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

(₹ in Lakhs)

Particulars	Note No	As at 31st March2019	As at 31st March2018
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. 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 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		-	-
	Deferred tax		(2611.21)	(3191.30)
VII	Profit (Loss) for the period(V-VI)		(6355.92)	(8314.08)
VIII	Other Comprehensive Income			
IX	Total Comprehensive Income for the period (VII+VIII)		(6355.92)	(8314.08)
	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
		1,370.68	(149.52)
	Operating profit before Working Capital Changes		
	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 (Clossing Balance)**	**73.51**	**3.22**

The accompanying notes (1 to 41) 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-groupped / re-arranged whereever required.

As per our report of even date
For *Mallya & Mallya*
Chartered Accountants
Firm Regn. No.01955S

(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 Secy.

Place: Gurgaon
Date : 20-May-2019

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. 019555

Mallya & Mallya Bangalore Chartered Accountants

(CA. CS Prashanth)
Partner
Membership No.218355

For and on behalf of Board of Directors

(Seema Gupta)
Chairperson
DIN : 06636330

(A.K. Das)
CFO

पावरग्रिड एन एम ट्रांसमिशन लिमिटेड, बेंगलूरु
POWERGRID NM TRANSMISSION LIMITED, BANGALORE
पावरग्रिड
एन एम टि एल

(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

(₹ 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
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

(₹ 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
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 April2018	Additions during the year	Adjustments	Capitalised during the year	As at 31st March2019	As at 31st March2018
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		457.42	4,288.14
	39,744.32	**18,147.78**	**3,830.72**	**53,603.96**	**457.42**	**39,744.32**
Previous Year Total	**28,678.38**	**14,952.28**	**3,886.34**	-	**39,744.32**	**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	As at 31st March,2017
Plant & Equipments (including associated civil works)						
a) Transmission	18,059.93	12,178.46			30,238.39	18,059.93
Expenditure pending allocation						
i) Survey, investigation, consultancy & supervision Charges	34.44	-			34.44	34.44
ii) Expenditure during construction period(net)	2,409.53	2,773.82			5,183.35	2,409.53
Construction Stores	8,174.48		3,886.34		4,288.14	8,174.48
	28,678.38	**14,952.28**	**3,886.34**	-	**39,744.32**	**28,678.38**

POWERGRID NM TRANSMISSION LIMITED

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

(At cost)

(₹ in Lakhs)

Particulars	As at 31st March2019	As at 31st March2018
Costruction 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

Annex - VII

POWERGRID NM TRANSMISSION LIMITED

Note 7/ Deferred tax Assets (Net)

(₹ in Lakhs)

Particulars	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**
Deferred Tax ~~Liability~~ Assets (Net) ~~(A-B)~~ (B-A)	**6,805.74**	**4,194.53**

Movements in Deferred Tax Liabilities

(₹ in Lakhs)

	Property, Plant and Equipment	Others		Total
As at 01st 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 31st 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 31st 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 01st 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 31st 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 31st 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, BANGALORE

Mallya & Mallya, Bangalore, Chartered Accountants

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 N.M TRANSMISSION LIMITED, BANGALORE
पावरग्रिड एन एम टि एल

Mallya & Mallya Bangalore Chartered Accountants

POWERGRID NM TRANSMISSION LIMITED

Note 09/Trade receivables

			(₹ in Lakhs)
Particulars		**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)**

पावरग्रिड एन एम ट्रांसमिशन लिमिटेड, बेंगलोर
POWERGRID NM TRANSMISSION LIMITED, BANGALORE

Maliya & Maliya ★ Bangalore ★ Chartered Accountants

POWERGRID NM TRANSMISSION LIMITED

Note 14/ Borrowings

(₹ in Lakhs)

). 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

(₹ in Lakhs)

Particulars	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 Devolopment Act,2006' is given in note 31 (C).

POWERGRID NM TRANSMISSION LIMITED

Note 16/Other Current Financial Liabilities

(₹ in Lakhs)

Particulars	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
	5,388.12	280.08
B) Interest accrued but not due on borrowings from		
Loan from Power Grid Corporation of India ltd.	3,863.17	3,777.57
	3,863.17	3,777.57
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
	8,962.20	10,851.44
Total	**18,213.49**	**14,909.09**

* 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

(₹ in Lakhs)

Particulars	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

(₹ in Lakhs)

Particulars	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 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)

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

*** Sale of Scrap and Rebate on RLDC charges**

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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 31st March,2019	For the year ended 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**

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Note 22/Other expenses

(₹ in Lakhs)

Particulars		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
		242.94	2,079.10
Total		242.94	2,079.10

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Note 23/ Expenditure during Construction (Net)

(₹ in Lakhs)

Particulars		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
		8.92	6.25
Legal expenses		55.66	3.82
Professional charges		0.41	0.50
Consultancy expenses		677.42	746.25
Communication expenses		-	0.03
Travelling & Conv.exp.		0.94	12.68
Payment to Auditors		1.19	2.69
Advertisement and Publicity		3.69	-
Printing and stationery		2.00	2.13
EDP hire and other charges		0.70	0.67
Brokerage and commission		0.57	-
Miscellaneous expenses		10.73	4.39
Hiring of Vehicles		74.24	49.84
Rates and taxes		4.19	4.24
Total(A)		**840.66**	**833.50**
B.Depreciation/Amortisation		**0.04**	**0.06**
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**

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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, QutabInstitutinal Area, KatwariaSarai, 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 prepaired 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

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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 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 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 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.

पावरग्रिड एन एम ट्रांसमिशन लिमिटेड, बेंगलुरु
POWERGRID NM TRANSMISSION LIMITED, BANGALORE

Bangalore
Chartered Accountants

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 profitor lossfor 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

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 reviewes 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	NIL

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 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 majoroperating leases except in respect of premises for office which isrenewable 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 ' Borrowig 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, theCompany 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 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**)

Contingent liabilities	**31 March, 2019**	**31 March, 2018**
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 Adjustments for calculation of diluted earnings per share:	235,534,247	206,758,904
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

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

(b) Subsidiaries of Holding Company

		Proportion of Ownership Interest	
Name of entity	**Place of business/country of incorporation**	**31st March, 2019**	**31st 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

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

		Proportion of Ownership Interest	
Name of entity	Place of business/ country of incorporation	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 & 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.

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

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 (DICs) 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.

(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

(₹ in **Lakh**)

Particulars	**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	-

- **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 Pastdue	31-60 Days Pastdue	61-90 Days Pastdue	91-120 Days Pastdue	More than 120 Days Pastdue	**Total**
Gross carrying amount as on 31-Mar-2019	860.36	-	-	-	-	-	860.36
Gross carrying amount as on 31-Mar-2018	-	-	-	-	-	-	-

(d)Reconciliation of Impairement loss provisions

The movement in the allowance for impairement 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**
Impairement loss Recognized	-	-	-	-	-	-
Amount written off	-	-	-	-	-	-
Balance as at 31 Mar 2018	-	-	-	-	1891.99	**1891.99**
Impairement 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

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:
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 Exposure to foreign currency for prequirement 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.

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

स्वच्छ भारत
एक कदम स्वच्छता की ओर

पावरग्रिड एनएम ट्रांसमिशन लिमिटेड

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

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

Mallya & Mallya Bangalore Chartered Accountants

CA C.S Prashanth
Partner
M.No. 218355

Date: 20th May, 2019
Place: Gurgaon

Annex - IX

Mallya & Mallya
Chartered Accountants

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 IND AS and 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.

Mallya & Mallya Bangalore Chartered Accountants

Head Office : No. 29/2, Parijatha Complex, First Floor, Race Course Road, Bangalore - 560 001
Mysuru Branch : No. 73, 3rd Main, Yadavgiri, Mysuru - 570 020
Davangere Branch : No. 25, Akkamahadevi Samaj Complex, 3rd Main, 6th Cross, P J Extension, Davangere - 577002
E-mail : mallyaandmallya@gmail.com **Website :** www.mallyamallya.com

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 IND AS and 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.

Mallya & Mallya Bangalore Chartered Accountants

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 IND AS, the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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.

Mallya & Mallya * Bangalore * Chartered Accountants

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

Bangalore
Chartered Accountants

	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

Bangalore

	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.

Mallya & Mallya Bangalore Chartered Accountants

(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.

Mallya & Mallya Bangalore Chartered Accountants

(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.

Mallya & Mallya ★ Chartered Accountants ★ Bangalore

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.

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

Mallya & Mallya * Bangalore * Chartered Accountants

CA C S Prashanth
Partner
Membership No: 218355

Place: Gurgaon
Date: 20th May, 2019

CA

Mallya & Mallya
Chartered Accountants

"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.	The company has system in place to process all the accounting transactions through IT System. During the process of audit, we have not come across any financial transactions processed outside of the IT System. Hence, there is no financial implication of processing transactions outside IT System and also, the integrity of the accounts is not affected.
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 is no restructuring of existing loan or cases of waiver/write off of debts / loans/interest etc.,
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.	There are no funds received / receivable for specific schemes from Central / State agencies.

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

Mallya & Mallya Bangalore Chartered Accountants

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

29/2, 1st Floor, Parijatha Complex, Race Course Road, Bangalore -560 001 INDIA
Phone : 91-80-41239157 / 32470785 / 22208934
E-mail : mallyaandmallya@gmail.com Website:www.mallyamallya.com

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

Mallya & Mallya Bangalore Chartered Accountants

CA C.S Prashanth
Partner
M.No. 218355

Date: 20.05.2019
Place: Gurgaon