, M. Taj Mukarrum and Shri D. C. Joshi.

There were some changes in the Board of Director of the Company during the financial year 2018-19. Shri R. K. Chauhan, Shri R. K. Singh, M. Taj Mukarrum and Shri D. C. Joshi have been appointed as Additional Directors w.e.f. 21st December, 2018 who holds office up to the date of ensuing Annual General Meeting.

Shri Kuldeep Rai, Shri Sanjay Shilendra Kumar Kulshrestha and Shri Subrata Aich ceased to be Directors of the Company w.e.f. 21st December, 2018.

After the end of Financial Year 2018-19, Shri R. K. Singh ceased to be Directors of the Company w.e.f. 30th June, 2019 and Shri Sanjay Gupta was appointed as Additional Director of the Company w.e.f. 2nd July, 2019.

None of the Directors is disqualified from being appointed/re-appointed as Director.

Number of Board meetings during the year

Since incorporation i.e. from 20th August, 2018 to financial year ended 31st March, 2019, five (05) meetings of Board of Directors were held on 13.09.2018, 18.10.2018, 10.12.2018, 21.12.2018 and 11.01.2019. The detail of number of meetings attended by each Director during the financial year are as under:

| Name of Director | Designation | No. of Board Meetings which were entitled to attend since incorporation to financial year ended 31st March, 2019. | No. of Board Meetings attendance since incorporation to financial year ended 31st March, 2019. |
|---------------------------------------------------------------|--------------------------------|--------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| Shri Kuldeep Rai (Up to 21.12.2018) | Chairman | 4 | 4 |
| Shri Sanjay Shilendra kumar Kulshrestha (Up to 21.12.2018) | Director | 4 | 4 |
| Shri Subrata Aich (Up to 21.12.2018) | Director | 4 | 4 |
| Shri R. K. Chauhan (W.e.f. 21.12.2018) | Chairman & Additional Director | 2 | 2 |
| Shri D.C. Joshi (W.e.f. 21.12.2018) | Additional Director | 2 | 2 |
| M. Taj Mukarrum (W.e.f. 21.12.2018) | Additional Director | 2 | 2 |
| Shri R. K. Singh (W.e.f. 21.12.2018) | Additional Director | 2 | 1 |

Committees of the Board

Audit Committee

The provision of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 are not applicable to the Company.

Nomination & Remuneration Committee

The provision of Section 178 of the Companies Act, 2013 read with Rule 6 the Companies (Meetings of Board and its Powers) Rules, 2014 are not applicable to the Company.

Declaration by Independent Directors

Ministry of Corporate Affairs (MCA) vide notification dated 05th July 2017 had amended the Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 {said Rule 4} as per which the unlisted public companies in the nature of wholly owned subsidiaries are exempted from the requirement of appointing Independent Directors on their Board. Accordingly, PJFTL, being a Wholly Owned Subsidiary of Power Grid Corporation of India Limited is exempted from the requirement of appointing Independent Directors on their Board.

Performance Evaluation

Your Company, being wholly-owned Subsidiary of POWERGRID, is a Government Company. The Whole time Directors & senior officials of POWERGRID (the holding company) are nominated as Directors of your Company. POWERGRID, being a Government Company, the Directors so nominated by it in your Company, are being evaluated under a well laid down procedure for evaluation of CMD / Functional Directors by Administrative Ministry and for evaluation of senior officials by POWERGRID (the holding company).

Statutory Auditors

M/s Parm and Associates LLP, Chartered Accounts, was appointed by Comptroller and Auditor General of India as Statutory Auditors of the Company for the financial year 2018-19.

Statutory Auditors' Report

M/s Parm and Associates LLP, Chartered Accounts, Statutory Auditors for FY 2018-19 have given an unqualified report. The report is self-explanatory and does not require any further comments by the Board.

Details in respect of frauds reported by auditors other than those which are reportable to the Central Government

The Statutory Auditors of the Company have not reported any frauds to the Board of Directors under section 143(12) of the Companies Act, 2013, including rules made thereunder.

Comptroller and Auditor General's (C&AG) Comments

Principal Director of Commercial Audit and Ex-officio Member, Audit Board-III, Indian Audit and Accounts Department, office of the Principal Director of Commercial Audit, vide letter dated 15th July, 2019 has communicated that Comptroller and Auditor General

of India have decided not to conduct the supplementary audit of financial statements of POWERGRID Jawaharpur Firozabad Transmission Limited for the year ended 31st March, 2019 under Section 143(6)(a) of the Companies Act, 2013. Copy of letter dated 10th July, 2019 is given as **Annexure- III** to the Directors' Report.

Secretarial Audit Report

The requirement of obtaining a Secretarial Audit Report from the practicing company secretary is not applicable to the Company.

Corporate Social Responsibility (CSR)

As per Section 135 of the Companies Act, 2013, every Company having net worth of Rs. 500 Crore or more, or Turnover of Rs. 1000 Crore or more or a Net Profit of Rs. 5 Crore or more during immediately preceding Financial Year, is required to spend, atleast 2% of the Average Net Profits of the Company made during the three immediately preceding Financial Years, in pursuance of its Corporate Social Responsibility Policy. Since, the Company has not satisfied any of the above criteria during the FY 2018-19, the provisions of Section 135 requiring to incur expenditure on CSR were not applicable on the Company for the Financial Year 2018-19.

Development & Implementation of Risk Management Policy

Your Company being a wholly owned subsidiary of POWERGRID is covered under the Risk Management Framework as being done in the holding company.

Particulars of Employees

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 of the Companies Act, 2013 & corresponding rules of Chapter XIII are exempted for Government Companies. As your Company is a Government Company, the information has not been included as a part of Directors' report.

Prevention of Sexual Harassment Policy

There was no incidence of Sexual Harassment during the Financial Year 2018-19.

Internal Financial Control Systems and their adequacy

Your Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March, 2019.

Right to Information

In compliance to 'Right to Information Act, 2005', an appropriate mechanism is in place in the Company for promoting transparency and accountability, wherein the Company has nominated Central Public Information Officer / Appellate Authorities to provide required information under the provisions of Act.

Acknowledgement

The Board extends its sincere thanks to the Ministry of Power, the Central Electricity Regulatory Commission, POWERGRID, the Comptroller & Auditor General of India, and the Auditors of the Company.

For and on behalf of
POWERGRID Jawaharpur Firozabad Transmission Limited

Date: 29th July, 2019
Place: Gurgaon

Sd/-
(Rajeev Kumar Chauhan)
Chairman
DIN: 02018931

POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED**FORM No. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act
and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

| Sl. No. | Particulars | Details |
|----------------|-------------------------------------------------------------------------------------------------------------------|----------------|
| a | Name (s) of the related party & nature of relationship | - |
| b | Nature of contracts/arrangements/transaction | - |
| c | Duration of the contracts/arrangements/transaction | - |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e | Justification for entering into such contracts or arrangements or transactions' | - |
| f | Date of approval by the Board | - |
| g | Amount paid as advances, if any | - |
| h | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| Sl. No. | Particulars | Details |
|----------------|--------------------------------------------------------|-------------------------------------------------------------------------------------------|
| a | Name (s) of the related party & nature of relationship | Power Grid Corporation of India Limited (POWERGRID)) [holding company w.e.f. 21.12.2018]. |

| | | |
|---|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| b | Nature of contracts/arrangements/transaction | <p>Part (A) to avail all inputs and services as may be required by the Company from POWERGRID @ 3% of the actual project cost (excl. IDC and Consultancy Fee) plus GST as applicable.</p> <p>Part (B) to take any security(ies) / guarantee(s) in connection with loan(s) / any form of debt including ECBs and/or to avail Inter corporate loan(s) on cost to cost basis, or a combination thereof, upto an amount of Rs 1000 crore from POWERGRID.</p> |
| c | Duration of the contracts/arrangements/transaction | <p>Part (A) Commissioning of the project including associated reconciliation activities.</p> <p>Part (B) As mutually agreed.</p> |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | Refer (b) |
| e | Date of approval by the Board | <p>For Part (A) 21.12.2018</p> <p>For Part (B) 11.01.2019</p> |
| f | Amount paid as advances, if any | - |

For and on behalf of
POWERGRID Jawaharpur Firozabad Transmission Limited

Date: 29th July, 2019
Place: Gurgaon

Sd/-
(Rajeev Kumar Chauhan)
Chairman
DIN: 02018931

POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED**Form No. MGT-9**

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on March 31, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i. | CIN | U40100DL2018GOI337674 |
| ii. | Registration Date | 20 th August, 2018 |
| iii. | Name of the Company | POWERGRID Jawaharpur Firozabad Transmission Limited [formerly Jawaharpur Firozabad Transmission] |
| iv. | Category/ Sub-Category of the Company | Company Limited by Shares / Union Government Company |
| v. | Address of the Registered office and contact details | B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 Tel: 011-26560121; Fax: 011-26601081 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | NSDL Database Management Limited 4th Floor, Trade World A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Contact No. 022 4914 2589 / 022 4914 2700 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|-------------------------------------------------|----------------------------------|------------------------------------|
| 1 | Transmission | 35107 | NA |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name And Address Of The Company | CIN/GLN | Holding/ Subsidiary /Associate | %of shares held | Applicable Section |
|---------|-------------------------------------------------------|-----------------------|--------------------------------|-----------------|--------------------|
| 1. | REC Transmission Projects Company Limited (RECTPCL)* | U40101DL2007GOI157558 | Holding Company | 100% | 2(46) |
| 2. | Power Grid Corporation of India Limited (POWERGRID)** | L40101DL1989GOI038121 | Holding company | 100% | 2(46) |

* Holding Company up to 21.12.2018

**Holding Company w.e.f. 21.12.2018

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--------------------------|-------------------------------------------------|----------|-------|-------------------|-------------------------------------------|----------|-------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/ HUF | 6* | - | 6 | 0.012 | 6** | - | 6 | 0.012 | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | 49994 | - | 49994 | 99.998 | 49994 | - | 49994 | 99.998 | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|-------------------------------------------|--------|---|--------|-----|---------|---|---------|-----|---|
| Sub-total(A)(1):- | 50000* | - | 50000* | 100 | 50000\$ | - | 50000** | 100 | - |
| 2) Foreign | | | | | | | | | |
| g) NRIs- Individuals | - | - | - | - | - | - | - | - | - |
| h) Other- Individuals | - | - | - | - | - | - | - | - | - |
| i) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| j) Banks / FI | - | - | - | - | - | - | - | - | - |
| k) Any Other.... | - | - | - | - | - | - | - | - | - |
| Sub-total(A)(2):- | - | - | - | - | - | - | - | - | - |
| B. Public Sharehold ing | - | - | - | - | - | - | - | - | - |
| 1. Institutions | - | - | - | - | - | - | - | - | - |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companie s | - | - | - | - | - | - | - | - | - |
| g) FIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non Institutions | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|---|-------|-----|-------|---|-------|-----|---|
| a) Bodies Corp. (i) Indian (ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals (i) Individual shareholders holding nominal share capital upto Rs.1 lakh (ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others (Specify) | - | - | - | - | - | - | - | - | - |
| Sub-total(B)(2) | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 50000 | - | 50000 | 100 | 50000 | - | 50000 | 100 | - |

Notes:

*6 equity shares held by nominees (Individuals) of RECTPCL.

**6 equity shares held by POWERGRID's nominees (Individuals) jointly with POWERGRID.

\$Power Grid Corporation of India Limited (POWERGRID) had emerged as the successful bidder under TBCB for implementing Transmission system for evacuation of power from 2x660MW Jawaharpur Thermal Power Project and associated Transmission Lines of 400 kV Substation Firozabad. Pursuant to such selection and in accordance with provisions of Share Purchase Agreement dated 21.12.2018 executed amongst REC Transmission Projects Company Limited (RECTPCL), the Company and POWERGRID, 50,000 equity shares of Rs. 10/- each held in the Company by RECTPCL & its nominees were transferred to POWERGRID & POWERGRID's nominees jointly with POWERGRID.

ii.Shareholding of Promoters

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|---------|-------------------------------------------|-------------------------------------------|----------------------------------|--------------------------------------------------|-------------------------------------|-----------------------------------|--------------------------------------------------|----------|
| | | No. of Shares | % of total Shares of the company | %of Shares Pledge d/ encum bered to total shares | No. of Shares | % of total Shares of the compan y | %of Shares Pledged / encumb ered to total shares | |
| 1. | REC Transmission Projects Company Limited | 49994 | 99.998 | - | - | - | - | (99.998) |
| 2. | Shri Kuldeep Rai | 1 | 0.002 | - | - | - | - | (0.002) |
| 3. | Shri Bhupender Gupta | 1 | 0.002 | - | - | - | - | (0.002) |

| | | | | | | | | |
|----|--------------------------------------------------------------|---|-------|---|-------|--------|---|---------|
| 4. | Shri Sanjay Shilendrakumar Kulshreshtha | 1 | 0.002 | - | - | - | - | (0.002) |
| 5. | Shri Subrata Aich | 1 | 0.002 | - | - | - | - | (0.002) |
| 6. | Shri Harinder Kaur Chani | 1 | 0.002 | - | - | - | - | (0.002) |
| 7. | Smt. Swati Gupta | 1 | 0.002 | - | - | - | - | (0.002) |
| 8. | Power Grid Corporation of India Limited (POWERGRID) | - | - | - | 49994 | 99.988 | - | 99.988 |
| 9. | Shri K S R Murty, ED (Finance) jointly with POWERGRID | - | - | - | 01 | 0.002 | - | 0.002 |
| 10 | Shri D. C. Joshi, ED (CC & MM) jointly with POWERGRID | - | - | - | 01 | 0.002 | - | 0.002 |
| 11 | M. Taj Mukarrum, ED (Finance) jointly with POWERGRID | - | - | - | 01 | 0.002 | - | 0.002 |
| 12 | Shri Abhay Choudhary, ED (Commercial) jointly with POWERGRID | - | - | - | 01 | 0.002 | - | 0.002 |

| | | | | | | | | |
|----|-------------------------------------------------------------|--------------|------------|----------|--------------|------------|----------|----------|
| 13 | Shri A. K. Singhal, ED (TBCB) jointly with POWERGRID | - | - | - | 01 | 0.002 | - | 0.002 |
| 14 | Smt. V. Susheela Devi, CGM (Finance) jointly with POWERGRID | - | - | - | 01 | 0.002 | - | 0.002 |
| | Total | 50000 | 100 | - | 50000 | 100 | - | - |

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 50000 | 100 | 50000 | 100 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 1. During the year there was 100% change in promoters as POWERGRID acquired 100% stake in the Company (along with 6 equity shares held by POWERGRID's nominees (Individuals) jointly with POWERGRID), from REC Transmission Projects Company Limited on 21 st December, 2018. | | | |
| | At the End of the year | 50000 | 100 | 50000 | 100 |

Note :

Power Grid Corporation of India Limited (POWERGRID) had emerged as the successful bidder under TBCB for establishment of Transmission System for implementing Transmission system for evacuation of power from 2x660MW Jawaharpur Thermal Power Project and associated Transmission Lines of 400 kV Substation Firozabad.

Pursuant to such selection and in accordance with provisions of Share Purchase Agreement dated 21.12.2018 executed amongst REC Transmission Projects Company Limited (RECTPCL), the Company and POWERGRID,

50,000 equity shares of Rs. 10/- each held in the Company by RECTPCL & its nominees were transferred to POWERGRID & POWERGRID's nominees jointly with POWERGRID.

Share holding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Top ten shareholders | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |

iv. Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|--------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Directors and KMP | | | | |
| | For each of Directors | | | | |
| 1 | Shri Rajeev Kumar Chauhan, Chairman | | | | |
| | At the beginning of the year | - | - | - | - |

| | | | | | |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----|-------|
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | - | - | - | - |
| 2 | Shri D. C. Joshi, Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Acquired jointly with POWERGRID from Shri Bhupender Gupta who was Nominee of REC Transmission Projects Company Limited on 21 st December, 2018. | | | |
| | At the End of the year | 01* | 0.002 | 01* | 0.002 |
| 3 | M. Taj Mukarrum, Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| | At the End of the year | 01* | 0.002 | 01* | 0.002 |
| 4 | Shri Sanjai Gupta, Director | | | | |

| | | | | | |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| | At the End of the year | - | - | - | - |

*Jointly with POWERGRID

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding /accrued but not due for payment
(In Lakhs)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|-----------------------------------------------------|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | - | - | - | - |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total(i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | | | | |
| - Addition | | | | |
| - Reduction | | 460 | | |
| Net Change | - | 460 | - | - |
| Indebtedness at the end of the financial year | | | | |

| | | | | |
|-----------------------------------|---|----------|--|---|
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | 460 | | |
| iii) Interest accrued but not due | | 0.7252 | | |
| | | - | | |
| Total (i+ii+iii) | - | 460.7252 | | - |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: [Not Applicable]

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | | Total Amount |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---|---|---|--------------|
| 1. | Gross salary (a)Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b)Value of perquisites u/s 17(2) Income-tax Act, 1961 (c)Profits in lieu of salary Under section17(3) Income- tax Act,1961 | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |
| 4. | Commission - as% of profit - Others, specify... | - | - | - | - | - |
| 5. | Others, please specify | - | - | - | - | - |
| 6. | Total(A) | - | - | - | - | - |
| | Ceiling as per the Act | - | - | - | - | - |

B. Remuneration to other directors:
[Not Applicable]

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------|---|---|---|--------------|
| | <u>Independent Directors</u> - Fee for attending board committee meetings - Commission - Others ,please specify | - | - | - | - | - |
| | Total(1) | - | - | - | - | - |
| | <u>Other Non-Executive Directors</u> - Fee for attending board committee meetings - Commission - Others ,please specify | - | - | - | - | - |
| | Total(2) | - | - | - | - | - |
| | Total(B)=(1+2) | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - |
| | Over all Ceiling as per the Act | - | - | - | - | - |

C. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD:
[Not Applicable]

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|--------------------------------------------------------------------------------------------------|--------------------------|-------------------|-----|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a) Salary as per provisions contained in section17(1)of the Income-tax Act,1961 | - | - | - | - |

| | | | | | |
|----|-------------------------------------------------------------------------------|---|---|---|---|
| | (b)Value of perquisites u/s 17(2) Income-tax Act,1961 | | | | |
| | (c)Profits in lieu of salary under section 17(3) Income-tax Act,1961 | | | | |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as% of profit -others, specify... | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total | - | - | - | - |

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

| Type | Section of the companies Act | Brief descrip tion | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD /NCLT/Court] | Appeal made. If any (give details) |
|-------------------------------------|---------------------------------------|--------------------------|----------------------------------------------------------------------|-------------------------------|------------------------------------------------|
| A. Company | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| B. Directors | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |
| Compounding | | NIL | NIL | NA | NA |
| C. Other Officers In Default | | | | | |
| Penalty | | NIL | NIL | NA | NA |
| Punishment | | NIL | NIL | NA | NA |

| | | | | | |
|-------------|--|-----|-----|----|----|
| Compounding | | NIL | NIL | NA | NA |
|-------------|--|-----|-----|----|----|

For and on behalf of
POWERGRID Jawaharpur Firozabad Transmission Limited

Date: 29th July, 2019
Place: Gurgaon

Sd/-
(Rajeev Kumar Chauhan)
Chairman
DIN: 02018931



सत्यमेव जयते

संख्या/No.MAB-III/Rep/01-67/Acs-Powergrid

Jawaharpur/2019-20/ 263

भारतीय लेखापरीक्षा और लेखा विभाग

कार्यालय

प्रधान निदेशक, वाणिज्यिक लेखा परीक्षा

एवं पदेन सदस्य लेखा परीक्षा बोर्ड-III

नई दिल्ली

INDIAN AUDIT AND ACCOUNTS DEPARTMENT

OFFICE OF THE

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT

& EX-OFFICIO MEMBER, AUDIT BOARD-III

NEW DELHI

दिनांक/Dated:

सेवा में

अध्यक्ष,

पावरग्रिड जवाहरपुर फ़िरोज़ाबाद ट्रांसमिशन लिमिटेड,

नई दिल्ली।

विषय: 31 मार्च 2019 को समाप्त वर्ष के लिए पावरग्रिड जवाहरपुर फ़िरोज़ाबाद ट्रांसमिशन लिमिटेड, नई दिल्ली के वार्षिक लेखाओं पर कम्पनी अधिनियम, 2013 की धारा 143(6)(b) के अन्तर्गत भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

मैं, पावरग्रिड जवाहरपुर फ़िरोज़ाबाद ट्रांसमिशन लिमिटेड, नई दिल्ली के 31 मार्च 2019 को समाप्त वर्ष के लेखाओं पर कम्पनी अधिनियम, 2013 की धारा 143(6)(b) के अन्तर्गत भारत के नियंत्रक-महालेखापरीक्षक की टिप्पणियाँ अग्रेषित कर रहा हूँ।

कृपया इस पत्र की संलग्नकों सहित प्राप्ति की पावती भेजी जाए।

भवदीय,

संलग्नक: - यथोपरि।

(राज कुमार)
प्रधान निदेशक

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF POWERGRID JAWAHARPUR FIROZABAD
TRANSMISSION LIMITED FOR THE YEAR ENDED 31 MARCH 2019**

The preparation of financial statements of POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED for the year ended 31 March 2019 under Section 143(6)(a) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

Place: New Delhi
Dated: 15 July 2019


(Raj Kumar)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board – III,
New Delhi



INDEPENDENT AUDITOR'S REPORT

To the Members of M/s **POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED (Formerly JAWAHARPUR FIROZABAD TRANSMISSION LIMITED)**

Report on the Ind-AS Financial Statements

Opinion:

We have audited the accompanying Ind AS Financial Statements of M/s **POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED (Formerly JAWAHARPUR FIROZABAD TRANSMISSION LIMITED)** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the period then ended, and a summary of the 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 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 31st March 2019, its loss including other comprehensive income, its changes in equity and its cash flows for the period ended on that date.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion.

(Registered with Limited Liability) LLP IDN. No. AAP0972



Management's Responsibility for the Financial Statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act, read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order issued under section 143 (11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.



An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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.

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 Section 143(11) of the Act, we give in "**Annexure "A"**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. In terms of sub section (5) of section 143 of the Companies Act, 2013, we give in the **Annexure "B"** a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.
3. 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 Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows 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 Indian Accounting Standards prescribed under section 133 of the Act, read with the relevant rules issued thereunder.
 - e. Being a Subsidiary of a Government Company, Section 164(2) of the Act pertaining to disqualification of Directors is not applicable to the Company.



- 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 "C"**.
- g. 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:
- The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note No. 22 to the Ind AS financial statements;
 - The Company did not have any Long-Term Contracts including Derivative Contracts and hence there were no foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For PARM & Associates LLP,
Chartered Accountants

(CA Rakesh Kumar Gupta)
Partner
Membership No. 68590
Firm Regn. No. 507094C



20/05/2019

Annexure – A

As referred to in our Independent Auditors' Report to the members of the **Powergrid Jawaharpur Firozabad Transmission Limited ('the Company')**, on the standalone financial statements for the year ended 31st March, 2019, we report that:

| | | Clauses of CARO Report, 2016 | Auditor's Comment |
|-------|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) | (a) | Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; | The company has no Fixed assets hence this clause is not applicable |
| | (b) | Whether these fixed assets have been physically verified by the management at reasonable intervals; Whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account; | The company has no Fixed assets hence this clause is not applicable |
| | (c) | Whether the title deeds of immovable properties are held in the name of the company. If not, provide the details thereof; | The transmission line towers erected by the company on the farmers land are treated as immovable property based on the provisions of the Indian Telegraph Act, which permits public utility undertakings to erect such towers without acquiring the land by paying adequate tree/crop compensation by the company to the owners of the said property |
| (ii) | | Whether physical verification of inventory has been conducted at reasonable intervals by the management; Whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account; | There is no Inventory yet, thus no physical verification of inventory was conducted. |
| (iii) | | Whether the company has granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013. If so, | According to the information and explanations given to us, during the year 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, clauses 3 (iii) (a) to 3 (iii) (c) of the Order are not applicable |
| | (a) | Whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest | Not Applicable |
| | (b) | Whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular; | Not Applicable |
| | (c) | If the amount is overdue, state the total amount overdue for more than 90 days, and whether reasonable steps have been taken by | Not Applicable |



| | | | |
|-------|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | <i>the company for recovery of the principal and interest.</i> | |
| (iv) | | <i>In respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof.</i> | <i>According to the information and explanations given to us, the Company does not have loans, investments and guarantees under section 185 and 186 of the Companies Act, 2013. Accordingly clause 3(iv) of the Order is not applicable</i> |
| (v) | | <i>in case, the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, where applicable, have been complied with? If not, the nature of such contraventions be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not?</i> | <i>According to the information and explanations given to us, the Company has neither accepted deposits from the public within the meaning of Section 73 and 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, nor as per an order that has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal</i> |
| (vi) | | <i>whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and whether such accounts and records have been so made and maintained</i> | <i>Provisions related to Maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 are not applicable to the company</i> |
| (vii) | (a) | <p><i>Whether the company is regular in depositing undisputed statutory dues to the appropriate authorities including:</i></p> <p><i>i) Provident fund;</i></p> <p><i>ii) Employees' state insurance;</i></p> <p><i>iii) Income-tax;</i></p> <p><i>iv) Sales-tax;</i></p> <p><i>v) Service tax;</i></p> <p><i>vi) Duty of customs;</i></p> <p><i>vii) Duty of excise;</i></p> <p><i>viii) Value Added Tax (VAT);</i></p> <p><i>ix) Cess and</i></p> <p><i>x) Any other statutory dues.</i></p> <p><i>If the company is not regular in depositing such statutory dues, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated by the auditor.</i></p> | <i>According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues with appropriate authorities applicable to the Company and that there are no undisputed statutory dues outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable.</i> |
| | (b) | <i>where dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere</i> | <i>According to information and explanations given to us, there are no disputed dues of Duty of Customs or Duty of Excise which have not been deposited.</i> |



| | | | |
|--------|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | representation to the concerned Department shall not be treated as a dispute). | |
| (viii) | | Whether the company has defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders? If yes, the period and the amount of default to be reported. (In case of defaults to banks, financial institutions, and Government, lender wise details to be provided) | Since the company has no borrowings from any financial institution, bank, Government or dues to debenture holders |
| (ix) | | Whether moneys raised by way of Initial Public Offer (IPO) or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported; | Based on the specified audit procedures followed by us and as per the information and explanations given by the management, Company has not raised any monies by way of initial public offer or further public offer (including debt instruments). Holding Company provided Inter corporate loan. We report that the amounts received were applied for the purposes for which they were received. |
| (x) | | Whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated; | According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year. |
| (xi) | | Whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013? If not, state the amount involved and steps taken by the company for securing refund of the same; | The company has not provided for any Managerial Remuneration for the year 2018-2019. The key Management Personnel (CEO) of the Company are employees of holding company, deployed on a part time basis. No management remuneration is paid to such representative by the company. Accordingly, the Provisions of Section 197 of the Companies Act 2013 are not applicable. Accordingly, clause (xi) of the Order is not applicable to the Company |
| (xii) | | Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability and whether the Nidhi Company is maintaining 10% unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability; | Not Applicable |
| (xiii) | | Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards; | All transactions with the "Related Parties" in compliance with sections 177 and 188 of the Companies Act, 2013 are disclosed. |
| (xiv) | | Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If | According to the information and explanations given to us, there is no such case. |



| | | | |
|-------|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| | | <i>not, provide the details in respect of the amount involved and nature of non-compliance;</i> | |
| (xv) | | <i>Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with;</i> | <i>According to the information and explanations given to us, there is no such case.</i> |
| (xvi) | | <i>Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained.</i> | <i>The Co. is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 as the Co. is not a NBFC.</i> |

For PARM & Associates LLP
Chartered Accountants

(CA Rakesh Kumar Gupta)
Partner
M. No. 085967
FRN : 507094C



Place: New Delhi
Dated: 20/05/2019

Annexure-B

Report under Section 143(5) of Companies Act, 2013, in respect of Powergrid Jawaharpur Firozabad Transmission Limited ("The Company"), on the Annual Accounts for the year ended 31st March, 2019.

SPECIFIC AREAS EXAMINED DURING THE COURSE OF AUDIT OF ANNUAL ACCOUNTS OF POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED ("THE COMPANY") FOR THE YEAR ENDED 31ST MARCH 2019.

| Sl. No. | Direction | Auditors' Report | Impact on Accounts and Financial Statements |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| 1 | Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | Based on the information and representations provided by the Management to us and based on the verification procedures performed by us, the Company has system in place to process/record all the accounting transactions through IT system. No accounting transactions are being recorded / processed through other than IT System. | Nil. |
| 2 | Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. | Based on the information and representations provided by the Management to us and based on the verification procedures performed by us there were no restructuring of loans or cases of waiver/write off of debts/loans/interest etc. during the year. | Nil |
| 3 | Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation. | Based on the information and representations provided by the Management to us and based on the verification procedures performed by us, no funds were received for any specific schemes from Central/State agencies during the year. | Nil. |

Place: New Delhi
Dated: 20/05/2019

For PARM & Associates LLP,
Chartered Accountants


CA Rakesh Kumar Gupta)
Partner
Membership No. 085967
Firm Regn. No. 507094C

ANNEXURE – C

As referred to in our Independent Auditors' Report to the members of the **Powergrid Jawaharpur Firozabad Transmission Limited ('the Company')**, on the standalone financial statements for the year ended 31st March, 2019

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 the company as at March 31, 2019 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial control 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 (ICAI)". 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 business, including adherence to 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 Act.

Auditors' 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 Control over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed 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 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 are sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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 authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of internal Financial Controls over Financial Reporting

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 controls 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 and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on "the internal financial controls 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."

Place: New Delhi
Date: 20/05/2019

For PARM & Associates LLP
Chartered Accountants



(CA Rakesh Kumar Gupta)
Partner

Membership No.: 085967
Firm Regn. No.: 507094C

Notes to Financial Statements

1. Corporate and General Information

Powergrid Jawaharpur Firozabad Transmission Limited ('the Company') is domiciled and incorporated in India under the provisions of Companies Act and is wholly owned subsidiary of Power Grid Corporation of India Limited. The registered office of the Company is situated at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016.

The company is engaged in business of Power Systems Network, construction, operation and maintenance of transmission lines and other related allied activities.

The financial statements of the company for the year ended March 31, 2019 were approved for issue by the Board of Directors on 20th May 2019.

2. Significant Accounting Policies

2.1 Basis of Preparation

i) Compliance with Ind AS

The financial statements are prepared in compliance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015, the relevant provisions of the Companies Act, 2013 (to the extent notified), The Companies Act, 1956 and the provisions of Electricity Act, 2003, in each case, to the extent applicable and as amended thereafter.

ii) Basis of Measurement

The financial statements have been prepared on accrual basis and under the historical cost convention except certain financial assets and liabilities measured at fair value at Note no. 2.11.

iii) Functional and presentation currency

The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency and all amounts are rounded to the nearest lakhs and two decimals thereof, except as stated otherwise.

iv) Use of estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are



actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Note no. 3 on critical accounting estimates, assumptions and judgments).

v) Current and 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 realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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 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 settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

The Company recognizes twelve months' period as its operating cycle.

2.2 Property, Plant and Equipment

Initial Recognition and Measurement

Property, Plant and Equipment is initially measured at cost of acquisition/construction including any costs directly attributable to bringing the



asset to the location and condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation / amortization and accumulated impairment losses, if any.

Property, Plant and Equipment acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized.

If the cost of the replaced part or earlier inspection is not available, the estimated cost of similar new parts/inspection is used as an indication of what the cost of the existing part/ inspection component was when the item was acquired or inspection was carried out.

In the case of commissioned assets, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

Assets and systems common to more than one transmission system are capitalized on the basis of technical estimates/ assessments.

Transmission system assets are considered as ready for intended use after meeting the conditions for commercial operation as stipulated in Transmission Service Agreement (TSA) and capitalized accordingly.

The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken.

Expenditure on leveling, clearing and grading of land is capitalized as part of cost of the related buildings.

Spares parts whose cost is ₹5,00,000/- and above, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized.

Subsequent costs

Subsequent expenditure is recognized as an increase in carrying amount of assets when it is probable that future economic benefits deriving from the cost incurred will flow to the company and cost of the item can be measured reliably.

The cost of replacing part of an item of PPE is recognized in the carrying amount of the item if it is probable that future economic benefit embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day



servicing of property, plant and equipment are recognized in the Statement of Profit & Loss as incurred.

Derecognition

An item of Property, Plant and Equipment is derecognized when no future economic benefits are expected from their use or upon disposal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss on the date of disposal or retirement.

2.3 Capital Work-In-Progress (CWIP)

Cost of material, erection charges and other expenses incurred for the construction of Property, Plant and Equipment are shown as CWIP based on progress of erection work till the date of capitalization.

Expenditure of office and Projects, attributable to construction of property, plant and equipment are identified and allocated on a systematic basis to the cost of the related assets.

Interest during construction and expenditure (net) allocated to construction as per policy above are kept as a separate item under CWIP and apportioned to the assets being capitalized in proportion to the closing balance of CWIP.

Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.

2.4 Intangible Assets and Intangible Assets under development

Intangible assets are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Subsequent expenditure on already capitalized Intangible assets is capitalized when it increases the future economic benefits embodied in an existing asset and is amortized prospectively.

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognized as an intangible asset when the same is ready for its use.

Afforestation charges for acquiring right-of-way for laying transmission lines are accounted for as intangible assets on the date of capitalization of related transmission lines.



Expenditure incurred, eligible for capitalization under the head Intangible Assets, are carried as "Intangible Assets under Development" till such assets are ready for their intended use.

Expenditure on research shall be recognized as an expense when it is incurred.

Expenditure on development shall be recognized as Intangible asset if it meets the eligibility criteria as per Ind AS 38 'Intangible Assets', otherwise it shall be recognized as an expense.

An item of Intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. 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 recognized in the Statement of Profit and Loss when the asset is derecognized.

2.5 Depreciation / Amortization

Property, Plant & Equipment

Depreciation/amortization on the assets is provided on straight line method following the rates and methodology notified by the CERC for the purpose of recovery of tariff except for assets specified in the following paragraphs.

Leasehold land is fully amortized over lease period or life of the related plant whichever is lower in accordance with the rates and methodology specified in CERC Tariff Regulation. Leasehold land acquired on perpetual lease is not amortized.

Depreciation on spares parts, standby equipment and servicing equipment which are capitalized, is provided on straight line method from the date they are available for use over the remaining useful life of the related assets, following the rates and methodology notified by the CERC.

Depreciation on following assets is provided based on estimated useful life as per technical assessment.

| Particulars | Useful life |
|---------------------------------|-------------|
| a. Computers & Peripherals | 3 Years |
| b. Servers & Network Components | 5 years |

Residual value of above assets is considered as Nil.

Mobile phones are charged off in the year of purchase.

Fixed Assets costing ₹5,000/- or less, are fully depreciated in the year of acquisition.



Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively at the rates and methodology as specified by the CERC Tariff Regulations.

Depreciation on additions to/deductions from Property, Plant and Equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The residual value, useful lives and method of depreciation for assets are reviewed at each financial year – and adjusted prospectively, wherever required.

Intangible Assets

Cost of software capitalized as intangible asset is amortized over the period of legal right to use or 3 years, whichever is less with Nil residual value.

Afforestation charges are amortized over thirty-five years from the date of capitalization of related transmission assets following the rates and methodology notified by Central Electricity Regulatory Commission (CERC) Tariff Regulations.

Amortization on additions to/deductions from Intangible Assets during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The amortization period and the amortization method for an intangible asset are reviewed at each financial year-end and are accounted for as change in accounting estimates in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors.

2.6 Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized (net of income on temporary deployment of funds) as part of the cost of such assets till the assets are ready for the intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use.

Other borrowing costs are charged to revenue.

2.7 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.



The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, and deposits held at call with banks having a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.9 Inventories

Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.

Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.

Spares which do not meet the recognition criteria as Property, Plant and Equipment, including spare parts whose cost is less than ₹5,00,000/- are recorded as inventories.

Surplus materials as determined by the management are held for intended use and are included in the inventory.

The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.



2.10 Leases

i) As a Lessor

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 fulfillment of the 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.

A lease is classified at the inception date as a finance lease or an operating lease.

a) Finance leases

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is classified as a finance lease.

b) Operating leases

An operating lease is a lease other than a finance lease. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

For operating leases, the asset is capitalized as property, plant and equipment and depreciated over its economic life. Rental income from operating lease is recognized over the term of the arrangement.

ii) As a Lessee

Finance lease

Leases of property, plant and equipment where the company, as lessee has substantially all risks and rewards of ownership are classified as finance lease. On initial recognition, assets held under finance lease are recorded as property, plant and equipment and related liability is recognized under borrowings. At inception of the lease, finance leases are recorded at amount equal to fair value of leased asset or if lower the present value of minimum lease payments. The minimum lease payments made under finance leases are apportioned between the finance expense and reduction of the finance liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Payments made under operating leases are recognized as an expense over the lease term.



2.11 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

Classification

The Company classifies its financial assets in the following categories:

- at amortised cost,
- at fair value through other comprehensive income

The classification depends on the following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs, if any, that are attributable to the acquisition of the financial asset.

Subsequent measurement

Debt Instruments at Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Debt Instruments at Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI).

Equity investments

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The company may, on initial recognition, make an irrevocable election to present subsequent changes in the fair value in other comprehensive income (FVOCI) on an instrument by-instrument basis.



For equity instruments classified as at FVOCI, all fair value changes on the instrument, excluding dividends are recognized in the OCI. There is no recycling of the amounts from OCI to Profit or Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

De-recognition of financial assets

A financial asset is derecognized only when

The right to receive cash flows from the assets have expired, or

- The company has transferred the rights to receive cash flows from the financial asset, or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Impairment of financial assets:

For trade receivables, the company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

For recognition of impairment loss on other financial assets and risk exposure, the company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 -month ECL.

Financial Liabilities

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company.

The Company's financial liabilities include loans & borrowings, trade and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognized initially at fair value minus transaction costs that are directly attributable to the issue of financial liabilities. Financial liabilities



are classified as subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the Statement of Profit and Loss over the period of the borrowings using the EIR.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit or Loss when the liabilities are derecognized as well as through the EIR amortization process.

The EIR amortization is included as finance costs in the Statement of Profit and Loss.

De-recognition of financial liability

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing 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 between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in Statement of Profit and Loss as other income or finance cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.12 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency.



(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items are translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-Monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of initial recognition of the non-monetary prepayment asset or deferred income liability, or the date that related item is recognized in the financial statements, whichever is earlier. In case the transaction is recognized in stages, then transaction date is established for each stage.

Foreign exchange gains and losses (other than related to foreign currency loans outstanding) are presented in the statement of profit and loss on a net basis within other gains/(losses).

The Company has availed the exemption available in Ind AS 101, to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary liabilities outstanding as on March 31, 2016.

Exchange differences arising from foreign currency borrowing to the extent regarded as an adjustment to interest costs are treated as borrowing cost. Other exchange differences are recognized in the Statement of Profit and Loss.

2.13 Income Tax

Income tax expense represents the sum of current and deferred tax. Tax is recognized in the Statement of Profit and Loss, except to the extent that it relates to items recognized directly in equity or other comprehensive income. In this case the tax is also recognized directly in equity or in other comprehensive income.

Current income tax

The Current Tax is based on taxable profit for the year under the tax laws enacted or subsequently enacted at the end of the reporting period in the countries where the company operate and generate taxable income.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the



corresponding tax bases used in the computation of taxable profit and is accounted for using the Balance Sheet method. Deferred tax assets are generally recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilized. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

2.14 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer. The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 and Ind AS 11.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and value added taxes.

2.14.1 Revenue from Operations

Transmission Income is accounted for based on orders issued by CERC u/s 63 of Electricity Act 2003 for adoption of transmission charges.

The Transmission system incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees and in accordance with the Transmission Service Agreement (TSA) entered between the Transmission Service Provider and long term Transmission Customers.



2.14.2 Other Income

Surcharge recoverable from trade receivables, liquidated damages, warranty claims and interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.

Scrap other than steel scrap & conductor scrap are accounted for as and when sold.

Dividend income is recognized when right to receive payment is established.

Interest income is recognized, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realization.

Revenue from rentals and operating leases is recognized on an accrual basis in accordance with the substance of the relevant agreement.

2.15 Dividends

Annual dividend distribution to the shareholders is recognized as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognized on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognized directly in equity.

2.16 Provisions and Contingencies

a) Provisions

Provisions are recognized 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. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.



b) Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognized.

Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

2.17 Share capital and Other Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Self-insurance reserve is created @ 0.12% p.a. on Gross Block of Property, Plant and Equipment except assets covered under insurance as at the end of the year by appropriation of current year profit to mitigate future losses from un-insured risks and for taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers and equipment of AC substation. The Reserve created as above is shown as "Self Insurance Reserve" under 'Other Equity'.

2.18 Prior Period Items

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

2.19 Earnings per Share

Basic earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of equity and



potential equity shares outstanding during the year, except where the result would be anti-dilutive.

Additionally, basic and diluted earnings per share are computed using the earnings amounts excluding the movements in Regulatory Deferral Account Balances.

2.20 Cash Flow Statement

Cash flow statement is prepared as per indirect method prescribed in the Ind AS 7 'Statement of Cash Flows'.

3. Critical Estimates and Judgments

The preparation of financial statements requires the use of accounting estimates which may significantly vary from the actual results. Management also needs to exercise judgment while applying the company's accounting policies.

The areas involving critical estimates or judgments are:

Revenue Recognition:

Transmission income is accounted for based on orders issued by the CERC under section 63 of Electricity Act for adoption of transmission charges. Transmission income in respect of additional capital expenditure incurred after the date of commercial operation is accounted for based on expenditure incurred on year to year basis as per CERC tariff regulations.

Useful life of property, plant and equipment

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The Company reviews at the end of each reporting date the useful plant and equipment, other than the assets of transmission business which are governed by CERC Regulations, and are adjusted prospectively, if appropriate.

Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure



to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

Estimates and judgments are periodically evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.



POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED
(formerly JAWAHARPUR FIROZABAD TRANSMISSION LIMITED)
CIN : U40100DL2018GOI337674
Balance Sheet as at 31st March,2019

(₹ in Lakh)

| Particulars | Note No | As at 31st March,2019 |
|-------------------------------------|---------|-----------------------|
| ASSETS | | |
| Non-Current Assets | | |
| Capital Work in Progress | 4 | 629.75 |
| | | 629.75 |
| Current Assets | | |
| Financial Assets | | |
| Cash & Cash equivalents | 5 | 7.62 |
| | | 7.62 |
| Total Assets | | 637.37 |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Equity Share Capital | 6 | 5.00 |
| Other Equity | 7 | (0.10) |
| | | 4.90 |
| Liabilities | | |
| Non-Current Liabilities | | |
| Financial Liabilities | | |
| Borrowings | 8 | 460.00 |
| Current Liabilities | | |
| Financial Liabilities | | |
| Other current financial liabilities | 9 | 157.87 |
| Other current Liabilities | 10 | 14.60 |
| | | 172.47 |
| Total Liabilities | | 637.37 |

The significant Accounting policies and Notes to Accounts (1 to 27) are an integral part of these financial statements

In terms of our Report of even date

For PARM & Associates LLP

Chartered Accountants

ICAI FRN : 507094C

Rakesh Kumar Gupta

Partner

Membership No.- 085967



For and on behalf of the Board

Rajeev Kumar Chauhan

Chairperson

DIN: 02018931

Md. Taj Mukarrum

Director

DIN: 08097837

Place: New Delhi

Date: 20.05.2019

Place: Gurugram

Date: 20.05.2019

POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED
(formerly JAWAHARPUR FIROZABAD TRANSMISSION LIMITED)
CIN : U40100DL2018GOI337674

Statement of Profit and Loss for the period from 20.08.2018 to 31.03.2019

(₹ in Lakh)

| Particulars | Note No | For the period from 20.08.2018 to 31.03.2019 |
|--------------------------------------------------|---------|-------------------------------------------------|
| Income | | |
| Revenue from operation | | - |
| Other income | 11 | - |
| Total Income | | - |
| Expenses | | |
| Finance cost | 12 | - |
| Other Expenses | 13 | 0.10 |
| Total Expenses | | 0.10 |
| Profit/(Loss) before Tax | | (0.10) |
| Tax expenses | | - |
| Profit/(Loss) for the period | | (0.10) |
| Other Comprehensive Income | | - |
| Total Comprehensive Income for the period | | (0.10) |
| Earnings per Equity Share (Par Value ₹ 10 each) | | |
| Basic (in ₹) | | (0.20) |
| Diluted (in ₹) | | (0.20) |

The significant Accounting policies and Notes to Accounts (1 to 27) are an integral part of these financial statements

In terms of our Report of even date
For PARM & Associates LLP
Chartered Accountants
ICAI FRN : 507094C

Rakesh Kumar Gupta
Partner
Membership No.- 085967



Place: New Delhi
Date: 20.05.2019

For and on behalf of the Board

Rajeev Kumar Chauhan
Chairperson
DIN: 02018931

MD. Taj Mukarrum
Director
DIN: 08097837

Place: Gurugram
Date: 20.05.2019

POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED
(formerly JAWAHARPUR FIROZABAD TRANSMISSION LIMITED)
CIN : U40100DL2018GOI337674

Statement of Cash Flows for the period from 20.08.2018 to 31.03.2019

| (₹ in Lakh) | |
|-----------------------------------------------------------------------------|-------------------------------------------------|
| Particulars | For the period from 20.08.2018 to 31.03.2019 |
| A.CASH FLOW FROM OPERATING ACTIVITIES | |
| Profit/(Loss) before Tax | (0.10) |
| Operating Profit/(Loss) before working capital change | (0.10) |
| Adjustment for: | |
| Increase in other current financial liabilities | 157.87 |
| Increase in other current liabilities | 14.60 |
| Net Cash Flow (used in)/from operating activities (A) | 172.37 |
| B.CASH FLOW FROM INVESTING ACTIVITIES | |
| Capital work in progress (CWIP) | (629.75) |
| Net cash (used in)/from Investing activities (B) | (629.75) |
| C.CASH FLOW FROM FINANCING ACTIVITIES | |
| Issue of Share Capital during the period | 5.00 |
| Long term Borrowing from POWERGRID | 460.00 |
| Net Cash Flow (used in)/from Financing Activities (C) | 465.00 |
| Net Increase/(Decrease) in cash and cash equivalents (A) + (B) + (C) | 7.62 |
| Cash and Cash Equivalents at the beginning of the period | - |
| Cash and Cash Equivalents at the end of the period (Note 5) | 7.62 |

Note :

Cash and Cash equivalents consist of balances with banks.

The significant Accounting policies and Notes to Accounts (1 to 27) are an integral part of these financial statements.

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For PARM & Associates LLP
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Rakesh Kumar Gupta
Partner
Membership No.- 085967



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Rajeev Kumar Chauhan
Chairperson
DIN: 02018931

Md. Taj Mukarrum
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DIN: 08097837

Place: New Delhi
Date: 20.05.2019

Place: Gurugram
Date: 20.05.2019

POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED
(formerly JAWAHARPUR FIROZABAD TRANSMISSION LIMITED)
CIN : U40100DL2018GOI337674

Statement of Changes in Equity for the Year ended 31st March 2019

A. Equity Share Capital (₹ in Lakh)

| | |
|---------------------------------------|------|
| As on incorporation date (20.08.2018) | 0.00 |
| Changes in equity share capital | 5.00 |
| Balance at 31st March, 2019 | 5.00 |

B. Other Equity (₹ in Lakh)

| Particulars | Reserves and Surplus |
|-------------------------------------------|----------------------|
| | Retained Earnings |
| As on incorporation date (20.08.2018) | - |
| Total Comprehensive Income for the period | (0.10) |
| Balance at 31st March, 2019 | (0.10) |

The significant Accounting policies and Notes to Accounts (1 to 27) are an integral part of these financial statements
Refer to Note No. 7 for nature and movement of reserve & surplus.

In terms of our Report of even date
For PARM & Associates LLP
Chartered Accountants
ICAI FRN : 507094C

Rakesh Kumar Gupta
Partner
Membership No.- 085967



Place: New Delhi
Date: 20.05.2019

For and on behalf of the Board

Rajeev Kumar Chauhan
Chairperson
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Md. Taj Mukarrum
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Place: Gurugram
Date: 20.05.2019

POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED
(formerly JAWAHARPUR FIROZABAD TRANSMISSION LIMITED)
CIN : U40100DL2018GOI337674

Note 4/Capital Work in Progress

(₹ in Lakh)

| Particulars | As at 20th August 2018 | Additions during the period | Adjustm ents | Capitalised during the period | As at 31st March 2019 |
|--------------------------------------------------------|------------------------------|--------------------------------|-----------------|-------------------------------------|--------------------------|
| Expenditure Pending Allocation | | | | | |
| Expenditure During Construction Period (Net) (Note 14) | - | 629.75 | - | - | 629.75 |
| Total | - | 629.75 | - | - | 629.75 |



POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED
(formerly JAWAHARPUR FIROZABAD TRANSMISSION LIMITED)
CIN : U40100DL2018GOI337674

Note 5/Cash and cash equivalents

(₹ in Lakh)

| Particulars | As at 31st March 2019 |
|-----------------------------------------------------------------|--------------------------|
| Balance with Banks- In Current Accounts with scheduled banks | 7.62 |
| Total | 7.62 |



POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED
(formerly JAWAHARPUR FIROZABAD TRANSMISSION LIMITED)
CIN : U40100DL2018GOI337674

Note 6 - Equity Share Capital

(₹ in Lakh)

| Particulars | As at 31st March 2019 |
|----------------------------------------------------------|-----------------------|
| Equity Share Capital | |
| Authorised Share Capital | |
| 50,000 Equity Shares of ₹ 10 each at par | 5.00 |
| Issued,Subscribed and Paid up capital | |
| 50,000 fully paid up Equity shares of ₹ 10/- each at par | 5.00 |
| Total | 5.00 |

Further Notes :

1) Reconciliation of number and amount of share capital outstanding at the beginning and end of reporting period:

| Particulars | No. of Shares | (₹ in Lakh) |
|---------------------------------------------------|---------------|-------------|
| Shares Outstanding at the beginning of the Period | - | - |
| Add: Shares issued during the period | 50,000.00 | 5.00 |
| Shares Outstanding at the end of the year | 50,000.00 | 5.00 |

2) The Company has only one class of equity shares having a par value of ₹ 10/- per share.

3) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at meetings of the shareholders.

4) Shareholders holding more than 5% equity shares of the Company

| Particulars | As at 31st March 2019 | |
|-------------------------------------------|-----------------------|--------------|
| | No. of Shares | % of holding |
| Power Grid Corporation of India Limited # | 50,000.00 | 100 |
| TOTAL | 50,000.00 | 100 |

Out of 50000 Equity Shares, 6 Equity Shares are held by Nominees of M/s Power Grid Corporation of India Limited on its behalf.



POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED
(formerly JAWAHARPUR FIROZABAD TRANSMISSION LIMITED)
CIN : U40100DL2018GOI337674

Note 7/Other Equity

(₹ in Lakh)

| Particulars | As at 31st March 2019 |
|----------------------------------------|--------------------------|
| Retained Earnings | |
| Balance at the beginning of the period | - |
| Addition during the period | (0.10) |
| Balance at the end of the period | (0.10) |
| Total | (0.10) |



POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED
(formerly JAWAHARPUR FIROZABAD TRANSMISSION LIMITED)
CIN : U40100DL2018GOI337674

Note 8/Borrowings

(₹ in Lakh)

| Particulars | As at 31st March 2019 |
|---------------------------------------------------------------------|-----------------------|
| Term Loan From Others | |
| Rupee Loans (Unsecured) | |
| Loan from Power Grid Corporation of India Limited (Holding Company) | 460.00 |
| Total | 460.00 |

Note:-

- 1) The Inter Corporate Loan is provided by holding company on cost to cost basis (interest rate 8.35%) on back to debt servicing basis. Repayable in 20 installments semi annually starting from 30.11.2023 TO 31.05.2033
- 2) There has been no default in repayment of Loan or payment of interest thereon during the year.



POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED
(formerly JAWAHARPUR FIROZABAD TRANSMISSION LIMITED)
CIN : U40100DL2018GOI337674

Note 9/Other Current Financial liabilities

(₹ in Lakh)

| Particulars | As at 31st March 2019 |
|----------------------------------------------------------------------------------------------------------|-----------------------|
| Interest accrued but not due on borrowing from Power Grid Corporation of India Limited (Holding Company) | 0.65 |
| Others-Payable to Power Grid Corporation of India Limited (Holding Company)* | 156.87 |
| Audit Fee Payable | 0.35 |
| Total | 157.87 |

Disclosure with regard to Micro and Small Enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note 17 (d)

There has been no default in repayment of Loan or payment of interest thereon during the year.

Breakup of Related Parties is provided in Note 19



POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED
(formerly JAWAHARPUR FIROZABAD TRANSMISSION LIMITED)
CIN : U40100DL2018GOI337674

Note 10/Other Current liabilities

(₹ in Lakh)

| Particulars | As at 31st March 2019 |
|----------------|-----------------------|
| Statutory Dues | 14.60 |
| Total | 14.60 |



POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED
(formerly JAWAHARPUR FIROZABAD TRANSMISSION LIMITED)
CIN : U40100DL2018GOI337674

Note 11/Other Income

(₹ in Lakh)

| Particulars | For the year ended 31st March 2019 |
|----------------------------------------------------------------------|-----------------------------------------------|
| Sale of RFP documents | 40.18 |
| Less: Transferred to Expenditure during Construction (Net) - Note 14 | 40.18 |
| Total | - |



POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED
(formerly JAWAHARPUR FIROZABAD TRANSMISSION LIMITED)
CIN : U40100DL2018GOI337674

Note 12/Finance Cost

(₹ in Lakh)

| Particulars | For the year ended 31st March 2019 |
|---------------------------------------------------------------------------------|------------------------------------|
| Interest and Finance charges on Financial Liabilities at amortised cost | |
| Interest on loan from Power Grid Corporation of India Limited (Holding Company) | 0.73 |
| Interest on loan from Rural Electrification Corporation | 1.88 |
| Total | 2.61 |
| Less: Transferred to Expenditure during Construction (Net) - Note 14 | 2.61 |
| Total | - |



POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED
(formerly JAWAHARPUR FIROZABAD TRANSMISSION LIMITED)
CIN : U40100DL2018GOI337674

Note 13/Other Expenses

(₹ in Lakh)

| Particulars | For the year ended 31st March 2019 |
|----------------------------------------------------------------------|---------------------------------------|
| Professional fees | 530.18 |
| UPERC Filing fees for adoption of transmission charges | 25.00 |
| Bank charges | 15.96 |
| Auditor Remuneration | |
| Audit Fee | 0.30 |
| Tax Audit Fee | - |
| Other Matters | 0.30 |
| GST | 0.11 |
| Miscellaneous expenditure | 90.47 |
| Disbursements to UPERC | 5.00 |
| Preliminary Expense | 0.10 |
| Total | 667.42 |
| Less: Transferred to Expenditure during Construction (Net) - Note 14 | 667.32 |
| Total | 0.10 |



POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LIMITED
(formerly JAWAHARPUR FIROZABAD TRANSMISSION LIMITED)
CIN : U40100DL2018GOI337674

Note 14/Expenditure during Construction(Net)

(₹ in Lakh)

| Particulars | For the year ended 31st March 2019 |
|----------------------------------------------------------------------------------|---------------------------------------|
| A. Finance Cost | |
| Interest & Finance charges as financial liabilities at amortised cost | |
| Interest on Loan from Power Grid Corporation of India Limited (Holding Company) | 0.73 |
| Interest on loan from REC | 1.88 |
| Total (A) | 2.61 |
| B. Other Expenses | |
| Professional fees | 530.18 |
| UPERC Filing fees | 25.00 |
| Bank charges | 15.96 |
| Auditor Remuneration | 0.71 |
| Miscellaneous expenditure | 90.47 |
| Liscence fees to UPERC | 5.00 |
| Total (B) | 667.32 |
| C. Less: Other Income | |
| Sale of RFP documents | 40.18 |
| Total (C) | 40.18 |
| Grand Total (A+B-C) | 629.75 |



Notes to Financial Statements

15. Party Balances and Confirmations

Balances of Other Payables shown under Liabilities are subject to confirmation/reconciliation and consequential adjustments if any. However reconciliations are carried out on ongoing basis.

16. Auditors Remuneration

| S. No. | Particulars | FY 2018-19 Amount (₹ in Lakh) |
|--------|----------------------|-------------------------------------|
| 1 | Statutory Audit Fees | 0.30 |
| 2 | Tax Audit | - |
| 3 | Other Matters | 0.30 |
| 4 | GST/Service Tax | 0.11 |
| | Total | 0.71 |

17. Other Disclosures

a. Employee Benefits

The Company does not have any permanent employees. The personnel working for the company are from holding company on secondment basis and are working on time share basis. The employee cost (including retirement benefits such as Gratuity, Leave encashment, post-retirement benefits etc.) in respect of personnel working for the company are paid by holding company and holding company is raising the invoice to the Subsidiary company towards Consultancy charges for manpower as per the agreement. Since there are no employees in the company, the obligation as per Ind-AS 19 does not arise. Accordingly, no provision is considered necessary for any retirement benefit like gratuity, leave salary, pension etc., in the books of the company.

b. Taxation

Current tax is reckoned based on the current year's income and tax payable thereon in accordance with the applicable tax rates as per the prevailing tax laws. In the current year, company does not have taxable profit and therefore no tax expenses has been recognized.

c. Borrowing cost

Borrowing cost capitalised during the year is ₹ 2.61 Lakh in the respective carrying amount of Capital work in Progress (CWIP) as per Ind AS 23 'Borrowing Costs'.



d. Dues to Micro and Small Enterprises

Based on information available with the company, there are no suppliers/service providers who are registered as micro, small or medium enterprise under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Information in respect of micro and small enterprises as required by Companies Act 2013 and MSMED Act, 2006 is given as under:

| Sr. No | Particulars | (₹ in Lakhs) | | | |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | | Trade Payables | | Others | |
| | | 31 st March, 2019 | 31 st March, 2018 | 31 st March, 2019 | 31 st March, 2018 |
| 1 | Principal amount and interest due thereon remaining unpaid to any supplier as at end of each accounting year: Principal Interest | Nil Nil | NA NA | Nil Nil | NA NA |
| 2 | The amount of Interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | Nil | NA | Nil | NA |
| 3 | 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 MSMED Act, 2006 | Nil | NA | Nil | NA |
| 4 | The amount of interest accrued and remaining unpaid at the end of each accounting year | Nil | NA | Nil | NA |
| 5 | 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 MSMED Act 2006 | Nil | NA | Nil | NA |

e. Impact of application of Ind AS 115 Revenue from Contracts with Customers

The company has not commenced its business/operations and no revenue from contracts with customer has been booked for the financial year 2018-19. Hence there is no significant impact of IND AS 115 on financial position and/or financial performance of the company.



18 . (i) Fair Value Measurements

(₹ In Lakh)

| | 31 st March, 2019 | |
|-------------------------------------|------------------------------|----------------|
| Financial Instruments by category | FVOCI | Amortised cost |
| Financial Assets | | |
| Cash & cash Equivalents | - | 7.62 |
| Total Financial assets | - | 7.62 |
| Financial Liabilities | | |
| Borrowings | - | 460.00 |
| Other Current Financial Liabilities | | 157.87 |
| Total financial liabilities | - | 617.87 |

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An Explanation of each level follows underneath the table.

(₹ in Lakh)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed | Notes | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------------------------------------------------------------|-------|---------|---------|---------|--------|
| At 31st March 2019 | | | | | |
| Financial Assets | | - | 7.62 | - | 7.62 |
| Total Financial Assets | | | 7.62 | | 7.62 |
| Financial Liabilities | | | | | |
| Borrowings | | | 460.66 | | 460.66 |
| Other Financial Liabilities | - | - | 157.87 | - | 157.87 |
| Total financial liabilities | - | - | 618.54 | - | 618.54 |

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity Instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as



possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2

(iii) Fair value of financial assets and liabilities measured at amortized cost

| | (₹ in Lakh) | |
|------------------------------------|-----------------------------------|-------------------|
| | 31st March 2019 | |
| | Carrying Amount | Fair value |
| Financial Assets | 7.62 | 7.62 |
| Total Financial Assets | 7.62 | 7.62 |
| Financial Liabilities | | |
| Borrowings | 460.00 | 460.66 |
| Other Financial Liabilities | 157.87 | 157.87 |
| Total financial liabilities | 617.87 | 618.54 |

The carrying amounts of cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

19. Related party Transactions

(a) Holding Company

| | | Proportion of Ownership Interest |
|--------------------------------|----------------------------------------------------------------|-----------------------------------------|
| Name of entity | Place of business/country of incorporation/Relationship | 31-Mar-2019 |
| Powergrid Corporation of India | India- Holding Company | 100% |



| | | |
|---------------------------------------|-------|-----|
| Limited | | |
| RINL Powergrid TLT Private Limited ## | India | N.A |
| Power Transmission Company Nepal Ltd | Nepal | N.A |

Powergrid Board of Directors in its meeting held on 16th Aug 2017 accorded approval for initiating procedure for winding up/ removal of the name of Kalinga Vidyut Prasaran Nigam Pvt. Ltd. under fast track exit made of Registrar of Companies (ROC).

Powergrid Board of Directors in its meeting held on 1st May 2018 accorded approval for incalling procedure for winding up / removal of the name of RINL Powergrid TLT Private Limited.

###POWERGRID & Teesta Urja Ltd. are the joint venture partners in Teestavalley Power Transmission Limited & holds 26% and 74% of equity respectively as per shareholding agreement. On call of additional equity by Teestavalley Power Transmission Limited, POWERGRID contributed their share amounting 11.28 crores while the other JV partner has not contributed their share of money as on 31.03.2019. Consequently, the holding of POWERGRID increased to 28.23% as on 31.03.2019 against 26% provided in shareholding agreement.

(d) Key Management Personnel

| Name | Designation | Date of Appointment |
|----------------------|-------------|---------------------------|
| Shri R.K.Chauhan | Chairperson | 21.12.2018 and continuing |
| Shri D. C. Joshi | Director | 21.12.2018 and continuing |
| Shri M. Taj Mukarrum | Director | 21.12.2018 and continuing |
| Shri R.K.Singh | Director | 21.12.2018 and continuing |

(e) Transactions with related parties

The following transactions occurred with related parties:

| Sl no | Particulars | As on 31.03.2019 (₹ in Lakh) |
|-------|------------------------------------------------------------------------------------------------|------------------------------|
| 1. | Services received from REC Transmission Projects Company Limited*(Incl taxes) | 358.79 |
| 2. | Interest Expense paid to REC Transmission Projects Company Limited* | 1.88 |
| 3. | Reimbursement of expenses(Incl taxes) paid to REC Transmission Projects Company Limited* | 95.75 |
| 4. | Services received from Power Grid Corporation of India Ltd.(Holding Company) (Excluding taxes) | 145.25 |
| 5. | Interest Expense on Loan from Power Grid Corporation of India Ltd.(Holding Company) | 0.73 |

*100% Shares were acquired by Power Grid Corporation of India Limited from REC Transmission Projects Company Limited on 21.12.2018 and therefore REC Transmission Projects Company Limited Ceased to be Holding Company w.e.f. 21.12.2018

(f) Equity Share Capital

| Sl no | Particulars | As on 31.03.2019 (₹ in Lakh) |
|-------|-----------------------------------------------------------|------------------------------|
| 1. | Power Grid Corporation Of India Limited (Holding Company) | 5.00 |

(g) Loans to/from related parties

| Sl no | Particulars | As on 31.03.2019 (₹ in Lakh) |
|-------|-----------------------------------------|------------------------------|
| 1. | Power Grid Corporation Of India Limited | 460.00 |



(h) Interest accrued on Loan

| Sl no | Particulars | As on 31.03.2019 (₹ in Lakh) |
|-------|-------------------------------------------------------------------------------|---------------------------------|
| 1. | Power Grid Corporation Of India Limited (Holding Company)(excluding taxes) | 0.65 |

(i) Outstanding balances arising from Sales/Purchase of Goods and services.

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

| Sl no | Particulars | As on 31.03.2019 (₹ in Lakh) |
|-------|--------------------------------------------------------------------------------|---------------------------------|
| 1. | Power Grid Corporation Of India Limited (Holding Company) (excluding taxes) | 156.87 |

20. Segment Information**Business Segment**

The Board of Directors is the company's Chief operating decision maker who monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. One reportable segments have been identified on the basis of product/services. The company has a single reportable segment i.e., Power transmission network for transmission system.

The operations of the company are mainly carried out within the country and therefore there is no reportable geographical segment.

21. Capital and other Commitments**(₹ in Lakh)**

| Particulars | As at March 31, 2019 |
|------------------------------------------------------------------------------------------------------------------|----------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 32,276.32 |

22. Contingent Liabilities and Contingent Assets**Contingent Liabilities**

Claims against the Company not acknowledged as debts in respect of:

(i) Disputed Income Tax/Sales Tax/Excise/Municipal Tax/Entry Tax Matters

Disputed Tax Matters amounting to ₹ NIL

(ii) Others

Other contingent liabilities amounts to ₹ NIL



23. Capital management

a) Risk Management

The company's objectives when managing capital are to

- maximize the shareholder value;
- safeguard its ability to continue as a going concern;
- maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the company's capital management, equity capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The company manages its capital structure and makes adjustments in light of changes in economic conditions, regulatory framework and requirements of financial covenants with lenders. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, regulate investments in new projects, return capital to shareholders or issue new shares.

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

b) Debt Equity Ratio

| (₹ in lakh) | |
|-------------------|---------------|
| Particulars | 31 March 2019 |
| Debt | 460.00 |
| Equity | 4.90 |
| Debt Equity Ratio | 98.95:1.05 |

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

24. Earnings per share

| (Amount in ₹/Share) | |
|-------------------------------------------------------------------------------------------|------------------------------|
| a) Basic and diluted earnings per share attributable to the equity holders of the company | 31 st March, 2019 |
| From Continuing Operations including movement in Regulatory Deferral Balances | (0.20) |
| From Continuing Operations excluding movement in Regulatory Deferral Balances | (0.20) |
| Total basic diluted earnings per share attributable to the equity holders of the company | (0.20) |

| (₹ in Lakh) | |
|--------------------------------------------------------------------------------------|------------------------------|
| b) Reconciliation of earnings used in denominator for calculating earnings per share | 31 st March, 2019 |



| | |
|---------------------------------------------------------------------------------------------------------------|--------|
| Earnings attributable to the equity holders of the company including movement in Regulatory Deferral Balances | (0.10) |
| Earnings attributable to the equity holders of the company excluding movement in Regulatory Deferral Balances | (0.10) |
| Total Earnings attributable to the equity holders of the company | (0.10) |

| (c) Weighted average number of shares used as the denominator | 31 st March, 2019 No. of shares |
|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | 50000 |
| Adjustments for calculation of diluted earnings per share | Nil |
| Total weighted average number of equity shares used as the denominator in calculating basic earnings per share | 50000 |

25. Financial Risk Management:

The Company's principal financial liabilities comprise loans and borrowings denominated in Indian rupees, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's capital investments and operations.

The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that are generated from its operations.

The Company's activities expose it to the following financial risks, namely,

- a) Credit risk,
- b) Liquidity risk,
- c) Market risk.

This note presents information regarding the company's exposure, objectives, policies and processes for measuring and managing these risks.

The management of financial risks by the Company is summarized below:-

A) Credit Risk

Credit risk is the risk that 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 on account of trade receivables.



A default on a financial asset is when the counterparty fails to make contractual payments within 3 years of when they fall due. This definition of default is determined considering the business environment in which the Company operates and other macro-economic factors.

Assets are written-off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in the statement of profit and loss.

(i) Trade Receivables

The Company primarily provides transmission facilities to inter-state transmission service customers (DICs) comprising mainly state utilities owned by State Governments. CERC tariff regulations allows payment against monthly bills towards transmission charges within a period of 60 days from the date of the bill and levy of charge on delayed payment beyond 60 days. A granted rebate is provided by the company for payment made within 60 days.

(ii) Other Financial Assets (excluding trade receivables)

• Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 7.62 Lakh (31st March, 2019). The cash and cash equivalents are held with public sector banks and high rated private sector banks and do not have any significant credit risk.

○ Exposure to credit risk

| (₹ in Lakh) | |
|----------------------------------------------------------------------------------------------------|------------------------------|
| Particulars | 31 st March, 2019 |
| Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL) | |
| Cash and cash equivalents | 7.62 |
| Total | 7.62 |

○ Provision for expected credit losses

| (₹ in Lakh) | | | | | | |
|----------------------------------------------------------|---------|--------------------|---------------------|---------------------|----------------------|-----------------------------|
| Ageing | Not due | 0-30 days past due | 31-60 days past due | 61-90 days past due | 91-120 days past due | More than 120 days past due |
| Gross carrying amount as on 31 st March, 2019 | - | - | - | - | - | - |



B) Liquidity risk

Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company has access to a variety of sources of funding such as commercial paper, bank loans, bonds and external commercial borrowings and retains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position comprising the undrawn borrowing facilities below and cash and cash equivalents on the basis of expected cash flows.

The Company depends on both internal and external sources of liquidity to provide working capital and to fund capital expenditure.

Maturities of financial liabilities

The tables below analyses the company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amount disclosed in the table is the contractual undiscounted cash flows

| (₹ in Lakh) | | | | |
|-------------------------------------------------|---------------|-------------------|----------------|----------------|
| Contractual maturities of financial liabilities | Within a year | Between 1-5 years | Beyond 5 years | Total |
| 31 March 2019 | | | | |
| Borrowings including interest thereof | 0.73 | 157.93 | 924.61 | 1083.27 |
| Other Current financial liabilities | 157.22 | | | 157.22 |
| Total | 157.95 | 157.93 | 924.61 | 1240.49 |

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:

- i. Currency risk
- ii. Interest rate risk

i) Currency risk

As on Reporting date the Company does not have any exposure to currency risk in respect of foreign currency denominated loans and borrowings and



procurement of goods and services whose purchase consideration foreign currency.

ii) Interest rate risk

The Company is not exposed to any interest rate risk arising from long term borrowings since all the borrowings are with fixed interest rates.

26. Recent Accounting Pronouncements:

Ind AS 116 was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 19, 'Employee Benefits'

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must :

- Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- Any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- Separately recognise any changes in the asset ceiling through other comprehensive income.

These amendments will apply to any future plan amendments, curtailments, or settlements of the Company on or after 1 April 2019. The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendment to Ind AS 12, 'Income Taxes'

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of



dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 23, 'Borrowing Costs'

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

27. Previous year figures have been regrouped/rearranged wherever considered necessary.

For PARM & Associates LLP

ICAI FRN : 0507094C

Chartered Accountants

Rakesh Kumar Gupta

Partner

Membership No. 085967



For and on behalf of

POWERGRID JAWAHARPUR FIROZABAD TRANSMISSION LTD.

Rajeev Kumar Chauhan

Chairperson

DIN: 02018931

Md. Taj Mukarrum

Director

DIN: 08097837

Place: New Delhi

Date: 20.05.2019

Place: Gurugram

Date: 20.05.2019

POWERGRID VEMAGIRI TRANSMISSION LIMITED
Wholly Owned Subsidiary of Power Grid Corporation of India Limited
(CIN: U40300DL2011GOI217975)

ANNUAL REPORT (2018-19)

POWERGRID VEMAGIRI TRANSMISSION LIMITED

CIN: U40300DL2011GOI217975

Regd. Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016

Tel: 011-26560121; Fax: 011-26601081

DIRECTORS' REPORT

To,

Dear Members,

I on behalf of the Board of Directors present the Eight Annual Report of POWERGRID Vemagiri Transmission Limited on the working of the Company together with Audited Financial Statements and Auditors' Report for the financial year ended 31st March, 2019.

State of the Company's Affairs

POWERGRID Vemagiri Transmission Limited, formerly known as Vemagiri Transmission System Limited was acquired by Power Grid Corporation of India Limited (POWERGRID) on April 18, 2012 under Tariff Based Competitive bidding for establishing Transmission system associated with IPPs of Vemagiri Area (Package A) from REC Transmission Projects Company Limited (the Bid Process Co-ordinator). The transmission system comprising 765kV D/C was to traverse the state of Andhra Pradesh and Telangana.

CERC vide Order dated 06.04.2015 stated that Vemagiri-Khammam-Hyderabad 765 kV D/C lines under the project is neither required as an evacuation line nor as a system strengthening line, no useful purpose will be served by adopting the transmission charges and granting license to the petitioner for the said transmission line and has withdrawn the regulatory approval for the Transmission project.

Financial Performance

As on 31st March, 2019, the Company had a loss of ₹0.82 lakh on account of Finance Cost and Administration & other expenses.

Share Capital

As on March 31, 2019, the Company had Authorized, Subscribed and Paid up Share Capital of ₹5 lac divided into 50,000 equity shares of ₹10/- each.

Dividend and Transfer to Reserves

Your Company project has been withdrawn by CERC vide Order dated 06.04.2015 hence there is no operating profit.

Particulars of Loans, Guarantees or Investments made under section 186 of the Companies Act, 2013

Your Company has not given any loans, provided any guarantee or security to any other entity.

Particulars of contracts or arrangements with related parties

Particulars of contracts or arrangements with related parties referred to Section 188 of the Companies Act, 2013, in the prescribed form AOC-2, are given as ***Annexure- I*** to the Directors' Report.

Details of Significant & Material Orders passed by the regulators, courts, tribunals impacting the going concern status and company's operation in future

No significant / material orders passed by any authority during the Financial Year impacting the going concern status and Company's operation in future.

Deposits

Your Company has not accepted any deposit for the period under review.

Subsidiaries, Joint Ventures and Associate Companies

Your Company does not have any subsidiaries, joint ventures and associate companies.

Directors' Responsibility Statement

As required under section 134 (3) (c) & 134(5) of the Companies Act, your Directors confirm that:

- i. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;
- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors had prepared the Annual Accounts on a going concern basis; and
- v. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Conservation of Energy, Technology absorption, Foreign Exchange Earning and Out Go

Since no commercial activity was carried out by the Company, furnishing of information in respect of Conservation of Energy, Technology absorption and Foreign Exchange Earnings and out go under section 134(3) of the Companies Act, 2013 are not applicable.

Extract of Annual Return

The extract of Annual Return in Form MGT– 9 is enclosed at **Annexure –II** to this Report.

Board of Directors and Key Managerial Personnel

As on 31st March, 2019, the Board comprised of 4 Directors Shri Abhay Choudhary, Shri K.S.R. Murty, Shri Anil Jain and Shri V. Sekhar.

There were some changes in the Board of Director of the Company during the financial year 2018-19. Shri Abhay Choudhary has been appointed as Additional Director w.e.f 27.12.2018 who hold office upto the date of ensuing Annual General Meeting.

The Company has received a notice under section 160 of the Companies Act, 2013 from a member of the Company for appointment of Shri Abhay Choudhary, Director, liable to retire by rotation in the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 2013 read with the Articles of Association of the Company, Shri Anil Jain shall retire by rotation at the Annual General Meeting of your Company and being eligible, offers himself for re-appointment.

None of the Directors is disqualified from being appointed/re-appointed as Director.

Pursuant to provisions of Section 203 of the Companies Act, 2013, there is no KMP appointed in the Company.

Number of Board meetings during the year

During the financial year ended 31st March, 2019, six (6) Board meetings were held on 12.04.2018, 22.05.2018, 12.07.2018, 03.09.2018, 31.12.2018 and 24.01.2019. The details of number of meetings attended by each Director during the financial year 2018-19 are as under:

| Name of Director | Designation | No. of Board Meetings which were entitled to attend during 2018-19 | No. of Board Meetings attendance during 2018-19 |
|----------------------------|--------------------|---------------------------------------------------------------------------|--------------------------------------------------------|
| Shri Shri Abhay Choudhary* | Chairman | 1 | 1 |

| | | | |
|------------------|----------|---|---|
| Shri K.S.R.Murty | Director | 6 | 5 |
| Shri Anil Jain | Director | 6 | 5 |
| Shri V. Sekhar | Director | 6 | 2 |

*Appointed with effect from 27.12.2018

Committees of the Board

Audit Committee

The provision of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 are not applicable to the Company.

Nomination & Remuneration Committee

The provision of Section 178 of the Companies Act, 2013 read with Rule 6 the Companies (Meetings of Board and its Powers) Rules, 2014 are not applicable to the Company.

Declaration by Independent Directors

Ministry of Corporate Affairs (MCA) vide notification dated 05th July 2017 had amended the Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 {said Rule 4} as per which the unlisted public companies in the nature of wholly owned subsidiaries are exempted from the requirement of appointing Independent Directors on their Board. Accordingly, POWERGRID Vemagiri Transmission Limited, being a Wholly Owned Subsidiary of Power Grid Corporation of India Limited is exempted from the requirement of appointing Independent Directors on their Board.

Performance Evaluation

Your Company, being wholly owned subsidiary of POWERGRID, is a Government Company and the appointment, tenure, performance evaluation etc. of Directors is done by the Parent Company/Government of India, therefore, such particulars have not been included as part of the Directors' Report

Statutory Auditors

M/s. Prahalad Khandelwal & Co., Chartered Accountants, Hyderabad were appointed by Comptroller and Auditor General of India as Statutory Auditors of the Company for the financial year 2018-19.

Statutory Auditors' Report

The Statutory Auditors have given an unqualified report. The report is self-explanatory and does not require any further comments by the Board.

Details in respect of frauds reported by auditors other than those which are reportable to the Central Government

The Statutory Auditors of the Company have not reported any frauds to the Board of Directors under section 143(12) of the Companies Act, 2013, including rules made thereunder.

Comptroller and Auditor General's (C&AG) Comments

Comptroller and Auditor General of India have conducted a supplementary audit under section 143 (6) (a) of the Companies Act, 2013 of the financial statements of the company for the year ended 31st March, 2019. CA&G vide letter dated 16th July 2019 has stated that on the basis of said supplementary audit nothing significant has come to their knowledge which would give rise to any comment upon or supplement to statutory auditors report. Copy of letter dated 16th July, 2019 received from C&AG is placed at ***Annexure-III*** to this report.

Secretarial Audit Report

The requirement of obtaining a Secretarial Audit Report from the practicing company secretary is not applicable to the Company.

Corporate Social Responsibility (CSR)

Since no commercial activity was carried out by the Company, there is no operating profit. Therefore, the provisions of Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility (CSR) are not applicable to the Company.

Development & Implementation of Risk Management Policy

Your Company being a wholly owned subsidiary of POWERGRID is covered under the Risk Management Framework as being done in POWERGRID, the holding company.

Particulars of Employees

As per Notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 of the Companies Act, 2013 & corresponding rules of Chapter XIII are exempted for Government Companies. As your Company is a Government Company, the information has not been included as a part of Directors' report.

Prevention of Sexual Harassment at Workplace

There was no incidence of Sexual Harassment during the Financial Year 2018-19.

Internal Financial Control Systems and their adequacy

Your Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March, 2019.

Right to Information

In compliance to 'Right to Information Act, 2005', an appropriate mechanism is in place in the Company for promoting transparency and accountability, wherein the Company has nominated Central Public Information Officer / Appellate Authorities to provide required information under the provisions of Act.

Acknowledgement

The Board extends its sincere thanks to the Ministry of Power, the Central Electricity Regulatory Commission, POWERGRID, the Comptroller & Auditor General of India, and the Auditors of the Company.

For and on behalf of
POWERGRID Vemagiri Transmission Limited

Sd/-
(Abhay Choudhary)
Chairman
DIN:07388432

Date: 29th July, 2019
Place: Gurgaon

Annexure-I

POWERGRID VEMAGIRI TRANSMISSION LIMITED

FORM NO. AOC -2

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act
and Rule 8(2) of the Companies (Accounts) Rules, 2014**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.
- 2.

| Sl. No. | Particulars | Details |
|---------|-------------------------------------------------------------------------------------------------------------------|---------|
| a | Name (s) of the related party & nature of relationship | - |
| b | Nature of contracts/arrangements/transaction | - |
| c | Duration of the contracts/arrangements/transaction | - |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e | Justification for entering into such contracts or arrangements or transactions' | - |
| f | Date of approval by the Board | - |
| g | Amount paid as advances, if any | - |
| h | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| Sl. No. | Particulars | Details |
|---------|-------------------------------------------|---------|
| a | Name (s) of the related party & nature of | - |

| | | |
|---|-------------------------------------------------------------------------------------------|---|
| | relationship | |
| b | Nature of contracts/arrangements/transaction | - |
| c | Duration of the contracts/arrangements/transaction | - |
| d | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e | Date of approval by the Board | - |
| f | Amount paid as advances, if any | - |

For and on behalf of
POWERGRID Vemagiri Transmission Limited

Sd/-
(Abhay Choudhary)
Chairman
DIN:07388432

Date: 29th July, 2019
Place: Gurgaon

POWERGRID VEMAGIRI TRANSMISSION LIMITED**Form No. MGT-9****EXTRACT OF ANNUAL RETURN**

As on the Financial Year ended on March 31, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|-------------|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| i. | CIN | U40300DL20011GOI217975 |
| ii. | Registration Date | 21 st April, 2011 |
| iii. | Name of the Company | POWERGRID Vemagiri Transmission Limited |
| iv. | Category/ Sub-Category of the Company | Company Limited by Shares / Union Government Company |
| v. | Address of the Registered office and contact details | B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 Tel: 011-26560121.Fax:011-26601081 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | NA |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| | | | | | | | | | |
|--------------------------------|---|-------|-------|-----|---|-------|-------|-----|---|
| Grand Total (A+B+C) | 0 | 50000 | 50000 | 100 | 0 | 50000 | 50000 | 100 | 0 |
|--------------------------------|---|-------|-------|-----|---|-------|-------|-----|---|

* 6 equity shares held by POWERGRID's nominees (Individuals) jointly with POWERGRID.

ii. Shareholding of Promoters

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | |
|---------|---------------------------------------------------|-------------------------------------------|--------------------------|---------------------------------|-------------------------------------|--------------------------|---------------------------------|---------|
| | | No. of Shares | % of total Shares of the | % of Shares Pledged/en cumbered | No. of Shares | % of total Shares of the | % of Shares Pledged/en cumbered | |
| 1. | Power Grid Corporation of India Limited (POWERGRI | 49994 | 99.988 | 0 | 49994 | 99.988 | 0 | 0 |
| 2. | Shri I.S. Jha,* jointly with POWERGRID | 01 | 0.002 | 0 | 0 | 0 | 0 | (0.002) |
| 3. | Shri D. K. Valecha jointly with POWERGRID | 01 | 0.002 | 0 | 0 | 0 | 0 | (0.002) |
| 4. | Shri S. Vaithilingam jointly with POWERGRID | 01 | 0.002 | 0 | 0 | 0 | 0 | (0.002) |
| 5. | Shri Anil Jain jointly with POWERGRID | 01 | 0.002 | 0 | 01 | 0.002 | 0 | 0 |
| 6. | Ms. Seema Gupta jointly with POWERGRID | 01 | 0.002 | 0 | 01 | 0.002 | 0 | 0 |
| 7. | Shri A. K. Singhal jointly with POWERGRID | 01 | 0.002 | 0 | 01 | 0.002 | 0 | 0 |

| | | | | | | | | |
|--------------|----------------------------------------------|--------------|------------|----------|--------------|------------|----------|----------|
| 8. | Smt. V. Susheela Devi jointly with POWERGRID | 0 | 0 | 0 | 01 | 0.002 | 0 | 0.002 |
| 9. | Mohd. Taj Mukarram jointly with POWERGRID | 0 | 0 | 0 | 01 | 0.002 | 0 | 0.002 |
| 10 | Shri R.N.Singh jointly with POWERGRID | 0 | 0 | 0 | 01 | 0.002 | 0 | 0.002 |
| Total | | 50000 | 100 | 0 | 50000 | 100 | 0 | 0 |

1. *01 Equity share held by Shri I. S. Jha, POWERGRID (jointly with POWERGRID) transferred to Shri R.N.Singh (jointly with POWERGRID) on 24.01.2019
2. **01 Equity share held by Shri D. K. Valecha POWERGRID (jointly with POWERGRID) transferred to Smt. V. Susheela Devi (jointly with POWERGRID) on 22.05.2018
3. ***01 Equity share held by Shri S. Vaithilingam POWERGRID (jointly with POWERGRID) transferred to Mohd. Taj Mukarram (jointly with POWERGRID) on 22.05.2018

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 50,000 | 100 | 50,000 | 100 |

| | | | | | |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|--------|-----|
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | <p>There was no change in promoters shareholding however there was change in the POWERGRID's nominee (Individual) who hold 1 equity share each jointly with POWERGRID which is as follows:</p> <ol style="list-style-type: none"> 1. 01 Equity share held by Shri D. K. Valecha POWERGRID (jointly with POWERGRID) transferred to Smt. V. Susheela (jointly with POWERGRID) on 22.05.2018. 2. 01 Equity share held by Shri S. Vaithilingam POWERGRID (jointly with POWERGRID) transferred to Mohd. Taj Mukarram (jointly with POWERGRID) on 22.05.2018 3. 01 Equity share held by Shri I. S. Jha, POWERGRID (jointly with POWERGRID) transferred to Shri R.N.Singh (jointly with POWERGRID) on 24.01.2019 <p>(May please also refer information provided under Sr. No. IV (ii) above).</p> | | | |
| | At the End of the year | 50,000 | 100 | 50,000 | 100 |

iv. Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | For each of Top ten shareholders | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters | - | - | - | - |

| | | | | | |
|--|------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|
| | Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | - | - | - | - |

v. Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | For each of Directors and KMP | | | | |
| | For each of Directors | | | | |
| 1 | Shri Abhay Choudhary, Director* | | | | |
| | At the beginning of the year | 0 | 0.000 | 0 | 0.000 |
| | Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| | At the End of the year | 0 | 0.000 | 0 | 0.00 |
| 2 | Shri KS.R.Murty, Director | | | | |

| | | | | | |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-------|------|-------|
| | At the beginning of the year | 0 | 0.000 | 0 | 0.000 |
| | Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | | | |
| | At the End of the year | 0 | 0.000 | 0 | 0.000 |
| 3 | Shri Anil Jain, Director | | | | |
| | At the beginning of the year | 01** | 0.002 | 01** | 0.002 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 01** | 0.002 | 01** | 0.002 |
| 4 | Shri V.Sekhar, Director | | | | |
| | At the beginning of the year | 0 | 0 | 0 | 0 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment | | | | |

| | | | | | |
|--|----------------------------------------|---|---|---|---|
| | / transfer / bonus/ sweat equity etc): | | | | |
| | At the End of the year | 0 | 0 | 0 | 0 |

*appointed as Director w.e.f. 27.12.2018

** Jointly with POWERGRID

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|-----------------------------------------------------|-----------------------------------------------------|----------------------------|-----------------|-------------------------------|
| Indebtedness at the beginning of the financial year | - | - | - | - |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | - | - | - | - |
| - Addition | | | | |
| - Reduction | | | | |
| Net Change | - | - | - | - |
| Indebtedness at the | - | - | - | - |

| | | | | |
|-----------------------------------|---|---|---|---|
| end of the financial year | | | | |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | - | - | - | - |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: **[Not Applicable]**

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|---|---|---|---------------------|
| 1. | Gross salary (a)Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b)Value of perquisites u/s 17(2) Income-tax Act,1961 (c)Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - |

| | | | | | | |
|----|--------------------------------------------------------|---|---|---|---|---|
| 4. | Commission - as % of profit - Others, specify... | - | - | - | - | - |
| 5. | Others, please specify | - | - | - | - | - |
| 6. | Total (A) | - | - | - | - | - |
| | Ceiling as per the Act | - | - | - | - | - |

B. Remuneration to other directors:
[Not Applicable]

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | | Total Amount |
|---------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------|---|---|---|--------------|
| | <u>Independent Directors</u> - Fee for attending board committee meetings - Commission - Others, please specify | - | - | - | - | - |
| | Total(1) | - | - | - | - | - |
| | <u>Other Non-Executive Directors</u> - Fee for attending board committee meetings - Commission - Others, please specify | - | - | - | - | - |
| | Total(2) | - | - | - | - | - |
| | Total(B)=(1+2) | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - |

| | | | | | | |
|--|--------------------------------|---|---|---|---|---|
| | Overall Ceiling as per the Act | - | - | - | - | - |
|--|--------------------------------|---|---|---|---|---|

C. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD:
[Not Applicable]

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------|-----|-------|
| | | CEO | Company Secretary | CFO | Total |
| 1. | Gross salary (a)Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 (b)Value of perquisites u/s 17(2) Income-tax Act, 1961 (c)Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission - as % of profit - others, specify... | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| 6. | Total | - | - | - | - |

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD /NCLT/Court] | Appeal made. If any (give details) |
|-------------------------------------|------------------------------|-------------------|----------------------------------------------------------|----------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | - | NIL | NIL | NA | NA |
| Punishment | - | NIL | NIL | NA | NA |
| Compounding | - | NIL | NIL | NA | NA |
| B. Directors | | | | | |
| Penalty | - | NIL | NIL | NA | NA |
| Punishment | - | NIL | NIL | NA | NA |
| Compounding | - | NIL | NIL | NA | NA |
| C. Other Officers In Default | | | | | |
| Penalty | - | NIL | NIL | NA | NA |
| Punishment | - | NIL | NIL | NA | NA |
| Compounding | - | NIL | NIL | NA | NA |

For and on behalf of
POWERGRID Vemagiri Transmission Limited

Sd/-
(Abhay Choudhary)
Chairman

Date: 29th July 2019
Place: Gurgaon

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF POWERGRID VEMAGIRI TRANSMISSION LIMITED FOR THE YEAR ENDED 31 MARCH 2019

The preparation of financial statements of Powergrid Vemagiri Transmission Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 23 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of Powergrid Vemagiri Transmission Limited for the year ended 31 March 2019. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report.

**For and on behalf of the
Comptroller and Auditor General of India**



**(M. S. Subrahmanyam)
Director General of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad**

**Place: Hyderabad
Date: 16 July 2019**

FINANCIAL STATEMENTS & NOTES FOR THE YEAR ENDED 2018-19

**POWERGRID VEMAGIRI TRANSMISSION LIMITED
(FORMERLY POWERGRID VEMAGIRI TRANSMISSION LIMITED)**

**REGISTERED OFFICE: - B-9, QUTAB INSTITUTIONAL AREA, KATWARIA
SARAI, NEW DELHI- 110016**

CIN :U40300DL2011GOI217975



Independent Auditor's Report

To the Members of M/s. Power Grid Vemagiri Transmission Limited

Report on the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **Power Grid Vemagiri Transmission Limited** ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss, (statement of changes in equity)ⁱ and statement of cash flows 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 financial statements give the information required by 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, and profit/loss, (changes in equity) and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 Companies Act, 2013 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 opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity)ⁱⁱ and cash flows of the Company in accordance withⁱⁱⁱ the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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 Companies Act, 2013, we give in the **Annexure 1** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. In terms of sub section (5) of section 143 of the companies Act, 2013, we give in the **Annexure 2** a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.
3. 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





PRAHALAD Khandelwal & Co.

CHARTERED ACCOUNTANTS

- c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
- d) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
- f) As per Notification No GSR 463(E) Dated 05/06/2015, Section 164(2) regarding Directors Disqualification is not Applicable to the company
- g) 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 3".
- 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For Prahalad Khandelwal & Co
Chartered Accountants
ICAI Firm Regn. No. 002714S


(Vinod Bajaj)

Partner
Membership No. 205343

Place: Hyderabad
Date: 23-05-2019

Annexure-1

*In Terms of The Companies (Auditor's Report) Order 2016 (Hereinafter be called as "The Order"), issued by the Central Government in terms of Section 143(11) of the Act, our comments in respect of **Power Grid Vemagiri Transmission Limited** on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable is as follows:*

| | | Clauses of CARO Report, 2016 | Auditor's Comment |
|-------|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) | (a) | Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; | Not applicable since the company does not own any fixed assets as on the date of balance sheet. |
| | (b) | Whether these fixed assets have been physically verified by the management at reasonable intervals; Whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account; | Not applicable since the company does not own any fixed assets as on the date of balance sheet. |
| | (c) | Whether the title deeds of immovable properties are held in the name of the company. If not, provide the details thereof; | Not applicable since the company does not own any immovable properties as on the date of balance sheet.. |
| (ii) | | Whether physical verification of inventory has been conducted at reasonable intervals by the management; Whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account; | Not applicable since the company does not own any inventory during the current financial year |
| (iii) | | Whether the company has granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013. If so, | According to the information and explanations given to us, during the year 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, clauses 3 (iii) (a) to 3 (iii) (c) of the Order are not applicable |
| | (a) | Whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest. | Not Applicable |
| | (b) | Whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular; | Not Applicable |
| | (c) | If the amount is overdue, state the total amount overdue for more than 90 days, and | Not Applicable |



Power Grid Vemagiri Transmission Ltd. CARO Report FY 2018-19

| | | | |
|-------|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | <i>whether reasonable steps have been taken by the company for recovery of the principal and interest.</i> | |
| (iv) | | <i>In respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof.</i> | <i>According to the information and explanations given to us, the Company does not have loans, investments and guarantees under section 185 and 186 of the Companies Act, 2013. Accordingly clause 3(iv) of the Order is not applicable</i> |
| (v) | | <i>in case, the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, where applicable, have been complied with? If not, the nature of such contraventions be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not?</i> | <i>According to the information and explanations given to us, the Company has neither accepted deposits from the public within the meaning of Section 73 and 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, nor as per an order that has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal</i> |
| (vi) | | <i>Whether the company has defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders? If yes, the period and the amount of default to be reported. (In case of defaults to banks, financial institutions, and Government, lender wise details to be provided.</i> | <i>According to information and explanations given to us, there is no such default.</i> |
| (vii) | | <i>whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and whether such accounts and records have been so made and maintained</i> | <i>The Provisions of the clause (vii) of the Order, relating to maintenance of cost records under clause (d) of sub-section (1) of Section 148 of the Companies Act, 2013, are not applicable since the Company's turnover or Net Worth of the Company as the case may be has not exceeded Rs. 500.00 Crores during the current year</i> |



| | | |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (viii) | <p>Whether the company is regular in depositing undisputed statutory dues to the appropriate authorities including:</p> <ul style="list-style-type: none"> i) Provident fund; ii) Employees' state insurance; iii) Income-tax; iv) Sales-tax; v) Service tax; vi) Duty of customs; vii) Duty of excise; viii) Value Added Tax (VAT); ix) Cess; and x) Any other statutory dues. <p>If the company is not regular in depositing such statutory dues, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated by the auditor.</p> | <p>According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues with appropriate authorities applicable to the Company and that there are no undisputed statutory dues outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable.</p> |
| | <p>(b)</p> <p>where dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax havenot been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere representation to the concerned Department shall not be treated as a dispute).</p> | <p>According to information and explanations given to us, there are no disputed dues of Income Tax, sales Tax, Service Tax, Duty of Customs or Duty of Excise which have not been deposited.</p> |
| (ix) | <p>Whether moneys raised by way of Initial Public Offer (IPO) or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported;</p> | <p>Based on the specified audit procedures followed by us and as per the information and explanations given by the management, Company has not raised any monies by way of initial public offer or further public offer (including debt instruments).</p> |
| (x) | <p>Whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013? If not, state the amount involved and steps taken by the company for securing refund of the same;</p> | <p>The company has not provided for any Managerial Remuneration for the year 2018-2019. The key Management Personnel (CEO) of the Company are employees of holding company, deployed on a part time basis. No management remuneration is paid to such representative by the company except costs allocated by the Holding Company based on the</p> |



Power Grid Vemagiri Transmission Ltd. CARO Report FY 2018-19

| | | | |
|--------|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | <i>time spent. Accordingly the Provisions of Section 197 of the Companies Act 2013 are not applicable. Accordingly, clause (x) of the Order is not applicable to the Company</i> |
| (xi) | | <i>Whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated;</i> | <i>According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.</i> |
| (xii) | | <i>Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability and whether the Nidhi Company is maintaining 10% unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability;</i> | <i>Not Applicable</i> |
| (xiii) | | <i>Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliance;</i> | <i>According to the information and explanations given to us, there is no such case.</i> |
| (xiii) | | <i>Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;</i> | <i>All transactions with the "Related Parties" in compliance with sections 177 and 188 of the Companies Act, 2013 are disclosed.</i> |
| (xv) | | <i>Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with;</i> | <i>According to the information and explanations given to us, there is no such case.</i> |
| (xvi) | | <i>Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained.</i> | <i>The Co. is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 as the Co. is not a NBFC.</i> |



Report on the directions issued under section 143(5) of the Companies Act, 2013 given by the Comptroller & Audit General of India in respect of audit of Annual Accounts of Powergrid Vemagiri Transmission Limited for the year ended 31st March 2019:

| SI. No. | Direction | Auditors' Report | Impact on Accounts and Financial Statements |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| 1 | Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | Based on the information and representations provided by the Management to us and based on the verification procedures performed by us, the Company has system in place to process/record all the accounting transactions through IT system. No accounting transactions are being recorded / processed through other than IT System. | Nil. |
| 2 | Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. | Based on the information and representations provided by the Management to us and based on the verification procedures performed by us there were no restructuring of loans or cases of waiver/write off of debts/loans/interest etc. during the year. | Nil |



| | | | |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| 3 | Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation. | Based on the information and representations provided by the Management to us and based on the verification procedures performed by us, no funds were received for any specific schemes from Central/State agencies during the year. | Nil. |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|

For Prahalad khandelwal & Co
Chartered Accountants
ICAI Firm Regn.No.002714S

Vinod Bajaj



(Vinod Bajaj)
Partner
Membership No. 205343

Place: Hyderabad
Date: 23-05-2019

ANNEXURE – 3

As referred to in our Independent Auditors' Report to the members of the **Power Grid Vemagiri Transmission Limited ('the Company')**, on the standalone financial statements for the year ended 31st March, 2019

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 the company as at March 31, 2019 in conjunction with our audit of the 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 control 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 (ICAI)". 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 business, including adherence to 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 Act.

Auditors' 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 Control over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed 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 Company's internal financial controls system over financial reporting.

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 authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of internal Financial Controls over Financial Reporting

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 controls 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 and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on "the internal financial controls 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 Prahalad Khandelwal & Co.
Chartered Accountants
ICAI Firm Registration No. 002714S




Vinod Bajaj
(Partner)
Membership No. 205343

Place: Hyderabad
Date: 23-05-2019

POWERGRID VEMAGIRI TRANSMISSION LIMITED

CIN:U40300DL2011GOI217975

Balance Sheet as at 31st March 2019

(₹ in Lakhs)

| Particulars | Note No | As at 31st March,2019 | As at 31st March,2018 |
|-------------------------------------|---------|-----------------------|-----------------------|
| ASSETS | | | |
| Non-current assets | | - | - |
| Current assets | | | |
| Financial Assets | | | |
| Cash and cash equivalents | 4 | 0.16 | 0.16 |
| | | 0.16 | 0.16 |
| Total Assets | | 0.16 | 0.16 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share capital | 5 | 5.00 | 5.00 |
| Other Equity | 6 | (1,944.77) | (1,943.95) |
| | | (1,939.77) | (1,938.95) |
| Liabilities | | | |
| Non-current liabilities | | | |
| Current liabilities | | | |
| Financial liabilities | | | |
| Other current financial liabilities | 7 | 1,939.89 | 1,939.07 |
| Other current liabilities | 8 | 0.04 | 0.04 |
| | | 1,939.93 | 1,939.11 |
| Total Equity and Liabilities | | 0.16 | 0.16 |

The accompanying notes (1 to 26) form an integral part of financial statements

As per our report of even date

For PRAHALAD KHANDELWAL & Co.

ICAI Firm Regn. No. 002714S

Vinod Bajaj

Vinod Bajaj

(Partner)

Membership No. 205343

Place : Hyderabad

Date : 23/05/2019



For and on behalf of the Board of Directors

Abhay Choudhary

Abhay Choudhary

Chairman

DIN:07388432

Place : Gurugram

Date : 23-05-2019

K S R Murty

K S R Murty

Director

DIN: 07359191

POWERGRID VEMAGIRI TRANSMISSION LIMITED
CIN:U40300DL2011GOI217975
Statement of Profit and Loss for the year ended 31st March 2019

(₹ in Lakhs)

| | Particulars | Note No. | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
|-----|--------------------------------------------------------|----------|-------------------------------------|-------------------------------------|
| I | Revenue From Operations | | - | - |
| II | EXPENSES | | | |
| | Finance costs | 9 | 0.01 | 0.01 |
| | Other expenses | 10 | 0.81 | 0.68 |
| | Total expenses (II) | | 0.82 | 0.69 |
| III | Profit/(loss) before tax (I-II) | | (0.82) | (0.69) |
| IV | Tax expense: | | | |
| | Current tax | | - | - |
| | Deferred tax | | - | - |
| V | Profit/(loss) for the period(III-IV) | | (0.82) | (0.69) |
| VI | Other Comprehensive Income | | - | - |
| VII | Total Comprehensive Income for the period(V+VI) | | (0.82) | (0.69) |
| | Earnings per equity share (Par Value ₹ 10 each) | | | |
| | Basic (in ₹) | | (1.64) | (1.38) |
| | Diluted (in ₹) | | (1.64) | (1.38) |

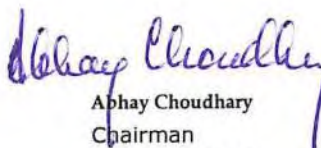
The accompanying notes (1 to 26) form an integral part of financial statements


As per our report of even date
For PRAHALAD KHANDELWAL & Co.
ICAI Firm Regn. No. 002714S


Vinod Bajaj
(Partner)
Membership No. 205343



For and on behalf of the Board of Directors


Abhay Choudhary
Chairman
DIN:07388432


K-S R Murty
Director
DIN: 07359191

Place : Hyderabad
Date : 23/05/2019

Place : Gurugram
Date : 23-05-2019

POWERGRID VEMAGIRI TRANSMISSION LIMITED
CIN:U40300DL2011GOI217975
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st March, 2019

(₹ in Lakhs)

| | PARTICULARS | For the year ended 31st Mar 2019 | For the year ended 31st Mar 2018 |
|----|-------------------------------------------------------------|-------------------------------------|-------------------------------------|
| A. | CASH FLOW FROM OPERATING ACTIVITIES | | |
| | Net Profit/(Loss) as per Profit & Loss A/c | (0.82) | (0.69) |
| | Adjustment For Increase/Decrease in: | | |
| | Other current Liabilities | 0.82 | 0.68 |
| | Cash generated from operations | 0.00 | (0.01) |
| B. | CASH FLOW FROM INVESTING ACTIVITIES | | |
| | Capital Work in Progress | - | - |
| | Net cash from Investing Activities | - | - |
| C. | CASH FLOW FROM FINANCIAL ACTIVITIES | | |
| | Issue of Share Capital | - | - |
| | Net cash from Financing Activities | - | - |
| D. | Net change in Cash and Cash Equivalents (A+B+C) | 0.00 | (0.01) |
| E. | Cash and Cash Equivalents (Opening Balance) | 0.16 | 0.17 |
| F. | Cash and Cash Equivalents (Closing Balance) (As per Note 4) | 0.16 | 0.16 |

The accompanying notes (1 to 26) form an integral part of financial statements

Note:

- I) Cash & Cash equivalents consist of cheques, drafts, balances with banks.
- II) Previous year figures have been re-grouped / re-arranged wherever required.

As per our report of even date
For PRAHALAD KHADELWAL & Co.
CHARTERED ACCOUNTANTS
ICAI Firm Regn. No. 0027143

Vinod Bajaj
(Partner)

Membership No. 205343



For and on behalf of the Board of Directors

Abhay Choudhary
Abhay Choudhary
Chairman
DIN:07388432

K S R Murty
K S R Murty
Director
DIN: 07359191

Place : Hyderabad

Date : 23/05/2019

Place : Gurugram

Date : 23-05-2019

Statement of Changes in Equity for the Year ended 31st March 2019

A. Equity Share Capital

(₹ in Lakhs)

| | |
|---------------------------------|------|
| As at 1st April, 2017 | 5.00 |
| Changes in equity share capital | - |
| As at 31st March, 2018 | 5.00 |
| Changes in equity share capital | - |
| As at 31st March, 2019 | 5.00 |

B. Other Equity

(₹ in Lakhs)

| Particulars | Share application money pending allotment | Equity component of compound financial instruments | Reserves and Surplus | | | Total |
|-----------------------------------------|-------------------------------------------|----------------------------------------------------|----------------------|-----------------|-------------------|------------|
| | | | CSR Reserve | General Reserve | Retained Earnings | |
| Balance at 1st April, 2018 | - | - | | | (1,943.95) | (1,943.95) |
| Total Comprehensive Income for the year | - | - | | | (0.82) | (0.82) |
| Balance at 31st March, 2019 | - | - | - | - | (1,944.77) | (1,944.77) |

(₹ in Lakhs)

| | | | | | | |
|-----------------------------------------|---|---|---|---|------------|------------|
| Balance at 1st April, 2017 | - | - | - | - | (1,943.26) | (1,943.26) |
| Total Comprehensive Income for the year | - | - | - | - | (0.69) | (0.69) |
| Balance at 31st March, 2018 | - | - | - | - | (1,943.95) | (1,943.95) |

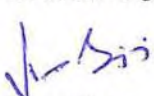
The accompanying notes (1 to 26) form an integral part of financial statements

Refer Note 6 for movement and nature of Reserve and Surplus

As per our report of even date

For PRAHALAD KHANDELWAL & Co.

ICAI Firm Regn. No. 002714S



Vinod Bajaj

(Partner)

Membership No. 205343



For and on behalf of the Board of Directors



Abhay Choudhary

Chairman

DIN: 07388432



K S R Murty

Director

DIN: 07359191

Place : Hyderabad

Date : 23/05/2019

Place : Gurugram

Date : 23-05-2019

| POWERGRID VEMAGIRI TRANSMISSION LIMITED | | |
|------------------------------------------------|-----------------------------------|-----------------------------------|
| Note 4/Cash and Cash Equivalents | | |
| (₹ in Lakhs) | | |
| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
| Balance with banks | | |
| -In Current accounts | 0.16 | 0.16 |
| Total | 0.16 | 0.16 |



POWERGRID VEMAGIRI TRANSMISSION LIMITED

Note 5/Equity Share capital

(₹ in Lakhs)

| Particulars | As at 31st March, 2019 | As at 31st March, 2018 |
|---------------------------------------------------------|------------------------|------------------------|
| Equity Share Capital | | |
| Authorised | | |
| 50,000 equity shares of ₹ 10/- each at par | 5.00 | 5.00 |
| Issued, subscribed and paid up | | |
| 50,000 equity shares of ₹ 10/-each at par fully paid up | 5.00 | 5.00 |
| Total | 5.00 | 5.00 |

Further Notes:

1) Reconciliation of Number and amount of share capital outstanding at the beginning and at the end of the reporting period

| Particulars | For the year ended 31st March, 2019 | | For the year ended 31st March, 2018 | |
|-------------------------------------------------|-------------------------------------|------------|-------------------------------------|------------|
| | No. of Shares | ₹ in Lakhs | No. of Shares | ₹ in Lakhs |
| Shares outstanding at the beginning of the year | 50,000 | 5.00 | 50,000 | 5.00 |
| Shares Issued during the year | - | - | - | - |
| Shares outstanding at the end of the year | 50,000 | 5.00 | 50,000 | 5.00 |

2) The Company has only one class of equity shares having a par value of ₹ 10/- per share.

3) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at meetings of the Shareholders.

4) Shareholders holding more than 5% equity shares of the Company

| Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|-------------------------------------------------------------|------------------------|--------------|------------------------|--------------|
| | No. of Shares | % of holding | No. of Shares | % of holding |
| Power Grid Corporation of India Limited (Holding Company) # | 50,000 | 100 | 50,000 | 100 |

Out of 50000 Equity shares (Previous Year 50000 Equity shares), 6 Equity shares are held by Nominees of M/s Power Grid Corporation of India Limited on its behalf



POWERGRID VEMAGIRI TRANSMISSION LIMITED**Note 6/Other Equity**

(₹ in Lakhs)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|----------------------------------------------------|--------------------------|--------------------------|
| Reserves and Surplus | | |
| Retained Earnings | | |
| As per last balance sheet | (1,943.95) | (1,943.26) |
| Add:Additions | | |
| Profit after tax as per Statement of Profit & Loss | (0.82) | (0.69) |
| Less: Appropriations | | |
| TOTAL | (1,944.77) | (1,943.95) |



POWERGRID VEMAGIRI TRANSMISSION LIMITED**Note 7/Other Current Financial Liability**

(₹ in Lakhs)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|-----------------------------------------------------------|--------------------------|--------------------------|
| Related Party (M/s Power Grid Corporation of India Ltd.,) | 1,939.46 | 1,938.64 |
| Others | 0.43 | 0.43 |
| Total | 1,939.89 | 1,939.07 |

Further Notes:

Others represents Audit Fees payable

Disclosure with regard to Micro and Small enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note No 11



POWERGRID VEMAGIRI TRANSMISSION LIMITED

Note 8/Other current liabilities

(₹ in Lakhs)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|----------------|-----------------------|-----------------------|
| Statutory dues | 0.04 | 0.04 |
| Total | 0.04 | 0.04 |



POWERGRID VEMAGIRI TRANSMISSION LIMITED

Note 9/Finance costs

(₹ in Lakhs)

| Particulars | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
|-----------------------|---------------------------------------|---------------------------------------|
| Other finance charges | 0.01 | 0.01 |
| TOTAL | 0.01 | 0.01 |



POWERGRID VEMAGIRI TRANSMISSION LIMITED

Note 10/Other expenses

(₹ in Lakhs)

| Particulars | For the year ended 31st March 2019 | For the year ended 31st March 2018 |
|----------------------------------------|---------------------------------------|---------------------------------------|
| Professional charges (Including TA/DA) | 0.34 | 0.20 |
| Payments to Statutory Auditors | | - |
| Audit Fees | 0.47 | 0.48 |
| Miscellaneous Expenses | 0.00 | - |
| Total | 0.81 | 0.68 |



Notes to Financial Statements

1. Corporate and General Information

Powergrid Vemagiri Transmission Limited ("the Company") is a company domiciled and incorporated in India under the provisions of Companies Act and is wholly owned subsidiary of Power Grid Corporation of India Limited. The registered office of the Company is situated at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110 016. The company is engaged in the business of Power Transmission Systems Network, construction, operation and maintenance of transmission lines and other related allied activities.

The financial statements of the company for the year ended Mar 31, 2019 were approved for issue by the Board of Directors as on 21st May, 2019.

2. Significant Accounting Policies

2.1 Basis of Preparation

i) Compliance with Ind AS

The financial statements are prepared in compliance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015, the relevant provisions of the Companies Act, 2013 (to the extent notified), The Companies Act, 1956 and the provisions of Electricity Act, 2003, in each case, to the extent applicable and as amended thereafter.

ii) Basis of Measurement

The financial statements have been prepared on accrual basis and under the historical cost convention except certain financial assets and liabilities measured at fair value (Refer Note 2.11 for accounting policy regarding financial instruments).

iii) Functional and presentation currency

The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency and all amounts are rounded to the nearest lakhs and two decimals thereof, except as stated otherwise.



iv) Use of estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Note no. 3 on critical accounting estimates, assumptions and judgments).

v) Current and 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 realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in 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 settlement of the liability for at least twelve months after the reporting period.



- All other liabilities are classified as non-current.

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

- The Company recognizes twelve months period as its operating cycle.

2.2 Property, Plant and Equipment

Initial Recognition and Measurement

Property, Plant and Equipment is initially measured at cost of acquisition/construction including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation / amortisation and accumulated impairment losses, if any.

Property, Plant and Equipment acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized.

If the cost of the replaced part or earlier inspection is not available, the estimated cost of similar new parts/inspection is used as an indication of what the cost of the existing part/ inspection component was when the item was acquired or inspection was carried out.

In the case of commissioned assets, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

Assets and systems common to more than one transmission system are capitalized on the basis of technical estimates/ assessments.

Transmission system assets are considered as ready for intended use after meeting the conditions for commercial operation as stipulated in Transmission Service Agreement (TSA) and capitalized accordingly.

The cost of land includes provisional deposits, payments/liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken.

Expenditure on leveling, clearing and grading of land is capitalized as part of cost of the related buildings.

Spares parts whose cost is ₹ 5,00,000/- and above, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized.



Subsequent costs

Subsequent expenditure is recognized as an increase in carrying amount of assets when it is probable that future economic benefits deriving from the cost incurred will flow to the company and cost of the item can be measured reliably.

The cost of replacing part of an item of PPE is recognized in the carrying amount of the item if it is probable that future economic benefit embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit & Loss as incurred.

De-recognition

An item of Property, Plant and Equipment is derecognized when no future economic benefits are expected from their use or upon disposal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

2.3 Capital Work-In-Progress (CWIP)

Cost of material, erection charges and other expenses incurred for the construction of Property, Plant and Equipment are shown as CWIP based on progress of erection work till the date of capitalization.

Expenditure of office and Projects, attributable to construction of property, plant and equipment are identified and allocated on a systematic basis to the cost of the related assets.

Interest during construction and expenditure (net) allocated to construction as per policy above are kept as a separate item under CWIP and apportioned to the assets being capitalized in proportion to the closing balance of CWIP.

Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.

2.4 Intangible Assets and Intangible Assets under development

Intangible assets are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on already capitalized Intangible assets is capitalised when it increases the future economic benefits embodied in an existing asset and is amortised prospectively.



The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognized as an intangible asset when the same is ready for its use.

Afforestation charges for acquiring right-of-way for laying transmission lines are accounted for as intangible assets on the date of capitalization of related transmission lines.

Expenditure on research shall be recognised as an expense when it is incurred.

Expenditure on development shall be recognised as Intangible asset if it meets the eligibility criteria as per Ind AS 38 'Intangible Assets', otherwise it shall be recognised as an expense

Expenditure incurred, eligible for capitalization under the head Intangible Assets, are carried as "Intangible Assets under Development" till such assets are ready for their intended use.

An item of Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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 and Loss when the asset is derecognised.

2.5 Depreciation / Amortisation

Property, Plant & Equipment

Depreciation/amortisation on the assets is provided on straight line method following the rates and methodology notified by the CERC for the purpose of recovery of tariff except for assets specified in the following paragraphs.

Leasehold land is fully amortized over lease period or life of the related plant whichever is lower in accordance with the rates and methodology specified in CERC Tariff Regulation. Leasehold land acquired on perpetual lease is not amortized.

Depreciation on spares parts, standby equipment and servicing equipment which are capitalized, is provided on straight line method from the date they are available for use over the remaining useful life of the related assets, following the rates and methodology notified by the CERC.

Depreciation on following assets is provided based on estimated useful life as per technical assessment.

| Particulars | Useful life |
|---------------------------------|-------------|
| a. Computers & Peripherals | 3 Years |
| b. Servers & Network Components | 5 years |



Residual value of above assets is considered as Nil.

Mobile phones are charged off in the year of purchase.

Fixed Assets costing ₹ 5,000/- or less, are fully depreciated in the year of acquisition.

Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively at the rates and methodology as specified by the CERC Tariff Regulations.

Depreciation on additions to/deductions from Property, Plant and Equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The residual values, useful lives and methods of depreciation for assets are reviewed at each financial year-end and adjusted prospectively, wherever required.

Intangible Assets

Cost of software capitalized as intangible asset is amortized over the period of legal right to use or 3 years, whichever is less with Nil residual value.

Afforestation charges are amortized over thirty five years from the date of capitalization of related transmission assets following the rates and methodology notified by Central Electricity Regulatory Commission (CERC) Tariff Regulations.

Amortisation on additions to/deductions from Intangible Assets during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The amortisation period and the amortisation method for intangible assets are reviewed at each financial year-end and are accounted for as change in accounting estimates in accordance with Ind AS 8 : "Accounting Policies, Changes in Accounting Estimates and Errors".

2.6 Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised (net of income on temporary deployment of funds) as part of the cost of such assets till the assets are ready for the intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use.



Other borrowing costs are charged to revenue.

2.7 Impairment of non-financial assets, other than inventories

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, and deposits held at call with banks having a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.9 Inventories

Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.

Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.





2.11 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

Classification

The Company classifies its financial assets in the following categories:

- at amortised cost,
- at fair value through other comprehensive income

The classification depends on the following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset

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, if any, that are attributable to the acquisition of the financial asset.

Subsequent measurement

Debt Instruments at Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Debt Instruments at Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI).

Equity investments

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The company may, on initial recognition, make an irrevocable election to present subsequent changes in the fair value in other comprehensive income (FVOCI) on an instrument by-instrument basis.



For equity instruments classified as at FVOCI, all fair value changes on the instrument, excluding dividends are recognized in the OCI. There is no recycling of the amounts from OCI to Profit or Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

De-recognition of financial assets

A financial asset is derecognized only when

The right to receive cash flows from the assets have expired, or

- The company has transferred the rights to receive cash flows from the financial asset, or
- Retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Impairment of financial assets:

For trade receivables, the company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For recognition of impairment loss on other financial assets and risk exposure, the company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 -month ECL.

Financial Liabilities

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company.

The Company's financial liabilities include loans & borrowings, trade and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable to the issue of financial liabilities. Financial liabilities are classified as subsequently measured at amortized cost. 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 effective interest rate (EIR). Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the EIR.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing 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 between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other income or finance cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.12 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items are



translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.

The Company has availed the exemption available in Ind AS 101, to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary liabilities outstanding as on March 31, 2016.

Exchange differences arising from foreign currency borrowing to the extent regarded as an adjustment to interest costs are treated as borrowing cost. Other exchange differences are recognized in the Statement of Profit and Loss.

2.13 Income Tax

Income tax expense represents the sum of current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case the tax is also recognised directly in equity or in other comprehensive income.

Current income tax

The Current Tax is based on taxable profit for the year under the tax laws enacted or subsequently enacted at the end of the reporting period in the countries where the company operate and generate taxable income.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Balance Sheet liability method. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

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



Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

2.14 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer. The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 and Ind AS 11.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, GST and value added taxes.

Significant Financing Component

Where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year, the Company assesses the effects of significant financing component in the contract. As a consequence, the Company makes adjustment in the transaction prices for the effects of time value of money. No such adjustment has been made for the comparative period.

2.14.1 Revenue from Operations

Transmission Income is accounted for based on orders issued by CERC u/s 63 of Electricity Act 2003 for adoption of transmission charges.

The Transmission system incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees and in accordance with the Transmission Service Agreement (TSA) entered between the Transmission Service Provider and long term Transmission Customers.

2.14.2 Other Income

Surcharge recoverable from trade receivables, liquidated damages, warranty claims and interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.



Scrap other than steel scrap & conductor scrap are accounted for as and when sold.

Dividend income is recognized when right to receive payment is established.

Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realization.

Revenue from rentals and operating leases is recognized on an accrual basis in accordance with the substance of the relevant agreement.

Interest income is recognized, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

2.15 Dividends

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognised directly in equity.

2.16 Provisions and Contingencies

a) 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. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

b) Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on



contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised.

Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

2.17 Share capital and Other Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Self-insurance reserve is created @ 0.12% p.a. on Gross Block of Property, Plant and Equipment as at the end of the year by appropriation of current year profit to mitigate future losses from un-insured risks and for taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers and equipment of AC substation. The Reserve created as above is shown as "Self Insurance Reserve" under 'Other Equity'.

2.18 Prior Period Items

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

2.19 Earnings per Share

Basic earnings per share is computed using the net profit for the year attributable to the shareholders and weighted average number of shares outstanding during the year.

Diluted earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of equity and potential equity shares outstanding during the year, except where the result would be anti-dilutive.

Additionally, basic and diluted earnings per share are computed using the earnings amounts excluding the movements in Regulatory Deferral Account Balances.

2.20 Cash Flow Statement

Cash flow statement is prepared as per indirect method prescribed in the Ind AS 7 'Statement of Cash Flows'.



3. Critical Estimates and Judgments

The preparation of financial statements requires the use of accounting estimates which may significantly vary from the actual results. Management also needs to exercise judgment while applying the company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

The areas involving critical estimates or judgments

Revenue Recognition

Transmission income is accounted for based on orders issued by the CERC under section 63 of Electricity Act for adoption of transmission charges. Transmission income in respect of additional capital expenditure incurred after the date of commercial operation is accounted for based on expenditure incurred on year to year basis as per CERC tariff regulations

Useful life of property, plant and equipment

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

Estimates and judgments are periodically evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.



Based on information available with the company, there are no supplier's/service providers who are registered as micro, small or medium enterprise under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Information in respect of micro and small enterprises as required by MSMED Act, 2006 is given as under:

(₹ in Lakhs)

| Sl. No. | Particulars | Current Year | Previous Year |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------------|
| 1. | Principal amount and interest due thereon remaining unpaid to any supplier as at end of each accounting year: Principal Interest | Nil Nil | Nil Nil |
| 2. | The amount of Interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | Nil | Nil |
| 3. | 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 MSMED Act, 2006 | Nil | Nil |
| 4. | The amount of interest accrued and remaining unpaid at the end of each accounting year. | Nil | Nil |
| 5. | 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 MSMED Act 2006 | Nil | Nil |

12. GOING CONCERN ASSUMPTION

The company was formed as SPV for execution of Vemagiri Transmission system allocated on Tariff Based Competitive Bidding (TBCB). CERC vide order dated 09.05.2013 and 27.09.2013 interalia stated that Vemagiri Transmission system cannot be executed in its present form. In this scenario, the company may not be able to do further any activity and may cease to be a going concern in near future.



- 13 The CERC vide its order dated 06th April 2015, had withdrawn their earlier regulatory approval given vide its order dated 13-Dec-2011 since the transmission project is not required to be implemented as there was no enough gas in the KG Basin to supply to the beneficiaries M/s Samalkot Power Ltd., and M/s Spectrum Power generation Limited.
- 14 As on the date of Balance sheet company does not have any Inventory or own any Property, Plant & Equipment and hence no depreciation provided in the books of accounts.

Further, the company being in Loss, Deferred tax provision has not been made as the company will cease to be a going concern in near future.

15. Fair Value Measurements

(₹ in Lakhs)

| Financial instruments by category | 31st March 2019 | | 31st March 2018 | |
|------------------------------------|-----------------|----------------|-----------------|----------------|
| | FVOCI | Amortised cost | FVOCI | Amortised cost |
| Financial Assets | | | | |
| Cash & Cash Equivalents | | 0.16 | | 0.16 |
| Total financial assets | - | 0.16 | - | 0.16 |
| Financial Liabilities | | | | |
| Other Financial Liabilities | | 1939.89 | | 1939.07 |
| Total financial liabilities | - | 1939.89 | - | 1939.07 |

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. Since there is nothing Non-Current as at 31st Mar 2019 and 31st Mar 2018, nothing has been categorised as Level 1 or Level 2 or Level 3.



Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity Instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

The carrying amount of cash & cash equivalent and other financial liabilities are considered to be the same as their fair values, due to their short term nature.

16. Related party Transactions

(a) Holding Company

| Name of entity | Place of business/country of incorporation/Relationship | Proportion of Ownership Interest | |
|----------------------------------------|---------------------------------------------------------|----------------------------------|---------------|
| | | 31-Mar-2019 | 31- Mar- 2018 |
| Powergrid Corporation of India Limited | India- Holding Company | 100% | 100% |

(b) Subsidiaries of Holding Company

| Name of entity | Place of business/country of incorporation | Proportion of Ownership Interest | |
|-----------------------------------------|--------------------------------------------|----------------------------------|------------------|
| | | 31st March, 2019 | 31st March, 2018 |
| Powergrid Vizag Transmission Limited | India | NA | NA |
| Powergrid NM Transmission Limited | India | NA | NA |
| Powergrid Unchahar Transmission Limited | India | NA | NA |
| Powergrid Kala Amb Transmission Limited | India | NA | NA |



| | | | |
|-------------------------------------------------------------------------------------------------------------|-------|----|----|
| Powergrid Jabalpur Transmission Limited | India | NA | NA |
| Powergrid Warora Transmission Limited | India | NA | NA |
| Powergrid Parli Transmission Limited | India | NA | NA |
| Powergrid Southern Interconnector Transmission System Limited | India | NA | NA |
| Powergrid Medinipur Jeerat Transmission Limited | India | NA | NA |
| Powergrid Mithilanchal Transmission Limited (erstwhile WR-NR Power Transmission Limited) | India | NA | NA |
| Powergrid Varanasi Transmission System Limited (erstwhile WR-NR Transmission Limited) | India | NA | NA |
| Powergrid Jawaharpur Firozabad Transmission Limited (erstwhile Jawaharpur Firozabad Transmission Limited)* | India | NA | NA |

* 100% equity in Powergrid Jawaharpur Firozabad Transmission Limited acquired from REC Transmission Projects Company Limited on 21st December, 2018.

(c) Joint Ventures of Holding Company

| Name of entity | Place of business/ country of incorporation | Proportion of Ownership Interest | |
|-----------------------------------------------------|---------------------------------------------------|----------------------------------|------------------|
| | | 31st March, 2019 | 31st March, 2018 |
| Powerlinks Transmission Limited | India | NA | NA |
| Torrent Power Grid Limited | India | NA | NA |
| Jaypee Powergrid Limited | India | NA | NA |
| ParbatiKoldam Transmission Company Ltd. | India | NA | NA |
| Teestavalley Power Transmission Limited # | India | NA | NA |
| North East Transmission Company Limited | India | NA | NA |
| National High Power Test Laboratory Private Limited | India | NA | NA |
| Bihar Grid Company Limited | India | NA | NA |
| KalingaVidyutPrasaran Nigam Private Ltd.* | India | NA | NA |
| Cross Border Power Transmission Company Ltd. | India | NA | NA |
| RINL Powergrid TLT Private Limited ** | India | NA | NA |
| Power Transmission Company Nepal Ltd. | Nepal | NA | NA |



- * POWERGRID'S Board of Directors in its meeting held on 16th August 2017 accorded approval for initiating procedure for winding up/removal of the name of Kalinga Bidyut Prasaran Nigam Private Limited under fast track Exit mode of Registrar of Companies (ROC).
- ** POWERGRID'S Board of Directors in its meeting held on 01st May 2018 accorded approval for initiating procedure for winding up/removal of the name of RINL Powergrid TLT Private Limited.
- # POWERGRID & Teesta Urja Ltd. are the joint venture partners in Teestavalley Power Transmission Limited & holds 26% and 74% of equity respectively as per shareholding agreement. On call of additional equity by Teestavalley Power Transmission Limited, POWERGRID contributed their share amounting 11.28 crores while the other JV partner has not contributed their share of money as on 31.03.2019. Consequently, the holding of POWERGRID increased to 28.23% as on 31.03.2019 against 26% provided in shareholding agreement.

(c) Key Management Personnel

| S. No. | Name | Designation | Date of Appointment | Date of Cessation |
|--------|----------------------|-------------|---------------------|-------------------|
| 1 | Shri K S R Murty | Director | 08/02/2018 | Continuing |
| 2 | Shri Anil Jain | Director | 04/07/2017 | Continuing |
| 3 | Shri V. Sekhar | Director | 18/04/2012 | Continuing |
| 4 | Shri Abhay Choudhary | Chairman | 27/12/2018 | Continuing |

(e) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties: (₹ in Lakhs)

| Particulars | 31 March, 2019 | 31 March, 2018 |
|----------------------------------------------------------|----------------|----------------|
| Amount payable (purchases of goods and services) | | |
| <u>Holding Company</u> | | |
| Power grid Corporation of India Ltd. | 1939.46 | 1938.64 |
| Total payables to related parties | 1939.46 | 1938.64 |

17. Segment Information

Business Segment

The Board of Directors is the company's Chief operating decision maker who monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. One reportable segments have been identified on the basis of product/services. The company has a single reportable segment i.e., Power transmission.



The operations of the company are mainly carried out within the country and therefore there is no reportable geographical segment.

18. Capital and other Commitments

(₹ in Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | NIL | NIL |

19. Contingent Liabilities and contingent assets

Contingent Liabilities

No contingent liability exists as on 31st Mar 2019. (As on 31st Mar 2018 ₹ NIL).

20. Capital management

a) Risk Management

The company's objectives when managing capital are to

- maximize the shareholder value;
- safeguard its ability to continue as a going concern;
- Maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the company's capital management, equity capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The company manages its capital structure and makes adjustments in light of changes in economic conditions, regulatory framework and requirements of financial covenants with lenders. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, regulate investments in new projects, return capital to shareholders or issue new shares.

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



21. Earnings per share

(Amount in ₹)

| (a) Basic and diluted earnings per share attributable to the equity holders of the company | 31 March, 2019 | 31 March, 2018 |
|--------------------------------------------------------------------------------------------|----------------|----------------|
| From Continuing Operations | (1.64) | (1.38) |
| Total basic & diluted earnings per share attributable to the equity holders of the company | (1.64) | (1.38) |

(₹ in Lakhs)

| (b) Reconciliation of earnings used in calculating earnings per share | 31 March, 2019 | 31 March, 2018 |
|-----------------------------------------------------------------------|----------------|----------------|
| Earnings attributable to the equity holders of the company | (0.82) | (0.69) |
| Total Earnings attributable to the equity holders of the company | (0.82) | (0.69) |

| (c) Weighted average number of shares used as the denominator | 31 March, 2019 No. of shares | 31 March, 2018 No. of Shares |
|----------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|
| Weighted average number of equity shares used as the denominator in calculating basic earnings per share | 50,000 | 50,000 |
| Adjustments for calculation of diluted earnings per share | - | - |
| Total weighted average number of equity shares used as the denominator in calculating basic earnings per share | 50,000 | 50,000 |

22. Financial Risk Management:

The Company's principal financial liabilities comprise loans and borrowings denominated in Indian rupees, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's capital investments and operations.

The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that are generated from its operations.

The Company's activities expose it to the following financial risks, namely,

- Credit risk,
- Liquidity risk,
- Market risk.



- d) This note presents information regarding the company's exposure, objectives, policies and processes for measuring and managing these risks.

The management of financial risks by the Company is summarized below:-

A) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is not exposed any credit risk from its operating activities on account of trade receivables.

A default on a financial asset is when the counterparty fails to make contractual payments within 3 years of when they fall due. This definition of default is determined considering the business environment in which the Company operates and other macro-economic factors.

Assets are written-off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in the statement of profit and loss.

(i) Other Financial Assets (excluding trade receivables)

- Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 0.16 Lakhs as on 31st March, 2019 (31st March, 2018 ₹ 0.16 Lakhs). The cash and cash equivalents are held with public sector banks and high rated private sector banks and do not have any significant credit risk.

(₹ in lakh)

| Particulars | 31 st March, 2019 | 31 st March, 2018 |
|-----------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|
| Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL) | | |
| Cash and cash equivalents | 0.16 | 0.16 |
| Other current financial assets | - | - |
| Total | 0.16 | 0.16 |
| Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL) | Nil | Nil |



B) Liquidity risk

Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company has access to a variety of sources of funding such as commercial paper, bank loans, bonds and external commercial borrowings and retains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position comprising the undrawn borrowing facilities below and cash and cash equivalents on the basis of expected cash flows.

The Company depends on both internal and external sources of liquidity to provide working capital and to fund capital expenditure.

- C) 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:

- i. Currency risk
- ii. Interest rate risk

i) Currency risk

As on Reporting date the Company does not have any exposure to currency risk in respect of foreign currency denominated loans and borrowings and procurement of goods and services whose purchase consideration foreign currency.

ii) Interest rate risk

The Company is not exposed to any interest rate risk arising from long term borrowings since all the borrowings are with fixed interest rates.

23. Employee Benefit Obligations

The company not employed any employee hence, does not have any employee related benefit obligations.

24. Impact of application of Ind AS 115 Revenue from Contracts with Customers

Effective April 1, 2018, the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The company has applied Ind AS 115 retrospectively only to contracts that are not completed as at the date of initial application, with the cumulative effect of initial application recognised as an adjustment to the opening balance of General Reserve at April 1, 2018. In accordance with the transition



guidance in Ind AS 115 has only been applied to contracts that are incomplete as at April 1, 2018.

The company's accounting policies for its revenue streams are disclosed in Note 2.14. Apart from effect of significant financing component in telecom contracts, the application of Ind AS 115 do not have any significant impact on the financial position and/or financial performance of the company.

Impacts on assets, liabilities and equity as at April 1, 2018

(₹ in Lakhs)

| | As previously Reported | Ind AS 115 Adjustments | As restated |
|--------------------------------|------------------------|------------------------|-------------|
| Contract liabilities | - | - | - |
| Other Equity - General Reserve | (1943.95) | - | (1943.95) |

Impacts on Statement of Profit and Loss as at March 31, 2019

Due to Implementation of Ind AS 115, Revenue from Operation increased by ₹ Nil, Finance Cost increased by ₹ Nil and Other Expenses increase by ₹ Nil. Profit after Tax increased by ₹ Nil during the year.

Impacts on assets, liabilities and equity as at March 31, 2019

(₹ in Lakhs)

| | As previously Reported | Ind AS 115 Adjustments | As restated |
|------------------------------------|------------------------|------------------------|-------------|
| Contract assets (unbilled revenue) | - | - | - |
| Deferred tax liabilities/(assets) | - | - | - |
| Contract liabilities | - | - | - |
| Other Equity - General Reserve | (1944.77) | - | (1944.77) |

* The previous year figures have been reclassified to conform to Ind-AS presentation requirements for the purpose of this note.

25. Recent Accounting Pronouncements:

Ind AS 116 was notified by Ministry of Corporate Affairs on 30 March 2019 and it is applicable for annual reporting periods beginning on or after 1 April 2019.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change.



The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 19, 'Employee Benefits'

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must :

- Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- Any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- Separately recognise any changes in the asset ceiling through other comprehensive income.

These amendments will apply to any future plan amendments, curtailments, or settlements of the Company on or after 1 April 2019. The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendment to Ind AS 12, 'Income Taxes'

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

The Company is evaluating the requirements of the amendment and the effect on financial statements.

Amendments to Ind AS 23, 'Borrowing Costs'

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Company is evaluating the requirements of the amendment and the effect on financial statements.



26. a) Figures have been rounded off to nearest rupee in lakhs up to two decimal.

b) The previous year figures have been reclassified/re-grouped to conform to the current year's classification.

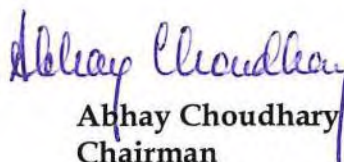
In terms of our report of even date
For PRAHALAD KHANDLWAL & Co.,
Chartered Accountants
ICAI Firm Reg No. 002714S



Vinod Bajaj
Partner
Mem No. 205343



For and on behalf of Board of Directors



Abhay Choudhary
Chairman
DIN: 07388432



K S R Murty
Director
DIN: 07359191

Place: Hyderabad

Date: 23/05/2019.

Place: Gurugram

Date: 23-05-2019

POWERGRID VEMAGIRI TRANSMISSION LIMITED

(A 100% Subsidiary of Power Grid Corporation of India Ltd)

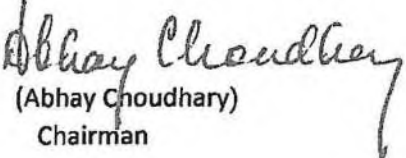
Corporate office: - B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016

Ref: PVZTL/F&A/18-19

Dated: 22.05.2019

CERTIFICATE

This is to certify that, Financial results of M/s Powergrid Vemagiri Transmission Limited for the financial year ended 31st march 2019, does not contain any false or misleading statement or figures and do not omit any material fact which may make the statement or figure contained therein misleading.


(Abhay Choudhary)
Chairman

POWERGRID VEMAGIRI TRANSMISSION LIMITED

(A 100% Subsidiary of Power Grid Corporation of India Ltd)

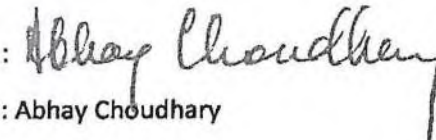
Corporate office: - B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016

Ref: PVZTL/F&A/18-19

Dated: 22.05.2019

CERTIFICATE

This to certify that all the provisions relating to various Tax Laws, Companies act and other laws as may be applicable from time to time has been complied with for the financial year 2018-19 in respect of the company.

Signature : 
Name : Abhay Choudhary
Designation : Chairman
Date :

POWERGRID VEMAGIRI TRANSMISSION LIMITED

(A 100% Subsidiary of Power Grid Corporation of India Ltd)

Corporate office: - B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016

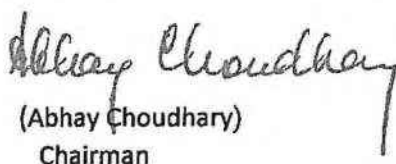
Ref: PVZTL/F&A/18-19

Dated: 22.05.2019

COMPLIANCE CERTIFICATE

The Annual Accounts for the financial Year 2018-19 have been prepared keeping in view the provision of Section 134(5) of the companies Act, 2013 relating to Director's Responsibilities Statement i.e.

- i) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) The Accounting Policies of the company have been applied consistently and the reasonable and prudent judgment and estimates have been made so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of Companies Act, 2013 for the safeguarding the assets of the company and for Preventing and Detecting Fraud and other Irregularities;
- iv) The Annual Accounts have been prepared on going concern basis.
- v) The laid down Internal Financial Controls^(#) have been followed and such internal financial control are adequate and are operating effectively.
- vi) Proper system to ensure compliances with the provision of all applicable Laws have been devised and such system are adequate and operating effectively.


(Abhay Choudhary)
Chairman

Date:

Place:

(#) Explanation: for the purpose of this Clause, the term "internal financial control" mean the policies and the procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherences 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