FINANCIAL STATEMENTS & NOTES FOR THE YEAR ENDED 2018-19

POWERGRID VIZAG TRANSMISSION LIMITED
(FORMERLY POWERGRID VIZAG TRANSMISSION LIMITED)

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

CIN :U40300DL2011GOI228136

BANSAL & DAVE
CHARTERED ACCOUNTANTS
Phones : 23234799, 23298301
201, Gupta Estate, 5-9-58, Basheerbagh, Hyderabad - 500 004.
Email : bansaldave@yahoo.co.in

INDEPENDENT AUDITOR'S REPORT
To The Members of POWERGRID VIZAG TRANSMISSION LIMITED
Report on the Standalone IND AS Financial Statements

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

Management's Responsibility for the Standalone IND AS Financial Statements
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

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

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f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"..

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements- Refer Note 36 to the standalone Ind AS financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

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

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

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

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

Vilas Maganlal Gala
Partner
Mem. No. 028577

BANSAL & DAVE ICAI Regn. No: 007252S Hyderabad Chartered Accountants

Place : Hyderabad
Date : May,22nd, 2019

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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of POWERGRID VIZAG TRANSMISSION LIMITED of even date)

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

We have audited the internal financial controls over financial reporting of **POWERGRID VIZAG TRANSMISSION LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness

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exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Vilas Maganlal Gala
Partner
Mem. No. 028577

BANSAL & DAVE
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Place : Hyderabad
Date : May,22nd, 2019

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ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of POWERGRID VIZAG TRANSMISSION LIMITED of even date)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

BANSAL & DAVE ICAI Regn. No: 007252S Hyderabad Chartered Accountants

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

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

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

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

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

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

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

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

Vilas Maganlal Gala
Partner
Mem. No. 028577

BANSAL & DAVE
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Hyderabad
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Place : Hyderabad
Date : May,22nd, 2019

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

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

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

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

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

Vilas Maganlal Gala
Partner
Mem. No. 028577

BANSAL & DAVE ICAI Regn. No: 007252S Hyderabad Chartered Accountants

Place : Hyderabad
Date : May,22nd, 2019

POWERGRID VIZAG TRANSMISSION LIMITED
CIN: U40300DL2011GOI228136
Balance Sheet as at 31st March,2019

(₹ in Lakhs)

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

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

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

VILAS MAGANLAL GALA
Partner
Membership No. 028577

BANSAL & DAVE ICAI Regn. No: 007252S Hyderabad Chartered Accountants

Place : Hyderabad
Date : 22/05/2019

For and on behalf of the Board of Directors

Deep Chandra Joshi
Director
DIN : 08097844

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

D. Sudarshan
CFO

Arup Kumar Samanta
Company Secretary

Place: Gurugram
Date: 22/05/2019

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

(₹ in Lakhs)

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

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

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

VILAS MAGANLAL GALA
Partner
Membership No. 028577

BANSAL & DAVE
ICAI
Regn. No:
007252S
Hyderabad
Chartered Accountants

Place : Hyderabad
Date : 22/05/2019

For and on behalf of the Board of Directors

Deep Chandra Joshi
Director
DIN : 08097844

V. Susheela Devi
Director
DIN : 07828528

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

Arup Kumar Samanta
Company Secretary

POWERGRID VIZAG TRANSMISSION LIMITED

CIN: U40300DL2011GOI228136

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

(₹ in Lakhs)

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

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

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

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

As per our report even date attached

For Bansal & Dave
ICAI FRN : 007252S
Chartered Accountants

VILAS MAGANLAL GALA
Partner
Membership No. 028577

BANSAL & DAVE ICAI Regn. No: 007252S Hyderabad Chartered Accountants

Place : Hyderabad
Date : 22/05/2019

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CFO

Arup Kumar Samanta
Company secretary

Place: Gurugram
Date: 22/05/2019

POWERGRID VIZAG TRANSMISSION LIMITED

Statement of Changes in Equity for the period ended 31st March 2019

A. Equity Share Capital

(₹ in Lakhs)

As at 31st March ,2017	**20,973.00**
Changes in equity share capital	-
As at 31st March ,2018	**20,973.00**
Changes in equity share capital	-
As at 31st March ,2019	**20,973.00**

B. Other Equity

(₹ in Lakhs)

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

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

(₹ in Lakhs)

Particulars	Reserves and Surplus			Total
	Bond Redemption Reserve	Self Insurance Reserve	Retained Earnings	
Balance at 1st April,2018	2,900.00	172.43	271.34	**3,343.77**
Restated balance at the beginning of the reporting period	2,900.00	172.43	271.34	3,343.78
Total Comprehensive Income for the year			10,015.77	**10,015.77**
Transfer to Bond Redumption Reserve	2,900.00		(2,900.00)	-
Transfer to Self Insurance Reserve		157.32	(157.32)	
Dividends- Final FY2017-18			(209.73)	(209.73)
Tax on Dividend-Final FY2017-18			(43.11)	(43.11)
Interim Dividend paid for F Y 2018-19			(2,789.41)	
Tax on interim Dividend			(573.37)	
Balance at 31st March, 2019	**5,800.00**	**329.75**	**3,614.18**	**9,743.93**

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

Refer Note 14 for movement and nature of Reserve and Surplus

For and on behalf of the Board of Directors

As per our report even date attached

ICAI FRN : 007252S

Chartered Accountants

VILAS MAGANLAL GALA

Partner

Membership No. 028577

BANSAL & DAVE ICAI Regn. No: 007252S Hyderabad Chartered Accountants

Place : Hyderabad

Date : 22/05/2019

Deep Chandra Joshi

Director

DIN : 08097844

V Susheela Devi

Director

DIN : 07828528

D Sudarshan

CFO

Arup Kumar Samanta

Company secretary

Place: Gurugram

Date: 22/05/2019

POWERGRID VIZAG TRANSMISSION LIMITED

Note 4/Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Gross Block					Accumulated depreciation					Net Book Value	
	As at 1st April,2018	Additions during the period	Disposal	Adjustment during the period	As at 31st March,2019	As at 1st April,2018	Additions during the period	Disposal	Adjustment during the period	As at 31st March,2019	As at 31st March,2019	As at 31st March,2018
Plant & Equipment												
Transmission	1,31,111.65	0.00		22.35	1,31,089.31	10,994.44	6,921.52	-	-	17,915.96	1,13,173.35	1,20,117.21
b) Substation	-	-			-	-	-	-	-	-	-	-
c) Unified Load Despatch & Communication	-	-			-	-	-	-	-	-	-	-
d) Telecom	-	-			-	-	-	-	-	-	-	-
Furniture Fixtures	0.56	-			0.56	0.14	0.03	-	-	0.17	0.39	0.42
Vehicles	-	-			-	-	-	-	-	-	-	-
Office equipment	-	-			-	-	-	-	-	-	-	-
Electronic Data Processing & Word Processing Machines	3.69				3.69	3.69		-	-	3.69	-	-
Construction and Workshop equipment	0.74	-			0.74	0.09	0.04	-	-	0.13	0.61	0.65
Electrical Installation	-	-			-	-	-	-	-	-	-	-
Laboratory Equipments	-	-			-	-	-	-	-	-	-	-
Workshop & Testing Equipments	2.55	-			2.55	0.25	0.13	-	-	0.38	2.17	2.30
Total	**1,31,119.19**	**0.00**	-	**22.35**	**1,31,096.85**	**10,998.60**	**6,921.72**	-	-	**17,920.32**	**1,13,176.53**	**1,20,120.59**
Less: Provision for assets discarded	-		-	-	-	-				-	-	-
Grand Total	**1,31,119.19**	**0.00**	-	**22.35**	**1,31,096.85**	**10,998.60**	**6,921.72**	-	-	**17,920.32**	**1,13,176.53**	**1,20,120.59**

Note 4/Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Cost					Accumulated depreciation					Net Book Value	
	As at 1st April,2017	Additions during the year	Disposal	Adjustment during the year	As at 31st March,2018	As at 1st April,2017	Additions during the year	Disposal	Adjustment during the year	As at 31st March,2018	As at 31st March,2018	As at 31st March,2017
Plant & Equipment												
Transmission	1,31,180.82	-	-	69.17	1,31,111.65	4,074.09	6,920.35	-	-	10,994.44	1,20,117.21	1,27,106.73
Furniture Fixtures	0.56	-	-	-	0.56	0.05	0.08	-	-	0.14	0.42	0.51
Electronic Data Processing & Word Processing Machines	3.64	0.05	-	-	3.69	2.51	1.17	-	-	3.69	0.00	1.12
Construction and Workshop equipment	0.74	-	-	-	0.74	0.05	0.04	-	-	0.09	0.65	0.69
Workshop & Testing Equipments	2.55	-	-	-	2.55	0.11	0.13	-	-	0.24	2.31	2.44
Grand Total	**1,31,188.31**	**0.05**	-	**69.17**	**1,31,119.19**	**4,076.82**	**6,921.78**	-	-	**10,998.60**	**1,20,120.59**	**1,27,111.49**

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

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Hyderabad
Chartered Accountants

POWERGRID VIZAG TRANSMISSION LIMITED

Note 5/Other non-current Assets

(Unsecured considered good unless otherwise stated) (₹ in Lakhs)

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

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POWERGRID VIZAG TRANSMISSION LIMITED

Note 6/ Deferred tax Asset (Net)

(₹ in Lakhs)

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

Movement in Deferred Tax Liability

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

Movement in Deferred Tax asset

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

Amount taken to Statement of Profit and Loss

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

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POWERGRID VIZAG TRANSMISSION LIMITED

Note 7/Inventories

(₹ in Lakhs)

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

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POWERGRID VIZAG TRANSMISSION LIMITED

Note 8/Trade Receivables

(₹ in Lakhs)

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

Further Notes:

Trade receivables includes receivables from various DICs through CTU

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POWERGRID VIZAG TRANSMISSION LIMITED

Note 9/Cash and Cash Equivalents

(₹ in Lakhs)

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

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POWERGRID VIZAG TRANSMISSION LIMITED

Note-10/Other Current Financial Assets

(Unsecured considered good unless otherwise stated) (₹ in Lakhs)

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

Further Notes:

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

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POWERGRID VIZAG TRANSMISSION LIMITED

Note 11/ Current Tax Asset (Net)

(Unsecured considered good unless otherwise stated) (₹ in Lakhs)

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

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POWER GRID VIZAG TRANSMISSION LIMITED

Note- 12/Other current Assets

(Unsecured considered good unless otherwise stated) (₹ in Lakhs)

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

Further Notes:

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

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POWERGRID VIZAG TRANSMISSION LIMITED

Note 13/Equity Share capital

(₹ in Lakhs)

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

Further Notes:

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

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

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

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

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

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

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

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POWERGRID VIZAG TRANSMISSION LIMITED

Note 14/Other Equity

(₹ in Lakhs)

Particulars	As at 31st March,2019	As at 31st March,2018
Reserves and Surplus		
Bonds Redemption Reserve	**5,800.00**	**2,900.00**
Self Insurance Reserve	**329.75**	**172.43**
Retained Earnings	**3,614.18**	**271.34**
Total	**9,743.93**	**3,343.77**

Bonds Redemption Reserve		
As per last balance sheet	2,900.00	74.26
Addition during the year	2,900.00	2,825.74
Deduction during the year		-
Balance at the end of the year	**5,800.00**	**2,900.00**

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

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

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

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

BANSAL & DAVE ICAI Regn. No: 007252S Hyderabad Chartered Accountants

POWERGRID VIZAG TRANSMISSION LIMITED

Note 15/ Borrowings

(₹ in Lakhs)

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

Further notes:

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

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

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

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

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

BANSAL & DAVE ICAI Regn. No: 007252S Hyderabad Chartered Accountants

POWERGRID VIZAG TRANSMISSION LIMITED

Note 16/Trade payables

(₹ in Lakhs)

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

Further Notes:

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

BANSAL & DAVE ICAI Regn. No: 007252S Hyderabad Chartered Accountants

POWERGRID VIZAG TRANSMISSION LIMITED

Note 17/Other Current Financial Liability

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

BANSAL & DAVE ICAI Regn. No: 007251S Hyderabad Chartered Accountants

POWERGRID VIZAG TRANSMISSION LIMITED

Note 18/ Other current liabilities

(₹ in Lakhs)

Particulars	As at 31st March,2019	As at 31st March,2018
Statutory dues	44.66	52.73
Total	**44.66**	**52.73**

BANSAL & DAVE ICAI Regn. No: 007252S Hyderabad Chartered Accountants

POWERGRID VIZAG TRANSMISSION LIMITED

Note 19/ Current Tax Liabilities (Net)

(₹ in Lakhs)

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

POWERGRID VIZAG TRANSMISSION LIMITED

Note 20/Revenue from operations

(₹ in Lakhs)

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

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POWERGRID VIZAG TRANSMISSION LIMITED

Note 21/Other income

(₹ in Lakhs)

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

Further Notes:

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

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POWERGRID VIZAG TRANSMISSION LIMITED

Note 22 /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 M/s Power Grid Corporation of India Ltd., (Holding Company)	5,637.13	6,153.27
Interest-Others		
Redeemable Bonds	2,581.00	2,579.65
Other Finance charges		
Others	4.26	2.62
TOTAL	**8,222.39**	**8,735.54**

Further Notes:

Details regarding Related party transaction given in Note 33

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POWERGRID VIZAG TRANSMISSION LIMITED

Note 23/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	6,921.72	6,921.78
TOTAL	**6,921.72**	**6,921.78**

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POWERGRID VIZAG TRANSMISSION LIMITED

Note 24 /Other expenses

(₹ in Lakhs)

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

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

2. Others - Includes provision for GST audit fee

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Chartered Accountants

Notes to Financial Statements

1. Corporate & General Information

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

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

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

2. Significant Accounting Policies

2.1 Basis of Preparation

i) Compliance with Ind AS

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

ii) Basis of Measurement

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

iii) Functional and presentation currency

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

iv) Use of estimates

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

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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

BANSAL & DAVE ICAI Regn. No: 007252S Hyderabad * Chartered Accountants * accumulated depreciation / amortisation and accumulated impairment losses, if any.

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

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

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

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

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

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

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

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

Subsequent costs

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

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

Derecognition

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

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

2.3 Capital Work-In-Progress (CWIP)

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

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

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

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

2.4 Intangible Assets and Intangible Assets under development

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

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

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

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

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

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

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

An item of Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

2.5 Depreciation / Amortisation

Property, Plant & Equipment

Depreciation/amortisation on the assets related to transmission business is provided on straight line method following the rates and methodology notified by the CERC for the purpose of recovery of tariff except for assets specified in the following paragraphs.

Leasehold land is fully amortized over lease period or life of the related plant whichever is lower in accordance with the rates and methodology specified in CERC Tariff Regulation. Leasehold land acquired on perpetual lease is not amortized.

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

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

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

Residual value of above assets is considered as Nil.

Mobile phones are charged off in the year of purchase.

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

Where the cost of depreciable property, plant and equipment has undergone a change due to increase/decrease in long term monetary items on account of exchange rate fluctuation, 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.

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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

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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

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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

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

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

a) **Finance leases**

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

b) Operating leases

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

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

ii) As a Lessee

Operating leases

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

2.11 Financial instruments

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

Financial Assets

Financial assets of the Company comprise cash and cash equivalents, bank balances, security deposit, calims recoverable etc.

Classification

The Company classifies its financial assets in the following categories:
- at amortised cost,
- at fair value through other comprehensive income

The classification depends on the following:
- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset

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Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs, if any, that are attributable to the acquisition of the financial asset.

Subsequent measurement

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

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

Equity investments

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The company may, on initial recognition, make an irrevocable election to present subsequent changes in the fair value in other comprehensive income (FVOCI) on an instrument by-instrument basis.
For equity instruments classified as at FVOCI, all fair value changes on the instrument, excluding dividends are recognized in the OCI. There is no recycling of the amounts from OCI to Profit or Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

De-recognition of financial assets

A financial asset is derecognized only when

The right to receive cash flows from the assets have expired, or

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

Impairment of financial assets:

For trade receivables, the company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.
For recognition of impairment loss on other financial assets and risk exposure, the company determines whether there has been a significant

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increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 -month ECL.

Financial Liabilities

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

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

Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable to the issue of financial liabilities. Financial liabilities are classified as subsequently measured at amortized cost. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the EIR.

Subsequent measurement

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

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

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other income or finance cost.

Offsetting of financial instruments

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

2.12 Foreign Currency Translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

2.13 Income Tax

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

Current income tax

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

Deferred tax

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

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

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

2.14 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer. The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18 and Ind AS 11.

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

Significant Financing Component

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

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2.14.1 Revenue from Operations

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

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

2.14.2 Other Income

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

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

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

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

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

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

2.15 Dividends

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

2.16 Provisions and Contingencies

a) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

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b) **Contingencies**

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

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

2.17 Share capital and Other Equity

Ordinary shares are classified as equity.

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

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

2.18 Prior Period Items

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

2.19 Earnings per Share

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

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

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

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2.20 Statement of Cash Flows

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

3 Critical Estimates and Judgments

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

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

The areas involving critical estimates or judgments are:

Revenue Recognition

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

Useful life of property, plant and equipment

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

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

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Provisions and contingencies

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

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

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25. **Exceptional and Extraordinary items**

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

26. **Party Balances and Confirmations**

Balances of Trade Receivables and recoverable shown under Assets and Trade and Other Payables shown under Liabilities include balances subject to confirmation/reconciliation and consequential adjustments if any. However reconciliations are carried out on ongoing basis.

27. POWERGRID (Holding Company) in the capacity of CTU is entrusted with the job of centralized Billing, Collection and Disbursement (BCD) of transmission charges on behalf of all the IST licencees. Accordingly CTU is raising bills for transmission charges to DICs on behalf of IST licencees. The debtors are accounted based on the list of DICs given by CTU.

28. **Foreign Currency Exposure**

Not hedged by a derivative instrument or otherwise -

Particulars	**Amount in Foreign Currency**			**Amount (₹ in Lakhs)**	
		31.03.2019	**31.03.2018**	**31.03.2019**	**31.03.2018**
Interest accrued but not due thereon including Agency Fee Commitment Fee & other Charges.	USD/ EURO /SEK	NIL	NIL	NIL	NIL
Trade Payables/deposits and retention money	USD	NIL	NIL	NIL	NIL
Trade receivables and Bank balances	USD/ NPR	NIL	NIL	NIL	NIL
Unexecuted amount of contracts remaining to be executed	USD	NIL	NIL	NIL	NIL

29. **Auditors Remuneration**

(₹ in Lakhs)

S. No.	**Particulars**	**FY 2018-19**	**FY 2017-18**
1	Statutory Audit Fees	0.50	0.50
2	Tax Audit	0.30	0.30
3	Other Matters	0.35	0.23
	GST on Above	0.21	0.21
	Out of Pocket Expenses	0.16	0.19
	Total	**1.52**	**1.43**

Note: Auditor's remuneration of FY 2017-18 includes ₹ 0.06 Lakhs relating to previous year and paid to previous auditors.

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30. **Other Disclosures**

a. ***Employee Benefits***

The Company does not have any permanent employees. The personnel working for the company are from holding company on secondment basic and are working on time share basis. The employee cost (including retirement benefits such as Gratuity, Leave encashment, post-retirement benefits etc.) in respect of personnel working for the company are paid by holding company and holding company is raising the invoice to the Subsidiary company towards Consultancy charges for maintenance of Transmission Line as per the agreements Dt. 27-July-2016 & Dt. 18-Apr-2017. Since there are no employees in the company, the obligation as per Ind-AS 19 does not arise. Accordingly, no provision is considered necessary for any retirement benefit like gratuity, leave salary, pension etc., in the books of the company.

b. **Taxation**

Current tax is reckoned based on the current year's income and tax payable thereon in accordance with the applicable tax rates as per the prevailing tax laws.

The company had made a tax provision of ₹ 3044.53 Lakhs (Previous Year ₹ 1731.99 Lakhs) for the year towards current Tax (Minimum Alternate Tax). In accordance with Ind-AS 12 on Accounting for Taxes on Income, the Company has computed Deferred Tax Liability/ (Asset) amounting to ₹ 883.93 Lakhs (Previous Year ₹ (1384.17) Lakhs) on account of timing difference in relation to depreciation as per books vis.a.vis Tax Laws and unused tax losses.

c. **Leases**

Finance Lease: The Company has no finance leases.

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

d. **Borrowing cost**

Borrowing cost capitalised during the year is ₹ NIL (Previous year ₹ NIL) in the respective carrying amount of Property, Plant and Equipment/Capital work in Progress (CWIP) as per Ind AS 23 'Borrowing Costs'.

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e. Dues to Micro and Small Enterprises

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

f. Corporate Social Responsibilities (CSR) :

As per section 135 of the Companies Act, 2013, along with Companies (Corporate Social responsibility Policy) Rules, 2014 read with DPE guidelines no F.N0.15 (13)/2013-DPE (GM), the Compnay is required to spend, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years in accordance with its Corporate Social Responsibility Policy.

The details of CSR expenses for the year is as under

(₹ in Lakhs)

S No	Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
A.	Amount required to be spent during the year	37.28	-
B.	Amount spent on CSR - Revenue Expenses	37.28	-
	Amount spent on CSR - Capital Expenses	-	-
C.	Shortfall / (Excess) amount appropriated to CSR reserve	-	-
D.	Break-up of the amount spent on CSR (Note 23		
D.1	Ecology and Environment Expenses	37.28	-
	Total Spent	37.28	-

31. The In accordance with the provisions of Section 71(4) of the Companies Act, 2013 read with Rule 18 of the Companies (Share Capital and Debenture) Rules 2014, the company is required to create Bond Redemption Reserve upto 25% of the value of the Bonds. Accordingly, the company has, during the year, created Bond Redemption Reserve amounting to ₹ 2900.00 Lakhs (Previous Year : ₹ 2825.74 Lakhs).The aggregate Bond Redemption Reserve as on 31st Mar 2019 is ₹ 5800 Lakhs which is 20% of the face value of the Bonds issued by the company.

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32. Fair Value Measurements

(₹ in Lakhs)

Financial Instruments by category	31st March, 2019 FVOCI	31st March, 2019 Amortised cost	31st March, 2018 FVOCI	31st March, 2018 Amortised cost
Financial Assets				
Trade Receivables	-	4,200.62	-	2,751.96
Loans	-	-	-	-
Cash & cash Equivalents	-	44.50	-	135.38
Other Current Financial Assets	-	2,967.29	-	2,155.47
Total Financial assets		**7,212.41**		**5,042.81**
Financial Liabilities				
Trade Payables	-	3.29	-	6.03
Borrowings	-	92,528.94	-	1,01,914.83
Other Current Financial Liabilities	-	320.06	-	2,576.00
Total financial liabilities		**92,852.29**		**1,04,496.86**

This section explains the judgements and estimates made in determining the fair values of the financial instruments thatare (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An Explanation of each level follows underneath the table.

(₹ in Lakhs)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	Notes	Level 1	Level 2	Level 3	Total
At 31 March 2019 **Financial Assets**		-	-	-	-
Total Financial Assets					
Financial Liabilities Borrowings	-	-	90,753.36	-	90,753.36
Total financial liabilities	-	-	**90,753.36**	-	**90,753.36**

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(₹ in Lakhs)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	Notes	Level 1	Level 2	Level 3	Total
At 31 March 2018 **Financial Assets**					
Total Financial Assets					
Financial Liabilities Borrowings			1,03,142.38	-	1,03,142.38
Total financial liabilities			**1,03,142.38**	**-**	**1,03,142.38**

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

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

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

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

(₹ in Lakhs)

	31 March 2019		31 March 2018	
	Carrying Amount	Fair value	Carrying Amount	Fair value
Financial Assets				
Total Financial Assets				
Financial Liabilities Borrowings	92,528.94	90,753.36	1,01,914.83	1,03,142.38
Total financial liabilities	**92,528.94**	**90,753.36**	**1,01,914.83**	**1,03,142.38**

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

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

33. Related party Transactions

(a) Holding Company

		Proportion of Ownership Interest	
Name of entity	**Place of business/country of incorporation/Relationship**	**31-Mar-2019**	**31- Mar- 2018**
Power Grid Corporation of India Limited	India- Holding Company	100%	100%

(b) Subsidiaries of Holding Company

Name of entity	Place of business/country of incorporation	Proportion of Ownership Interest	
		31st March, 2019	31st March, 2018
Powergrid NM Transmission Limited	India	NA	NA
Powergrid Unchahar Transmission Limited	India	NA	NA
Powergrid Kala Amb Transmission Limited	India	NA	NA
Powergrid Jabalpur Transmission Limited	India	NA	NA
Powergrid Warora Transmission Limited	India	NA	NA
Powergrid Parli Transmission Limited	India	NA	NA
Powergrid Southern Interconnector Transmission Limited	India	NA	NA

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Powergrid Vemagiri Transmission Limited	India	NA	NA
Powergrid Medinipur Jeerat Transmission Limited(erstwhile Medinipur Jeerat Transmission Limited)	India	NA	NA
Powergrid Mithilanchal Transmission Limited (erstwhile ERSS XXI Transmission Limited)	India	NA	NA
Powergrid Varanasi Transmission System Limited (erstwhile WR-NR Transmission Limited)	India	NA	NA
Powergrid Jawaharpur Firozabad Transmission Limited (erstwhile Jawaharpur Firozabad Transmission Limited)*	India	NA	NA

* 100% equity in Powergrid Jawaharpur Firozabad Transmission Limited acquired from REC Transmission Projects Limited on 21st December, 2018 by Holding Company.

(c) Joint Ventures of Holding Company

Name of entity	Place of business/ country of incorporation	Proportion of Ownership Interest	
		31st March, 2019	31st March, 2018
Powerlinks Transmission Limited	India	NA	NA
Torrent Power Grid Limited	India	NA	NA
Jaypee Powergrid Limited	India	NA	NA
ParbatiKoldam Transmission Company Limited	India	NA	NA
Teestavalley Power Transmission Limited#	India	NA	NA
North East Transmission Company Limited	India	NA	NA
National High Power Test Laboratory Private Limited	India	NA	NA
Bihar Grid Company Limited	India	NA	NA
Kalinga Bidyut Prasaran Nigam Private Limited **	India	NA	NA
Cross Border Power Transmission Company Limited	India	NA	NA
RINL Powergrid TLT Private Limited***	India	NA	NA
Power Transmission Company Nepal Ltd	Nepal	NA	NA

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

*** POWERGRID's Board of Directors in its meeting held on 01st May 2018 accorded approval for initiating procedure for winding up/removal of the name of RINL powergrid TLT Private Ltd.

POWERGRID & Teesta Urja Ltd. are the joint venture partners in Teestavalley Power Transmission Limited & holds 26% and 74% of equity respectively as per shareholding agreement. On call of additional equity by Teestavalley Power Transmission Limited, POWERGRID contributed their share amounting 11.28 crores while the other JV partner has not contributed their share of money as on 31.03.2019. Consequently, the holding of POWERGRID increased to 28.23% as on 31.03.2019 against 26% provided in shareholding agreement.

(d) Key Management Personnel

Name	Designation	Date of Appointment	Date of Separation
Ms. Seema Gupta	Chairman	22.01.2019	Continuing
Sh. Ravi P. Singh	Chairman	30.08.2013	22.01.2019

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Sh. V. Sekhar	Director	30.08.2013	Continuing
Sh. D. K. Valecha	Director	04.03.2015	30.04.2018
Sh. S. Vaithilingam	Director	04.03.2015	30.04.2018
Ms. V Susheela Devi	Director	02.06.2017	Continuing
Sh. D C Joshi	Director	07.05.2018	Continuing
Sh. Anil Jain	Director	30.10.2018	Continuing
Sh. S Ravi (*)	CEO	18.05.2015	Continuing
Sh. George Denny	CEO	23.04.2019	Continuing
Sh. D Kumaraswamy	CFO	11.05.2016	06.07.2018
Sh. D Sudarshan	CFO	06.07.2018	Continuing
Sh. Arup Kumar Samanta	Company secretary	18.05.2015	Continuing

* ceased to be CEO w.e.f. 23.04.2019

(e) Transactions with related parties

The following transactions occurred with related parties:

(₹ in Lakhs)

Particulars	**31 March, 2019**	**31 March, 2018**
Services received by the Company		
Holding Company		
Power Grid Corporation of India Ltd.		
Consultancy Charges (excluding Taxes)	391.53	492.61
Total	**391.53**	**492.61**
Infusion of equity		
Holding Company		
Power Grid Corporation of India Ltd.	-	-
Total	-	-

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

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

(₹ in Lakhs)

Particulars	**31 March, 2019**	**31 March, 2018**
Due for Capital Expenditure (purchases of goods and services)		
Holding Company		
Power Grid Corporation of India Ltd.	-	15.86
Total payables to related parties	-	**15.86**

(g) Loans to/from related parties

(₹ in Lakhs)

Loans from Holding Company	**31 March, 2019**	**31 March, 2018**
Power Grid Corporation of India Ltd.	61450.00	70842.96
Total	**61450.00**	**70842.96**

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(h) **Interest accrued on Loan**

(₹ in Lakhs)

Particulars	31 March, 2019	31 March, 2018
Holding		
Power Grid Corporation of India Ltd.	NIL	NIL
Total	**NIL**	**NIL**

(I) **Interest on Loan**

(₹ in Lakhs)

Particulars	31 March, 2019	31 March, 2018
Holding		
Power Grid Corporation of India Ltd.	5637.13	6153.27
Total	**5637.13**	**6153.27**

34. Segment Information

Business Segment

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

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

35. Capital and other Commitments

(₹ in Lakhs)

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

36. Contingent Liabilities and contingent assets

Contingent Liabilities

Claims against the Company not acknowledged as debts in respect of:

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(i) Disputed Income Tax/Sales Tax/Excise/Municipal Tax/Entry Tax Matters

Disputed Entry Tax Matters amounting to ₹ 962.81 Lakhs (Previous Year ₹ 962.81 Lakhs) contested before the Appellant Deputy Commissioner.

In this regard, the ADC vide order dt.26.07.2018 in ADC Order No.777 had granted a conditional stay upon the Company depositing 35% of the disputed tax, i.e., ₹ 336.98 Lakhs. Pursuant to the disposal of the stay order, till date, there is no communication from the ADC's office regarding the hearing on the appeal in the main case. As on date, the Company has a stay on payment of the balance disputed tax of 65%, and the hearing on the main appeal is pending before authorities. The company is confident that this matter will be disposed off in favour of the company.

(ii) Others

Other contingent liabilities amounts to ₹NIL (Previous Year Nil)

(iii) Power Grid Corporation of India Ltd. (Holding Co.) has given guarantee for the dues & punctual payment and discharge of the obligations amounting to ₹ 29000 Lakhs (Previous year ₹ 29000 Lakhs) against bond issued by the Company

37. Capital management

a) Risk Management

The company's objectives when managing capital are to

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

For the purpose of the company's capital management, equity capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The company manages its capital structure and makes adjustments in light of changes in economic conditions, regulatory framework and requirements of financial covenants with lenders. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, regulate investments in new projects, return capital to shareholders or issue new shares.

The debt - equity ratio of the Company was as follows :

Particulars	31st March, 2019	31st March, 2018
Long term debt (₹ in lakhs)	90,450.00	99842.96
Equity (₹ in lakhs)	30716.93	24316.77
Long term debt to Equity ratio	75:25	80:20

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

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b) Dividends

(₹ in Lakhs)

Particulars	31st March 2019	31st March 2018
Interim dividend for the year ended 31st March, 2019 of ₹ 1.33 (31st March, 2018 of ₹ 1) per fully paid share	2,789.41	2,097.30
Final dividend for the year ended 31st March, 2018 of ₹ 0.10 per share paid during the FY 2018-19 as approved by Share holders in 7th AGM held on 12.09.2018	209.73	-

Dividend Not Recognised at the End of the Reporting Period

The Board of Directors on 22nd May 2019 recommended the payment of a Dividend of ₹ 0.70 per Fully Paid Equity Share. This proposed Dividend is subject to the approval of Shareholders in the ensuing Annual General Meeting.

38. Earnings per share

(Amount in ₹)

(a)Basic and diluted earnings per share attributable to the equity holders of the company	31 March, 2019	31 March, 2018
From Continuing Operations	4.78	3.70
Total basic diluted earnings per share attributable to the equity holders of the company	4.78	3.70

(₹ in Lakhs)

(b) Reconciliation of earnings used as numerator in calculating earnings per share	31 March, 2019	31 March, 2018
Earnings attributable to the equity holders of the company	10015.77	7766.60
Total Earnings attributable to the equity holders of the company	10015.77	7766.60

(c) Weighted average number of shares used as the denominator	31 March, 2019 No. of shares	31 March, 2018 No. of Shares
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	20,97,30,000	20,97,30,000
Adjustments for calculation of diluted earnings per share	-	-
Total weighted average number of equity shares used as the denominator in calculating basic earnings per share	20,97,30,000	20,97,30,000

39. Financial Risk Management:

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

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

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

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

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

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

A) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities on account of trade receivables.

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

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

(i) Trade Receivables

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

Trade receivables consist of receivables relating to transmission services of ₹4200.62 Lakhs (previous year: ₹ 2751.96 Lakhs).

(ii) Other Financial Assets (excluding trade receivables)

- **Cash and cash equivalents**

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The Company held cash and cash equivalents of ₹ 44.50 Lakhs (previous year: ₹135.38 Lakhs). The cash and cash equivalents are held with public sector banks and high rated private sector banks and do not have any significant credit risk.

- **Exposure to credit risk**

(₹ in Lakhs)

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	44.50	135.38
Other current financial assets	2967.29	2155.47
Total	**3011.79**	**2290.85**
Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)		
Trade receivables	4200.62	2751.96

- **Provision for expected credit losses**

(₹ in Lakhs)

Ageing	Not due	0-30 days past due	31-60 days past due	61-90 days past due	91-120 days past due	More than 120 days past due	Total
Gross carrying amount as on 31st March, 2019	-	1435.27	1154.30	702.41	114.69	793.95	4200.62
Gross carrying amount as 31st March, 2018	98.54	1054.41	631.67	169.39	198.27	599.68	2751.96

B) Liquidity risk

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

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

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

Maturities of financial liabilities

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

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

(₹ in Lakhs)

Contractual maturities of financial liabilities	Within a year	Between 1-5 years	Beyond 5 years	Total
31 March 2019				
Borrowings (including interest outflows)	7676.00	94392.30	29552.43	131620.73
Other Current financial liabilities	320.06	-	-	320.06
Other Current liabilities	44.66	-	-	44.66
Total	**21,076.14**	**94112.47**	**29532.39**	**131985.45**

31 March 2018				
Borrowings (including interest outflows)	19090.21	99915.48	41660.13	160665.82
Other Current financial liabilities	2576.00	-	-	2576.00
Other Current liabilities	52.73	-	-	52.73
Total	**21718.94**	**99915.48**	**41660.13**	**163294.55**

C) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk:

i. Currency risk

ii. Interest rate risk

i) **Currency risk**

As on Reporting date the Company does not have any exposure to currency risk in respect of foreign currency denominated loans and borrowings and procurement of goods and services whose purchase consideration foreign currency.

ii) **Interest rate risk**

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

40. Income Tax expense

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

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(a) **Income tax expense**

(₹ in Lakhs)

Particulars	31 March, 2019	31 March, 2018
Current Tax		
Current tax on profits for the year	3044.53	1731.99
Earlier year Tax	-	1.12
Adjustments for current tax of prior periods	-	-
Total current tax expense (A)	**3044.53**	**1733.11**
Deferred tax expense		
Originating and reversal of temporary differences	883.93	(1384.17)
Previously unrecognized tax credit recognized as Deferred tax Asset this year	-	-
Total deferred tax expense /(benefit) (B)	**883.93**	**(1384.17)**
Income tax expense (A+B)	**3928.46**	**348.94**

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

(₹ in Lakhs)

Particulars	31 March, 2019	31 March, 2018
Profit before income tax expense	13944.23	8115.54
Tax using Company's Domestic Tax rate 29.12% (28.84% for FY 2017-18)	4060.56	2340.52
TAX EFFECT OF:		
Non Deductible Tax Expenses	53.68	-
Tax Exempt Income	-	-
Deferred Assets for Deferred tax liability	-	-
Previous years tax liability	-	-
Unabsorbed tax lossed	-	-
Deferred Tax expense / (income)	883.93	(1384.17)
MAT Adjustments	(1069.71)	(607.41)
Tax Expenses recognized in statement of Profit & Loss	**3928.46**	**348.94**

(c) **MAT Credit**

As company have option to avail MAT credit in future against Income Tax payable and hence MAT paid during earlier and in current year are carried forward.

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

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

The company's accounting policies for its revenue streams are disclosed in Note 2.14. Apart from effect of significant financing component in telecom contracts, the application of Ind AS 115 do not have any significant impact on the financial position and/or financial performance of the company. The amount of adjustment for each line item of financial statement affected by the application of Ind AS 115 is as given below.

Impacts on assets, liabilities and equity as at April 1, 2018

(₹ in Lakhs)

	As previously Reported	Ind AS 115 Adjustments	As Restated
Contract liabilities	-	-	-
Other Equity – General Reserve	3343.77	-	3343.77

Impacts on Statement of Profit and Loss as at March 31, 2019

Due to Implementation of Ind AS 115, Revenue from Operation increased by ₹ Nil, Finance Cost increased by ₹ Nil and Other Expenses increase by ₹ Nil. Profit after Tax increased by ₹ Nil during the year.

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

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the beginning	2155.35	270.48
Add: Revenue recognised during the period	2726.95	2155.35
Less: Invoiced during the period	1915.13	270.48
Less: Impairment/reversal during the period	-	-
Add: Translation gain/(Loss)	-	-
Balance at the end	2967.17	2155.35

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The following table discloses the movement in contract liability during the year ended 31 March 2019 and 31 March 2018.

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Balance at the beginning	Nil	Nil
Add: Advance billing during the period	Nil	Nil
Less: revenue recognised during the period a) From contract liability as at beginning of the period b) From contract liability recognised during the period	Nil	Nil
Add: Translation gain/(Loss)	Nil	Nil
Balance at the end	Nil	Nil

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

(₹ in Lakhs)

	Year ended March 31, 2019	**Year ended March 31, 2018**
Contracted price	28830.24	23623.53
Add/ (Less)- Discounts/ rebates provided to customer	(203.04)	(189.25)
Add/ (Less)- Performance bonus	1009.06	795.21
Add/ (Less)- Adjustment for significant financing component	-	-
Add/ (Less)- Other adjustments	(91.98)	-
Revenue recognized in profit or loss statement	29544.28	24229.49

A provision of ₹ 184.32 Lakhs has been created in the current financial year against trade receivables and unbilled debtors outstanding as on 31.03.2018 from a few customers and revenue from transmission and surcharge thereon amounting to ₹ 138.81 lakhs has not been recognised during the year due to uncertainty of collection of consideration in line with Ind AS 115 'Revenue from Contracts with Customers'.

* The previous year figures have been reclassified to conform to Ind-AS presentation requirements for the purpose of this note.

42. Recent Accounting Pronouncements:

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

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

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

Amendments to Ind AS 19, 'Employee Benefits'

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

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

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

Amendment to Ind AS 12, 'Income Taxes'

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

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

Amendments to Ind AS 23, 'Borrowing Costs'

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

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

BANSAL & DAVE ICAI Regn. No. 002523 Hyderabad Chartered Accountants

43. a) Figures have been rounded off to nearest rupee in lakhs up to two decimal.

b) The previous year figures have been reclassified/re-grouped to confirm to the current year's classification.

As per our report of even date attached

For Bansal & Dave
ICAI FRN : 007252S
Chartered Accountants

BANSAL & DAVE
ICAI
Regn. No:
007252S
Hyderabad
Chartered Accountants

Vilas Maganlal Gala
Partner
Membership No. 028577

For and on behalf of
POWERGRID VizagTransmission Limited

Deep Chandra Joshi
Director
DIN: 08097844

V. Susheela Devi
V Susheela Devi
Director
DIN: 07828528

D Sudarshan
CFO

Arup Kumar Samanta
Company Secretary

Place: Hyderabad
Date: 22/05/2019

Place: Gurugram
Date: 22/05/2019

Ref: PVTL/F&A/18-19

Dated:-22.05.2019

CERTIFICATE

This to certify that all the provisions relating to various Tax Laws, Companies act and other laws as may be applicable from time to time has been complied with for the financial year 2018-19 in respect of the company.

Signature :

Name : D Sudarshan

Designation : CFO

Date : 22/05/2019

पावरग्रिड वैजाग ट्रान्समिशन लिमिटेड
(पावर ग्रिड कारपोरेशन ऑफ इंडिया लिमिटेड की 100% पूर्ण स्वामित्व वाली सहायक कंपनी)
POWERGRID VIZAG TRANSMISSION LIMITED
(A 100% wholly owned subsidiary of Power Grid Corporation of India Limited)

पावरग्रिड
वि.टी.एल.

POWERGRID, SR1 HQ, D.No.6-6-8/32 & 39/E, Kavadiguda, Secunderabad – 500 080.
CIN: U40300DL2011GOI228136
Tel: 040-27546636

Ref: PVTL/F&A/18-19

Dated: 22.05.2019

CERTIFICATE

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

(Deep Chandra Joshi)
Director

(D Sudarshan)
CFO

POWERGRID, SR1 HQ, D.No. 6-6-8/32 & 39/E, Kavadiguda, Secunderabad- 500 080.
CIN : U40300DL2011GOI228136
Tel : 040-27546636

Ref: PVTL/F&A/18-19 Dated: 22.05.2019

COMPLIANCE CERTIFICATE

The Annual Accounts for the financial Year 2018-19 have been prepared keeping in view the provision of Section 134(5) of the companies Act, 2013 relating to Director's Responsibilities Statement i.e.

i) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
ii) The Accounting Policies of the company have been applied consistently and the reasonable and prudent judgment and estimates have been made so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provision of Companies Act,2013 for the safeguarding the assets of the company and for Preventing and Detecting Fraud and other Irregularities;
iv) The Annual Accounts have been prepared on going concern basis.
v) The laid down Internal Financial Controls (#) have been followed and such internal financial control are adequate and are operating effectively.
vi) Proper system to ensure compliances with the provision of all applicable Laws have been devised and such system are adequate and operating effectively.

(D Sudarshan)
CFO

Date: 22/05/2019
Place: Gurugram

(#) Explanation: for the purpose of this Clause, the term "internal financial control" mean the policies and the procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherences to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information