# POWERGRID Jabalpur Transmission Ltd

## Financial Statements for the FY 2018-19

Corporate Office - Plot No 54, Adjacent to Riya-Revati Resort, Opp. Ambe Vidhyalaya, Sama-Savli Road, Vadodara-390024

# POWERGRID Jabalpur Transmission Limited

Formerly known as Vindhyachal Jabalpur Transmission Limited
(A Wholly Owned Subsidiary of Power Grid Corporation of India Limited)

**CERTIFIED TRUE COPY OF RESOLUTION PASSED AT 40th MEETING OF THE BOARD OF DIRECTORS OF POWERGRID JABALPUR TRANSMISSION LIMITED HELD ON WEDNESDAY, THE 22nd MAY, 2019, AT 2:00 PM AT "SAUDAMINI" PLOT NO. 2, SECTOR - 29, GURGOAN-122001, HARYANA**

**Approval of Annual Financial Results for the Financial Year ended 31st March, 2019:**

X xxx.The Board passed the following resolution:

"**RESOLVED THAT** the IndAS Financial Statements comprising Balance Sheet as at 31st March, 2019 and the Statement of Profit & Loss for the year ended 31st March, 2019, along with Significant Accounting Policies and Notes on Accounts forming part thereof and Statement of Cash Flows for the year ended 31st March, 2019, be and are hereby approved.

**RESOLVED FURTHER THAT** Shri Abhay Choudhary, Director, Smt. V. Susheela Devi, Director, Shri Ajaya Kumar Satapathy, Chief Financial Officer (CFO) and Ms. Kamlesh Kumari, Company Secretary of the Company be and are hereby authorized to sign the Financial Statements of the Company in authentication thereof on behalf of the Board and the same be submitted to Statutory Auditors for their Report thereon.

**RESOLVED FURTHER THAT** Smt Seema Gupta, Chairperson of the Company/Shri Abhay Choudhray, Director of the Company be and are hereby authorized to effect minor changes/modifications in the Financial Statements as may be required consequent to audit by Statutory Auditors and Govt. Audit provided however, such changes/adjustments do not materially affect the Financial Statements as approved by the Board and further subject to the condition that such modified Financial Statements are submitted for information of the Board in its succeeding meeting."

X xxx

"**RESOLVED FURTHER THAT** any of the Directors of the Company be and is hereby authorised to send the Financial Statements along with Auditor's report to the Comptroller & Auditor General of India for their comments under Section 143 (5) & (6) of the Companies Act, 2013."

********

22/5/19

**(Kamlesh Kumari)**
Company Secretary

# Compliance Certificate

We have conducted the audit of annual stand-alone accounts of **M/s POWERGRID Jabalpur Transmission Limited** for the year ended 31st March 2019 in accordance with the directions / sub - directions issued by the C&AG of India under section 143(5) of the Companies Act, 2013 and certify that we have complied with all the direction/Sub-directions issued to us.

For M/s P.G. Patel & Associates,
Chartered Accountants
Firm Regn.No-112283W

P. G. PATEL & ASSOCIATES
F.R. No. 112283W
VADODARA-7.
CHARTERED ACCOUNTANTS

Signature:-
CA P.G. Patel
Partner
Mem. No. 035533

Dated: - 22.05.2019
Place: - Vadodara

CA. PRAVIN G. PATEL
M.COM., LLB, FCA, DISA
CA. MIHIR P. PATEL
B.COM., ACA, CPA, CFE

P. G. Patel & Associates
CHARTERED ACCOUNTANTS

# INDEPENDENT AUDITORS' REPORT

To the Members of **M/s POWERGRID Jabalpur Transmission Limited**

## Report on the Ind-AS Financial Statements

### Opinion

We have audited the accompanying Ind AS Financial Statements of **M/s POWERGRID Jabalpur Transmission Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to financial statement including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Act in the manner so required and give a True and Fair view in conformity with the Accounting Principles generally accepted in India including the Ind AS, of the state of affairs (Financial Position) of the Company as at 31st March 2019, and its Profit (Financial Performance including Other Comprehensive Income), its Cash Flows and the Changes in Equity for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standard on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that

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the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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

**Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a True and Fair view of the Financial Position, Financial Performance including other Comprehensive Income, Changes in Equity and Cash Flows of the Company in accordance with the Accounting Principles Generally Accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with relevant rules issued there under.

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order issued under section 143 (11) of the Act.

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in **Annexure "A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. In terms of sub section (5) of section 143 of the Companies Act, 2013, we give in the **Annexure "B"** a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.

3. As required by Section 143 (3) of the Act, we report that:
    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

    c. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with relevant rules issued there under.

    e. Being a Subsidiary of a Government Company, Section 164(2) of the Act pertaining to disqualification of Directors are not applicable to the Company.

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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 "C".

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

   i. The Company does not have any pending litigations which would impact its Financial Position;

   ii. The Company did not have any Long-Term Contracts including Derivative Contracts for which there were any material foreseeable losses;

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

For **M/s P.G. Patel & Associates,**
Chartered Accountants
Firm Regn.No-112283W

Signature:-
CA P.G. Patel
Partner
Mem. No. 035533

P.G. PATEL & ASSOCIATES
F.R. No.
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Dated: - 22.05.2019
Place: - Vadodara

**Annexure – "A"**

As referred to in our Independent Auditors' Report to the members of the **M/s POWERGRID Jabalpur Transmission Limited ('the Company')**, on the Financial Statements for the Year Ended 31st March 2019, we report that:

| | | Clauses of CARO Report, 2016 | Auditor's Comment |
|---|---|---|---|
| (i) | (a) | Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; | The Company has maintained records, showing full particulars including quantitative details and situation of Fixed Assets. |
| | (b) | Whether these fixed assets have been physically verified by the management at reasonable intervals; Whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account; | No physical verification of Fixed Assets conducted during the year. |
| | (c) | Whether the title deeds of immovable properties are held in the name of the company. If not, provide the details thereof; | The transmission line towers erected by the company on the farmers land are treated as immovable property based on the provisions of the Indian Telegraph Act, which permits public utility undertakings to erect such towers without acquiring the land by paying adequate tree/crop compensation by the company to the owners of the said property |
| (ii) | | Whether physical verification of inventory has been conducted at reasonable intervals by the management; Whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account; | No physical verification of Inventory Conducted during the year. |
| (iii) | | Whether the company has granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013. If so, | The Company has not grated any Loans to any parties Covered under section 189 of the Companies Act, 2013. |
| | (a) | Whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest. | Not Applicable |
| | (b) | Whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular; | Not Applicable |
| | (c) | If the amount is overdue, state the total amount overdue for more than 90 days, | Not Applicable |

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| | | and whether reasonable steps have been taken by the company for recovery of the principal and interest. | |
| (iv) | | In respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof. | According to the information and explanations given to us, the Company does not have loans, investments and guarantees under section 185 and 186 of the Companies Act, 2013. Accordingly clause 3(iv) of the Order is not applicable |
| (v) | | In case, the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, where applicable, have been complied with? If not, the nature of such contraventions be stated; If an order<br>has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not? | The company has not accepted any deposits from Public and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the act and the Companies (Acceptance of Deposits ) Rules, 2015 with regard to the deposits accepted from the public are not applicable. |
| (vi) | | whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and whether such accounts and records have been so made and maintained | There is no such Cost Records specified by Central Government u/s 148 of the Companies Act, 2013. |
| (vii) | (a) | Whether the company is regular in depositing undisputed statutory dues to the appropriate authorities including:<br><br>i) Provident fund;<br>ii) Employees' state insurance;<br>iii) Income-tax;<br>iv) Sales-tax;<br>v) Service tax;<br>vi) Duty of customs;<br>vii) Duty of excise;<br>viii) Value Added Tax (VAT);<br>ix) Cess; and<br>x) Any other statutory dues.<br><br>If the company is not regular in depositing such statutory dues, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six | According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues with appropriate authorities including Goods and Services tax (GST), Income Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to the Company and that there are no undisputed statutory dues outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable. |

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| | | months from the date they became payable, shall be indicated by the auditor. | |
| | (b) | where dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be Mentioned. (A mere representation to the concerned Department shall not be treated as a dispute). | Based on our audit and explanations given to us, there are no disputed dues of Duty of Customs or Duty of Excise of Sales Tax which have not been deposited. |
| (viii) | | Whether the company has defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders? If yes, the period and the amount of default to be reported.<br>(In case of defaults to banks, financial institutions, and Government, lender wise details to be provided. | No Default |
| (ix) | | Whether moneys raised by way of Initial Public Offer (IPO) or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported; | The company has not raised Money by way of IPO & FPO including debt instruments. However, Loan from holding Company are applied for the purposes for which they are raised. |
| (x) | | Whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated; | Based on our audit Procedures performed and the information and explanations given by the management, we report that no fraud by the company or on the company by its officers or employees has been noticed or reported during the year. |
| (xi) | | Whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013? If not, state the amount involved and steps taken by the company for securing refund of the same; | Based on our audit Procedures performed and the information and explanations given by the management, Managerial Remuneration & Other Payments relating to Staff are made from Holding Co. Hence, the clause is Not Applicable |
| (xii) | | Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability and whether the Nidhi Company is maintaining 10% unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability; | Not Applicable |

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| | | | |
|---|---|---|---|
| (xiii) | | Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards; | All transactions with the "Related Parties" in compliance with sections 177 and 188 of the Companies Act, 2013 are disclosed. |
| (xiv) | | Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliance; | The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. |
| (xv) | | Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with; | Based on our audit Procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. |
| (xvi) | | Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained. | The Co. is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 as the Co. is not a NBFC. |

For **M/s P.G. Patel & Associates,**
Chartered Accountants
Firm Regn.No-112283W

Signature:-
CA P.G. Patel
Partner
Mem. No. 035533

P. G. PATEL & ASSOCIATES * CHARTERED ACCOUNTANTS
F.R. No.
112283W
VADODARA-7.

Dated: - 22.05.2019
Place: - Vadodara

Annexure – "B"

As referred to in our Independent Auditors' Report to the Members of the **M/s POWERGRID Jabalpur Transmission Limited ('The Company')**, on the Financial Statements for the Year Ended 31st March 2019, we Report that:

| Sl. No. | Directions u/s 143(5) of the Companies Act, 2013 | Auditor's reply on action taken on the directions | Impact on financial statement |
|---|---|---|---|
| 1 | Whether the company has system in place to process all the accounting transactions through IT system? If yes, then the implications of accounting transaction outside IT system on the integrity of accounts along with the financial implications, if any, may be stated. | All accounting transactions of the company are processed through the ERP(SAP System) that has been implemented by the Company. No accounting transaction is being recorded /processed otherwise than through the ERP system in place. Hence no further disclosure is required in this regards. | NIL |
| 2 | Whether there is any restructuring of any existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan ? if yes, the financial impact may be stated. | There are no cases of restructuring of existing loan or cases of waiver/write off of debts/loans/interest etc. s | NIL |
| 3 | Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation. | No fund has been received from Central/State agencies. | NIL |

For **M/s P.G. Patel & Associates,**
Chartered Accountants
Firm Regn.No-112283W

Signature:-
CA P.G. Patel
Partner
Mem. No. 035533
Dated: - 22.05.2019
Place: - Vadodara

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**ANNEXURE - "C"**

As referred to in our Independent Auditors' Report to the members of the **M/s POWERGRID Jabalpur Transmission Limited** ("the Company"), on the Financial Statements for the year ended 31st March 2019

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

We have audited the Internal Financial Controls over Financial Reporting of the company as at 31st March 2019 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining Internal Financial Control based on "the Internal Control over Financial Reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the Design, Implementation and Maintenance of Adequate Internal Financial Controls that were Operating Effectively for ensuring the orderly and efficient conduct of business, including adherence to Company's policies, the safeguarding of its assets, the Prevention and Detection of Frauds and Errors, the accuracy and completeness of the Accounting Records, and the Timely Preparation of Reliable Financial Information, as required under the Act.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls over Financial Reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Control over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate

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Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls System over Financial Reporting and their Operating Effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of Internal Control based on the assessed risk. The procedures selected depend on the Auditor's Judgement, including the Assessment of the Risks of Material Misstatement of the Financial Statements, whether due to Fraud or Error.

We believe that the Audit Evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls System over Financial Reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's Internal Financial Control over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for External Purposes in accordance with Generally Accepted Accounting Principles. A company's Internal Financial Control over Financial Reporting includes those policies and procedures that:

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with Generally Accepted Accounting Principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's Assets that could have a material effect on the Financial Statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March 2019, based on "the Internal Financial Controls over Financial Reporting criteria established by the Company considering the essential components of Internal Control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India."

For **M/s P.G. Patel & Associates,**
Chartered Accountants
Firm Regn.No-112283W

Signature:-
CA P.G. Patel
Partner
Mem. No. 035533

P.G. PATEL & ASSOCIATES
F.R. No. 112283W
VADODARA-7.
CHARTERED ACCOUNTANTS

Dated: - 22.05.2019
Place: - Vadodara

POWERGRID Jabalpur Transmission Limited
CIN: U40300DL2014GOI270433
Balance Sheet as at 31st March,2019

(Figures in Lakh)

| Particulars | Note No | As at 31st March,2019 | As at 31st March,2018 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| (a) Property, Plant and Equipment | 4 | 138926.83 | 3.40 |
| (b) Capital work-in-progress | 5 | 806.13 | 116822.37 |
| (c) Other Intangible assets | 6 | 6684.00 | - |
| (d) Intangible assets under development | 7 | | |
| (e) Other non-current assets | 8 | 379.91 | 1121.45 |
| | | 146796.87 | 117947.22 |
| **Current assets** | | | |
| (a)Trade receivables | 9 | 2362.49 | - |
| (b)Cash and cash equivalents | 10 | 7.52 | 3.63 |
| (c)Other current financial assets | 11 | 2075.76 | 15.78 |
| (d)Other current assets | 12 | 1.55 | 0.05 |
| | | 4447.32 | 19.46 |
| **Total Assets** | | 151244.19 | 117966.69 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity Share capital | 13 | 17315.00 | 15.00 |
| (b) Other Equity | 14 | 1014.16 | (0.33) |
| | | 18329.16 | 14.67 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial Liabilities | | | |
| i) Borrowings | 15 | 128958.27 | 96700.39 |
| Deferred tax liabilities(Net) | 16 | 108.04 | - |
| | | 129066.31 | 96700.39 |
| **Current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (ii) Trade payables | | | |
| (a) Total o/s dues of micro enterprises & small enterprises | | | |
| (b) Total o/s dues of creditors other than micro enterprises & small enterprises | 17 | 1.65 | - |
| (b) Other current financial liability | 18 | 3197.73 | 20856.89 |
| (c) Other current liabilities | 19 | 341.00 | 394.74 |
| (d) Current Tax Liabilities (Net) | 20 | 308.34 | - |
| | | 3848.72 | 21251.63 |
| **Total Equity and Liabilities** | | 151244.19 | 117966.69 |

The accompanying notes (1 to 45) form an integral part of financial statements

As per our report of even date
For M/S P.G.Patel & Associates.
Chartered Accountants
ICAI Firm Registration No. 112283W

CA P.G.Patel
Partner
Membership No. : 035533
Place: Vadodara
Date: 22.05.2019

P. G. PATEL & ASSOCIATES * CHARTERED ACCOUNTANTS * F.R. No. 112283W VADODARA-7.

For and on behalf of the Board of Directors

Abhay Choudhary
(Director)
DIN-07388432

V Susheela Devi
(Director)
DIN-07828528

A.K. Satapathy
(Chief Financial Officer)

Kamlesh Kumari
(Company Secretary)

Place: Gurugram
Date: 22.05.2019

POWERGRID Jabalpur Transmission Limited
CIN: U40300DL2014GOI270433
Statement of Profit and Loss for the year ended 31st March, 2019

(Figures in Lakh)

| | Particulars | Note No. | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
|---|---|---|---|---|
| I | Revenue From Operations | 21 | 6,104.81 | - |
| II | Other Income | 22 | 0.01 | - |
| III | Total Income (I+II) | | **6,104.82** | - |
| IV | **EXPENSES** | | | |
| | Employee benefits expense | | - | - |
| | Finance costs | 23 | 2,503.94 | - |
| | Depreciation and amortization expense | 24 | 1,920.95 | - |
| | Other expenses | 25 | 249.06 | - |
| | Total expenses (IV) | | **4,673.95** | - |
| V | Profit/(loss) before tax(III-IV) | | 1,430.87 | - |
| VI | Tax expense: | | | |
| | (1) Current tax | 26 | 308.34 | - |
| | (2) Deferred tax | | 108.04 | - |
| VII | Profit/(loss) for the period (V-VI) | | 1,014.50 | - |
| VIII | Other Comprehensive Income | | - | - |
| IX | Total Comprehensive Income for the period (VII+VIII) | | 1,014.50 | - |
| X | Earnings per equity share | | - | - |
| | (1) Basic (Par value of ₹ 10 each) | | 2.80 | - |
| | (2) Diluted (Par value of ₹ 10 each) | | 2.80 | - |

The accompanying notes (1 to 45) form an integral part of financial statements

As per our report of even date
For M/S P.G.Patel & Associates.
Chartered Accountants
ICAI Firm Registration No. 112283W

P.G. PATEL & ASSOCIATES * F.R. No. 112283W VADODARA-7. CHARTERED ACCOUNTANTS

CA P.G.Patel
Partner
Membership No. : 035533
Place: Vadodara
Date: 22.05.2019

For and on behalf of the Board of Directors

Abhay Choudhary
(Director)
DIN-07388432

V Susheela Devi
(Director)
DIN-07828528

A. K. Satapathy
(Chief Financial Officer)

Kamlesh Kumari
(Company Secretary)

Place: Gurugram
Date: 22.05.2019

**POWERGRID Jabalpur Transmission Limited**
**CIN: U40300DL2014GOI270433**
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019**

(Figures in Lakh)

| Particulars | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
|---|---|---|
| **(A) Cash Flow from Operating Activities:** | | |
| Net Profit before tax | 1,430.87 | - |
| Adjustment for:- | | |
| Depreciation | 1,920.95 | |
| Finance Cost | 2,503.94 | |
| Operating Profit before working capital change | **5,855.76** | - |
| A. Adjustments for :- | | |
| Increase/(Decrease) in Other Current Liabilities | (53.73) ~~(53.74)~~ | (402.41) |
| Increase/(Decrease) in Other current financial liability | (17,657.52) | 15,596.18 |
| (Increase)/Decrease in Other current Assets | (4,793.36) | 50.76 |
| Net Cash Flow from Operating Activities | (22504.61) ~~(22,504.62)~~ | **15,245** |
| **(B) Cash Flow from Investing Activities:** | | |
| - Property Plant & Equipment & Capital Work in Progress | ~~(30,401.21)~~ | (94,022.73) |
| - Advances for Capital Expenditure | (30401.20) | 2,482.89 |
| Net Cash used in Investing Activities | (30401.20) ~~(30,401.21)~~ | **(91,539.84)** |
| **(C) Cash Flow from Financing Activities:** | | |
| - Share Capital raised during the year | 17,300.00 | |
| - Loans raised during the year | 32,257.88 | 76,293.91 |
| - Interest Paid During the year | (2,503.94) | |
| Net Cash from Financing Activities | **47,053.94** | **76,293.91** |
| (D) Net change in Cash & Cash equivalents(A+B+C) | 3.89 ~~3.88~~ | **(1.40)** |
| (E) Cash and Cash Equivalents at the beginning of the period | 3.63 | 5.03 |
| (F) Cash and Cash Equivalents at the end of the period | 7.52 ~~7.51~~ | **3.63** |

Note:
1.Cash & Cash Equivalents consists of cheques, Drafts , Balance with banks.
2.Previous year figures have been re-grouped/ re-arranged wherever necessary

As per our report of even date
For M/S P.G.Patel & Associates.
Chartered Accountants
ICAI Firm Registration No. 112283W

CA P.G.Patel
Partner
Membership No. : 035533
Place: Vadodara
Date: 22.05.2019

P.G. PATEL & ASSOCIATES F.R. No. 112283W VADODARA-7. CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Abhay Choudhary
(Director)
DIN-07388432

V Susheela Devi
(Director)
DIN-07828528

A. K. Satapathy
(Chief Financial Officer)

Kamlesh Kumari
(Company Secretary)

Place: Gurugram
Date: 22.05.2019

## POWERGRID Jabalpur Transmission Limited
## Statement of Changes in Equity for the year ended 31st March 2019

A. Equity Share Capital

| | (Amount in Lakh) |
|---|---:|
| **As at 1st April, 2018** | 15 |
| Changes in equity share capital | 17,300 |
| **As at 31st March, 2019** | 17,315 |
| **As at 1st April, 2017** | 15 |
| Changes in equity share capital | - |
| **As at 31st March, 2018** | 17,315 |

B. Other Equity

(Figures in Lakh)

| | Reserves and Surplus | | | | | Other Comprehensive Income | | Total |
|---|---|---|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium Reserve | Self Insurance Reserve | General Reseve | Retained Earnings | Fair Value through Other Comprehensive Income Equity Investment | Other items of Other Comprehensive Income | |
| **Balance at 1st April,2018** | - | - | - | - | -0.33 | - | - | -0.33 |
| Restated balance at the beginning of the reporting period | - | - | - | - | - | - | - | - |
| Total Comprehensive Income for the year | - | - | - | - | 1,014.50 | - | - | 1,014.50 |
| Transfer to self insurance Reserve | | | 177.04 | | -177.04 | | | - |
| **Balance at 31st March, 2019** | - | - | 177.04 | - | 837.12 | - | - | 1,014.16 |
| **Balance at 1st April,2017** | - | - | - | - | -0.33 | - | - | -0.33 |
| Restated balance at the beginning of the reporting period | - | - | - | - | - | - | - | - |
| Total Comprehensive Income for the year | - | - | - | - | - | - | - | - |
| Transfer to self insurance Reserve | | | - | | - | | | - |
| **Balance at 31st March, 2018** | - | - | - | - | -0.33 | - | - | -0.33 |

Refer to Note No. 14 for Nature & movement of Reserve & Surplus

The accompanying notes (1 to 45) form an integral part of financial statements

As per our report of even date
For M/S P.G.Patel & Associates.
Chartered Accountants
ICAI Firm Registration No. 112283W

P. G. PATEL & ASSOCIATES
F.R. No. 112283W
VADODARA-7.
CHARTERED ACCOUNTANTS

CA P.G.Patel
Partner
Membership No. : 035533
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Date: 22.05.2019

For and on behalf of the Board of Directors

Abhay Choudhary
(Director)
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V Susheela Devi
(Director)
DIN-07828528

A. K. Satapathy
(Chief Financial Offic

Kamlesh Kumari
(Company Secretary)

Place: Gurugram
Date: 22.05.2019

**Notes to Financial Statements**

## 1. Corporate and General Information

Powergrid Jabalpur Transmission Limited ('the Company') is domiciled and incorporated in India under the provisions of Companies Act and is wholly owned subsidiary of Power Grid Corporation of India Limited. The registered office of the Company is situated at B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016.

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

The financial statements of the company for the year ended March 31, 2019 were approved for issue by the Board of Directors on 22.05.2019.

## 2. Significant Accounting Policies

### 2.1 Basis of Preparation

i) Compliance with Ind AS

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

ii) Basis of Measurement

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

iii) Functional and presentation currency

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

iv) Use of estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision 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 & 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 otherassets are classified as non-current.
All other assets are classified as non-current.
A liability is current when:
• It is expected to be settled in normal operating cycle;
• It is held primarily for the purpose of trading;
• It is due to be settled within twelve months after the reporting period; or
• There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.All other liabilities are classified as non-current.
Deferred tax assets/liabilities are classified as non-current.
The Company recognizes twelve months period as its operating cycle.

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## 2.2 Property, Plant and Equipment

### Initial Recognition and Measurement

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

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

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

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

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

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

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

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

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

### Subsequent costs

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

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

### Derecognition

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

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

## 2.3 Capital Work-In-Progress (CWIP)

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

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

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

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

### 2.4 Intangible Assets and Intangible Assets under development

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

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

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

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

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

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

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

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

### 2.5 Depreciation / Amortisation

**Property, Plant & Equipment**

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

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

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

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

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

Residual value of above assets is considered as Nil.

Mobile phones are charged off in the year of purchase.

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

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

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

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

**Intangible Assets**

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

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

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

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

**2.6 Borrowing Costs**

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

Other borrowing costs are charged to revenue.

**2.7 Impairment of non-financial assets, other than inventories**

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

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

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

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

**2.8 Cash and cash equivalents**

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

**2.9 Inventories**

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

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

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

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

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

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## 2.10 Leases

### i) As a Lessor

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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

a) **Finance leases**

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

b) **Operating leases**

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

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

### ii) As a Lessee

a) **Finance lease**

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

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

b) **Operating leases**

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

## 2.11 Financial instruments

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

### Financial Assets

Classification

The Company classifies its financial assets in the following categories:

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

The classification depends on the following:

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

### Initial recognition and measurement

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

### Subsequent measurement

**Debt Instruments at Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt

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investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

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

**Equity investments**

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

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

**De-recognition of financial assets**

A financial asset is derecognized only when

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

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

**Impairment of financial assets**:

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

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

**Financial Liabilities**

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

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

**Classification, initial recognition and measurement**

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

**Subsequent measurement**

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

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

**De-recognition of financial liability**

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

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been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other income or finance cost.

**Offsetting of financial instruments**

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

## 2.12 Foreign Currency Translation

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

(b) Transactions and balances
Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items are translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.
The Company has availed the exemption available in Ind AS 101, to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary liabilities outstanding as on March 31, 2016.

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

## 2.13 Income Tax

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

**Current income tax**

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

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Balance Sheet liability method. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.
Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

## 2.14 Revenue

Revenue is measured based on the consideration specified in a contract with acustomer and excludes amounts collected on behalf of third parties. TheCompany 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**

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

### 2.14.1 Revenue from Operations

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

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

### 2.14.2 Other Income

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

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

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

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

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

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

### 2.15 Dividends

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

### 2.16 Provisions and Contingencies

#### a) Provisions

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

#### b) Contingencies

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

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised.
Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

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2.17 **Share capital and Other Equity**

Ordinary shares are classified as equity.

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

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

2.18 **Prior Period Items**

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

2.19 **Earnings per Share**

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

Diluted earnings per share is computed using the net profit or loss for the year attributable to the shareholders and weighted average number of equity and potential equity shares outstanding during the year, except where the result would be anti-dilutive.
Additionally, basic and diluted earnings per share are computed using the earnings amounts excluding the movements in Regulatory Deferral Account Balances.

2.20 **Cash Flow Statement**

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

**Note 3.Critical Estimates and Judgments**

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

The areas involving critical estimates or judgments

Revenue Recognition:
Transmission income is accounted for based on tariff orders notified by the CERC. In case of transmission projects where final tariff orders are yet to be notified, transmission income is accounted for as per tariff regulations and other orders of the CERC in similar cases. Differences, if any, are accounted on issuance of final tariff orders by the CERC. Transmission income in respect of additional capital expenditure incurred after the date of commercial operation is accounted for based on expenditure incurred on year to year basis as per CERC tariff regulations.

Useful life of property, plant and equipment

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

Provisions and contingencies

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

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

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**Note 4/Property, Plant and Equipment**

(Figures in Lakh)

| Particulars | Cost | | | | | Accumulated Depreciation | | | | | Net Book Value | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st April,2018 | Additions during the year | Disposal | Adjustment during the year | As at 31st March,2019 | As at 1st April,2018 | Additions during the year | Disposal | Adjustment during the year | As at 31st March,2019 | As at 31st March,2019 | As at 31st March,2018 |
| **Plant & Equipment** | - | - | - | - | - | - | - | - | - | - | - | - |
| a) Transmission | - | 140,754.39 | - | - | 140,754.39 | - | 1,832.51 | - | - | 1,832.51 | 138,921.88 | - |
| Furniture Fixtures | 1.81 | - | - | - | 1.81 | 0.09 | 0.11 | - | - | 0.21 | 1.60 | 1.72 |
| Office equipment | 0.84 | 0.40 | - | - | 1.24 | - | 0.06 | - | - | 0.06 | 1.18 | 0.84 |
| Electronic Data Processing & Word Processing Machines | 1.04 | 1.82 | - | - | 2.86 | 0.20 | 0.50 | - | - | 0.69 | 2.17 | 0.85 |
| Total | 3.69 | 140,756.60 | - | - | 140,760.30 | 0.29 | 1,833.17 | - | - | 1,833.46 | 138,926.83 | 3.40 |
| **Grand Total** | **3.69** | **140756.60** | **0.00** | **0.00** | **140760.30** | **0.29** | **1833.17** | **0.00** | **0.00** | **1833.46** | **138926.83** | **3.40** |

(Figures in Lakh)

| Particulars | Cost | | | | | Accumulated Depreciation | | | | | Net Book Value | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st April,2017 | Additions during the year | Disposal | Adjustment during the year | As at 31st March,2018 | As at 1st April,2017 | Additions during the year | Disposal | Adjustment during the year | As at 31st March,2018 | As at 31st March,2018 | As at 31st March,2017 |
| Furniture Fixtures | 1.29 | 0.52 | - | - | 1.81 | 0.01 | 0.08 | - | - | 0.09 | 1.72 | 1.28 |
| Office equipment | | 0.84 | - | - | 0.84 | - | - | - | - | 0.00 | 0.84 | - |
| Electronic Data Processing & Word Processing Machines | - | 1.04 | - | - | 1.04 | - | 0.20 | - | - | 0.20 | 0.84 | - |
| Total | 1.29 | 2.40 | - | - | 3.69 | 0.01 | 0.28 | - | - | 0.29 | 3.40 | 1.28 |
| **Grand Total** | **1.29** | **2.40** | **0.00** | **0.00** | **3.69** | **0.01** | **0.28** | **0.00** | **0.00** | **0.29** | **3.40** | **1.28** |

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**Note 5/Capital work in progress**

(Figures in Lakh)

| Particulars | As at 1st April,2018 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March,2019 | As at 31st March,2018 |
|---|---|---|---|---|---|---|
| **Plant & Equipments (including associated civil works)** | | | | | | |
| Transmission | 70,018.27 | 50,255.26 | | 1,20,273.53 | | 70,018.27 |
| Expenditure during construction (net) | 11,170.04 | 9,222.49 | -88.33 | 20,480.86 | | 11,170.04 |
| Construction Stores | 35,634.06 | | 34,827.92 | | 806.13 | 35,634.06 |
| Grand Total | 1,16,822.37 | 59,477.75 | 34,739.59 | 1,40,754.39 | 806.13 | 1,16,822.37 |

(Figures in Lakh)

| Particulars | As at 1st April,2017 | Additions during the year | Adjustments | Capitalised during the year | As at 31st March,2018 | As at 31st March,2017 |
|---|---|---|---|---|---|---|
| **Plant & Equipments (including associated civil works)** | | | | | | |
| Transmission | 11,229.23 | 58,789.04 | | | 70,018.27 | 11,229.23 |
| Expenditure during construction (net) | 3,916.76 | 7,253.28 | | | 11,170.04 | 3,916.76 |
| Construction Stores | 7,655.77 | 27,978.29 | | | 35,634.06 | 7,655.77 |
| Grand Total | 22,801.76 | 94,020.61 | | | 1,16,822.37 | 22,801.76 |

## POWERGRID Jabalpur Transmission Limited

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

(At cost)

(Figures in Lakh)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|---|---|---|
| **Costruction Stores** | | |
| Towers | 304.67 | 12,583.16 |
| Conductors | 253.19 | 19,570.73 |
| Other Line Materials | 248.18 | 2,731.81 |
| Sub-Station Equipments | 0.09 | 4.42 |
| Others | | 343.93 |
| **TOTAL** | **806.13** | **35,634.06** |
| **Construction Stores include:** | | |
| **i)Material in transit** | | |
| Towers | | |
| Conductors | | |
| Others | | |
| **Total** | | |
| **ii) Material with Contractors** | | |
| Towers | 304.67 | 12,583.16 |
| Conductors | 253.19 | 19,570.73 |
| Other Line Materials | 248.18 | 2,731.81 |
| Sub-Station Equipments | 0.09 | 4.42 |
| Others | | 343.93 |
| **Total** | **806.13** | **35,634.00** |
| **Grand total** | **806.13** | **35,634.06** |

**Further Note:-**

Material with contractors amounting to Rs. 806.13 Cr P.Y.(35634 Cr) in respect to commissioned lines is pending for reconcilation . However reconcilation are carried out on ongoing basis.

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Note 6/Other Intangible assets

(Figures in Lakh)

| Particulars | Cost | | | | | Accumulated Amortisation | | | | | Net Book Value | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st April,2018 | Additions during the year | Disposal | Adjustment during the year | As at 31st March,2019 | As at 1st April,2018 | Additions during the year | Disposal | Adjustment during the year | As at 31st March,2019 | As at 31st March,2019 | As at 31st March,2018 |
| Right of Way-Afforestation Expenses | | 6772.17 | | | 6772.17 | | 88.17 | - | - | 88.17 | 6684.00 | |
| **Total** | | **6772.17** | | | **6772.17** | | **88.17** | | | **88.17** | **6684.00** | |

(Figures in Lakh)

| Particulars | Cost | | | | | Accumulated Amortisation | | | | | Net Book Value | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st April,2017 | Additions during the year | Disposal | Adjustment during the year | As at 31st March,2018 | As at 1st April,2017 | Additions during the year | Disposal | Adjustment during the year | As at 31st March,2018 | As at 31st March,2018 | As at 31st March,2017 |
| Right of Way-Afforestation Expenses | - | - | | | - | - | - | - | - | | | |
| **Total** | | | | | | | | | | | | |

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Note 7/Intangible assets under development

(Figures in Lakh)

| Particulars | As At 1st April2018 | Additions | Adjustments | Capitalised during the year | As at 31st March,2019 | As at 31st March,2018 |
|---|---|---|---|---|---|---|
| Right of Way-Afforestation expenses | | 6772.17 | | 6,772.17 | - | |
| Total | 0.00 | 6772.17 | 0.00 | 6772.17 | 0.00 | 0.00 |

(Figures in Lakh)

| Particulars | As At 1st April2017 | Additions | Adjustments | Capitalised during the year | As at 31st March,2018 | As at 31st March,2017 |
|---|---|---|---|---|---|---|
| Right of Way-Afforestation expenses | | - | | - | - | |
| Total | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

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Note 8/Other non-current Assets

(Unsecured considered good unless otherwise stated) (Figures in Lakh)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|---|---|---|
| **A) Advances for Capital Expenditure** | | |
| i) Secured | | |
| ii) Unsecured | | |
| Against bank guarantees | 10.51 | 1,112.53 |
| B) ~~Others:~~ Advances other than for capital expenditure | | |
| Advance tax and Tax deducted at source | 369.39 | 8.92 |
| TOTAL | **379.91** | **1,121.45** |

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## POWERGRID Jabalpur Transmission Limited

### Note 9/Trade receivables

(Figures in Lakh)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|---|---|---|
| i) Trade receivables | | |
| Unsecured Considered good | 2362.49 | |
| Considered doubtful | | |
| **TOTAL** | **2362.49** | |

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## POWERGRID Jabalpur Transmission Limited

### Note 10/Cash and Cash Equivalents

(Figures in Lakh)

| Particulars | | As at 31st March,2019 | As at 31st March,2018 |
|---|---|---|---|
| **Balance with banks-** | | | |
| -In Current accounts | | 7.52 | 3.63 |
| | Total | 7.52 | 3.63 |

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## POWERGRID Jabalpur Transmission Limited

### Note 12/Other current Assets

(Unsecured considered good unless otherwise stated) (Figures in Lakh)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|---|---|---|
| **Advances recoverable in kind or for value to be received** | | |
| Balance with Authorities* | 1.55 | 0.05 |
| **Total** | **1.55** | **0.05** |

*Balance with authorities includes Rs.1,50,000 with CDSL and Rs.5000 with VAT department.

## POWERGRID Jabalpur Transmission Limited

**Note 13/Equity Share capital**

(Figures in Lakh)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|---|---|---|
| Equity Share Capital | | |
| **Authorised** | | |
| 300000000 (31st March 2018 20000000) equity shares of ₹10/- each at par | 30000 | 2000 |
| **Issued, subscribed and paid up** | | |
| 173150000 (31st March 2018 150000) equity shares of ₹10/-each at par fully paid up | 17315 | 15 |
| **Total** | 17315 | 15 |

**Further Notes:**

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

| Particulars | For the year ended 31st March, 2019 | | For the year ended 31st March, 2018 | |
|---|---|---|---|---|
| | No.of Shares | Amount in Rupees | No.of Shares | Amount in Rupees |
| Shares outstanding at the beginning of the year | 150000 | 1500000 | 150000 | 1500000 |
| Shares Issued during the year | 173000000 | 1730000000 | | |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 173150000 | 1731500000 | 150000 | 1500000 |

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

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

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

| Particulars | As at 31st March, 2019 | | As at 31st March, 2018 | |
|---|---|---|---|---|
| | No.of Shares | % of holding | No.of Shares | % of holding |
| Power Grid Corporation of India Limited(Holding Company)* | 173150000 | 100% | 150000 | 100% |

*Out of 17,31,50,000 equity shares (Previous Year 1,50,000 equity shares) 6 equity shares are held by Nominees of M/s Powergrid Corporation of India Ltd on its behalf.

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## POWERGRID Jabalpur Transmission Limited

Note 14/Other Equity

(Figures in Lakh)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|---|---|---|
| **Reserves and Surplus** | | |
| **Self Insurance Reserve** | | |
| Addition During the Year | 177.04 | |
| **Retained Earnings** | | |
| As per last balance sheet | (0.33) | (0.33) |
| Profit after tax as per Statement of Profit & Loss | 1014.50 | |
| Self Insurance Reserve | 177.04 | |
| Closing Balance | 837.12 | (0.33) |
| TOTAL | **1014.16** | **(0.33)** |

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## POWERGRID Jabalpur Transmission Limited

Note 15/ Borrowings

(Figures in Lakh)

| Description | As at 31st March,2019 | As at 31st March,2018 |
|---|---|---|
| Unsecured Loan from Power Grid Corporation of India Ltd(Holding Co.) | 128958.27 | 96700.39 |
| **Total** | 128958.27 | 96700.39 |

**Note:**

1.The Inter Corporate Loan is provided by the Holding Company on cost to cost basis at the interest rate which varies from 7.20% to 8.40% repayable over a period of 10 to 20 years after a moratorium period of 3 to 5 years.
2.There is no default in repayment of borrowings.
3.Disclosure with regard to related party is under Note no.31

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## POWERGRID Jabalpur Transmission Limited

Note 16/ Deferred tax liabilities (Net)

(Figures in Lakh)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|---|---|---|
| **Deferred Tax Liability** | | |
| Difference between book depreciation and tax depreciation (A) | 6958.87 | |
| **Deferred Tax Liability (A)** | **6958.87** | |
| **Deferred Tax Assets** | | |
| Unused Tax Losses(Income Tax Losses) | 6,542.41 | |
| Preliminary Expenses | 0.08 | |
| MAT Credit Entitlement | 308.34 | |
| **Deferred Tax Assets (B)** | **6850.83** | **0.00** |
| Deferred Tax Liability (Net) ( A-B) | **108.04** | **0.00** |

### Movements in Deferred Tax Liabilities

(Figures in Lakh)

| | Property, Plant and Equipment | Others | Total |
|---|---|---|---|
| As at 01st April 2017 | - | - | - |
| Charged/(Credited) | | | |
| - to Profit or Loss | - | - | - |
| - to Other Comprehensive Income | - | - | - |
| As at 31st March 2018 | - | - | - |
| Charged/(Credited) | | | - |
| - to Profit or Loss | 6,958.87 | - | 6,958.87 |
| - to Other Comprehensive Income | - | - | - |
| As at 31st March 2019 | 6,958.87 | - | 6,958.87 |

### Movements in Deferred Tax Assets

(Figures in Lakh)

| | Unused Tax Losses | MAT Credit | Others | Total |
|---|---|---|---|---|
| As at 01st April 2017 | - | | - | - |
| Charged/(Credited) | | | | |
| - to Profit or Loss | - | | - | - |
| - to Other Comprehensive Income | - | | | - |
| As at 31st March 2018 | - | | - | - |
| Charged/(Credited) | | | | - |
| - to Profit or Loss | 6,542.41 | 308.34 | 0.08 | 6,850.83 |
| - to Other Comprehensive Income | - | | - | - |
| As at 31st March 2019 | 6,542.41 | 308.34 | 0.08 | 6,850.83 |

### Amount taken to Statement of Profit and Loss

(Figures in Lakh)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| Increase in Deferred Tax Liabilities | 6,958.87 | - |
| Increase in Deferred Tax Assets | 6,850.83 | - |
| Net Amount taken to Statement of Profit and Loss | **108.04** | - |

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**Note 17/Trade payables**

(Figures in Lakh)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|---|---|---|
| **Financial liabilities** | | |
| For goods and services | | |
| (a) Total o/s dues of micro enterprises & small enterprises | | |
| (b) Total o/s dues of creditor other than micro enterprises & small enterprises | 1.65 | |
| **Total** | **1.65** | |

**Further Notes:**

Disclosure with regard to Micro and Small enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note No.~~25~~ 27

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Note 18/Other Current Financial Liability

(Figures in Lakh)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|---|---|---|
| **Interest accrued but not due on borrowings from** | | |
| Related Party ( Power Grid Corporation of India Ltd) | 1,525.82 | 1,879.74 |
| **Others** | | |
| Dues for capital expenditure | 108.05 | 11,904.61 |
| Deposits/Retention money from contractors and others. | 1,118.17 | 5,188.59 |
| Related parties (Power Grid Corporation of India Ltd) | 443.31 | 1,841.82 |
| Others | 2.38 | 42.13 |
| | 1,671.91 | 18,977.15 |
| **Total** | **3,197.73** | **20,856.89** |

**Further Note:**

1. Disclosure with regard to Micro and Small Enterprise as reported under " The Micro, Small and Medium Enterprise Development Act,2006" is given in Note no. ~~25~~ 27

2.Disclosure with regard to related party is under Note no.31

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## POWERGRID Jabalpur Transmission Limited

**Note 19/Other current liabilities**

(Figures in Lakh)

| Particulars | As at 31st March,2019 | As at 31st March,2018 |
|---|---|---|
| Statutory dues | 341.00 | 394.74 |
| Total | 341.00 | 394.74 |

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## POWERGRID Jabalpur Transmission Limited

### Note 20/ Current Tax Liabilities (Net)

(Figures in Lakh)

| Description | As at 31st March,2019 | As at 31st March,2018 |
|---|---|---|
| **Taxation (Including interest on tax )** | | |
| As per last balance sheet | | |
| Additions during the year | 308.34 | |
| Amount adjusted during the year | | |
| Net off against taxes paid (Note 2.18) | | |
| Closing Balance | **308.34** | |

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## POWERGRID Jabalpur Transmission Limited

**Note 21/Revenue from operations**

(Figures in Lakh)

| **Particulars** | **For the year ended 31st March,2019** | **For the year ended 31st March,2018** |
|---|---|---|
| Sales of services | | |
| **Transmission Charges** | 6104.81 | |
| Total | **6104.81** | - |

## POWERGRID Jabalpur Transmission Limited

Note 22/Other income

(Figures in Lakh)

| Particulars | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
|---|---|---|
| Interest from advances to contractors | 69.42 | 388.10 |
| **Others** | | |
| Miscellaneour Income* | 0.01 | |
| FV gain on initial recognition of Financial Liabilities | 0.00 | -70.30 |
| | 69.43 | 317.80 |
| Less:Income transferred to expenditure during construction(Net) | 69.42 | 317.80 |
| **TOTAL** | **0.01** | - |

* Misc. Income include rebate on early payment of system operation charges

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Note 23/Finance costs

(Figures in Lakh)

| Particulars | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
|---|---|---|
| A) Interest and finance charges on financial liabilities at amortised cost | | |
| i) Loan from Holding Co. (Powergrid Corporation of India Limited) | 9,596.19 | 3,793.25 |
| ii) Unwinding of discount on financial liabilities | 0.00 | -8.93 |
| iii) Others* | 0.04 | 0.08 |
| Total | 9,596.23 | 3,784.40 |
| Less: Transferred to Expenditure during Construction(Net) | 7,092.29 | 3,784.40 |
| TOTAL | **2,503.94** | - |

*Others include LEI renewal charges of Rs.3540 .

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**Note 24/Depreciation and amortization expense**

(Figures in Lakh)

| Particulars | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
|---|---|---|
| Depreciation of Property,Plant and Equipment | 1,833.17 | 0.28 |
| Amortiztion of Intangible assets | 88.17 | 0.00 |
| Less: Transferred to Expenditure During Construction(Net) | 0.39 | 0.28 |
| TOTAL | 1,920.95 | - |

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Note 25/Other expenses

(Figures in Lakh)

| Particulars | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
|---|---|---|
| **Repair & Maintenance** | | |
| Plant & Machinery | | |
| Transmission lines | 84.38 | |
| System and Market Operation Charges | 0.83 | |
| Legal expenses | 265.45 | |
| Professional charges(Including TA/DA) | 2,080.68 | 3,780.98 |
| Audit Fees | 0.41 | 0.35 |
| CERC petition & Other charges | 0.00 | 5.00 |
| Miscellaneous expenses | 6.29 | 0.03 |
| Hiring of Vehicle | 0.24 | |
| Rates and taxes | 10.00 | 0.05 |
| **Total** | **2,448.28** | **3,786.41** |
| Less:Transferred to Expenditure during Construction(Net) | 2,199.23 | 3,786.41 |
| Total | **249.06** | - |

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### Note 26/ Income Tax Expense

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

**a) Income Tax Expense** (Figures in Lakh)

| | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
|---|---|---|
| (a) Income tax expense | | |
| Current Tax | | |
| Current tax on profits for the year | 308.34 | - |
| **Total current tax expense** | **308.34** | - |
| **Deferred tax expense** | | - |
| Origination and reversal of temporary differences | 108.04 | - |
| **Total deferred tax expense/(benefit)** | **108.04** | - |
| **Income tax expense** | **416.38** | - |

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

| | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
|---|---|---|
| Profit before income tax expense including movement in regulatory | 1,430.87 | - |
| **Tax at the Company's domestic tax rate of 29.10% (Previous Year NIL)** | **416.38** | - |
| Tax effect of: | - | - |
| Non Deductible tax items | - | - |
| Tax exempt income | - | - |
| Deferred Tax | (108.04) | - |
| Minimum alternate tax adjustments | 108.04 | - |
| **Income tax expense** | **416.38** | - |

(C) The company has option to avail MAT credit in future against income tax payable and hence MAT paid during earlier & in Current Year are carried forward

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**Expenditure during Construction (Net)**

(Figures in Lakh)

| Particulars | For the year ended 31st March,2019 | For the year ended 31st March,2018 |
|---|---|---|
| **A.Other Expenses** | | |
| Legal expenses | 116.46 | 0 |
| Professional charges( Including TA/DA) | 2080.60 | 3780.98 |
| Payment to Auditors | 0.00 | 0.35 |
| Miscellaneous expenses | 1.92 | 5.00 |
| Hiring of Vehicles | 0.24 | 0 |
| Rates and taxes | 0.00 | 0.05 |
| Other Charges | 0.00 | 0.11 |
| **Total(A)** | **2199.22** | **3786.49** |
| **B.Depreciation/Amortisation** | **0.39** | **0.28** |
| **C.Finance Costs** | | |
| Other finance charges | | |
| Loan from Holding Co. | 7092.29 | 3793.25 |
| Unwinding of discount on financial liabilities | 0.00 | -8.93 |
| **Total ( C )** | **7092.29** | **3784.32** |
| **D. Less: Other Income** | | |
| **Interest from** | | |
| Contractors | 69.42 | 388.10 |
| Others | 0.00 | -70.30 |
| **Total (D)** | **69.42** | **317.80** |
| **GRAND TOTAL (A+B+C-D)** | **9222.49** | **7253.29** |

**27.** Based on information available with the company, there are no supplier's/service providers who are registered as micro, small or medium enterprise under The Micro, Small and Medium Enterprises Development Act,2006 (MSMED Act, 2006). Information in respect of micro and small enterprises as required by MSMED Act, 2006 is given as under:

( ₹ in Lakh)

| | Particulars | Current Year | Previous Year |
|---|---|---|---|
| | Principal amount and interest due thereon remaining unpaid to any supplier as at end of each accounting year:<br>Principal<br>Interest | <br><br>Nil<br>Nil | <br><br>Nil<br>Nil |
| | The amount of Interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | Nil | Nil |
| | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | Nil | Nil |
| | The amount of interest accrued and remaining unpaid at the end of each accounting year. | Nil | Nil |
| | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | Nil | Nil |

**28.** The Company does not have any permanent employees. The personnel working for the company are from holding company on secondment basis and are working on time share basis. The employee cost (including retirement benefits such as Gratuity, Leave encashment, post-retirement benefits etc.) in respect of personnel working for the company are paid by holding company and holding company is raising the invoice to the Subsidiary company towards Consultancy charges.

Since there are no employees in the company, the obligation as per Ind AS 19 does not arise. Accordingly, no provision is considered necessary for any retirement benefit like gratuity, leave salary, pension etc., in the books of the company.

**29.** Borrowing Cost Capitalized/Shifted to IDC during the year ₹ 7092.29 lacs (Previous Year ₹ 3784.32 lacs) in the respective carrying amount of Property, Plant and Equipment/Capital work in progress(CWIP) as per Ind AS 23 "Borrowing Costs".

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### 30. Fair Value Measurements

( ₹ in Lakh)

| Financial Instruments by category | 31st March, 2019 FVOCI | 31st March, 2019 Amortised cost | 31st March, 2018 FVOCI | 31st March, 2018 Amortised cost |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Cash & cash Equivalents | 7.52 | 7.52 | 3.63 | 3.63 |
| Total Financial assets | **7.52** | **7.52** | **3.63** | **3.63** |
| **Financial Liabilities** | | | | |
| Borrowings | 126919.04 | 130484.09 | 95347.07 | 98580.13 |
| Other Financial Liabilities | 1673.56 | 1673.56 | 18977.15 | 18977.15 |
| **Total financial liabilities** | **128592.60** | **132157.65** | **114324.22** | **117557.28** |

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

( ₹ in Lakh)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **At 31 March 2019**<br>**Financial Assets** | - | - | - | - | - |
| **Total Financial Assets** | - | - | - | - | - |
| **Financial Liabilities** | | | | | |
| Borrowings | | | 126919.04 | | 126919.04 |
| Other financial liabilities<br>Deposits/retention money from contractors and others | | | 1673.56 | | 1673.56 |
| **Total financial liabilities** | | | **128592.60** | | **128592.60** |

( ₹ in Lakh)

| Assets and liabilities which are measured at amortised cost for which fair values are disclosed | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **At 31 March 2018**<br>**Financial Assets** | - | - | - | - | - |
| **Total Financial Assets** | - | - | - | - | - |
| **Financial Liabilities** | | | | | |
| Borrowings | | | 95347.07 | | 95347.07 |
| Other financial liabilities | | | 18977.15 | | 18977.15 |
| **Total financial liabilities** | | | **114324.22** | | **114324.22** |

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

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

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

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

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

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### (ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:
•the fair value of the financial instruments is determined using discounted cash flow analysis.
All of the resulting fair value estimates are included in level 2

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

( ₹ in Lakh)

| | 31 March 2019 | | 31 March 2018 | |
|---|---|---|---|---|
| | Carrying Amount | Fair value | Carrying Amount | Fair value |
| **Financial Assets** | - | - | - | - |
| **Total Financial Assets** | | | | |
| **Financial Liabilities** | | | | |
| Borrowings | 130484.09 | 126919.04 | 98580.13 | 95347.07 |
| Other financial liabilities | 1673.56 | 1673.56 | 18977.15 | 18977.15 |
| **Total financial liabilities** | **132157.65** | **128592.60** | **117557.28** | **114324.22** |

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

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

### 31. Related party Transactions

#### (a)Holding Company

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

#### (b)Subsidiaries of Holding Company

| | | Proportion of Ownership Interest | |
|---|---|---|---|
| **Name of entity** | **Place of business/country of incorporation/Relationship** | **31-Mar-2019** | **31- Mar-2018** |
| Powergrid Vizag Transmission Limited | India-Fellow Subsidiary | - | - |
| Powergrid NM Transmission Limited | India-Fellow Subsidiary | - | - |
| Powergrid Unchahar Transmission Limited | India-Fellow Subsidiary | - | - |
| Powergrid Kala Amb Transmission Limited | India-Fellow Subsidiary | - | - |
| Powergrid Warora Transmission Limited | India-Fellow Subsidiary | - | - |
| Powergrid Parli Transmission Limited | India-Fellow Subsidiary | - | - |
| Powergrid Southern Interconnector Transmission Limited | India-Fellow Subsidiary | - | - |
| Powergrid Vemagiri Transmission Limited | India-Fellow Subsidiary | - | - |
| Medinipur Jeerat Transmission Limited (Earstwhile Medinipur Jeerat Transmission Ltd.)* | India-Fellow Subsidiary | - | - |
| Powergrid Mithilanchal Transmission Limited(Earstwhile ERSS XXI Transmission Ltd.) | India-Fellow Subsidiary | - | - |
| Powergrid Varanasi Transmission system Limited | India-Fellow Subsidiary | - | - |
| Powergrid Jawaharpur Firozabad Transmission Limited (erstwhile Jawaharpur Firozabad Transmission Limited )# | India-Fellow Subsidiary | | |

# Powergrid Jawaharpur Firozabad Transmission Limited acquired from REC Transmission Projects Limited on 21st December, 2018.

### (c) Joint Ventures of Holding Company

| Name of entity | Place of business/country of incorporation/Relationship | Proportion of Ownership Interest | |
|---|---|---|---|
| | | 31- Mar-2019 | 31- Mar- 2018 |
| Powerlinks Transmission Limited | India-JV of Holding | - | - |
| Torrent Power Grid Limited | India-JV of Holding | - | - |
| Jaypee Powergrid Limited | India-JV of Holding | - | - |
| Parbati Koldam Transmission Company Limited | India-JV of Holding | - | - |
| Teestavalley Power Transmission Limited### | India-JV of Holding | - | - |
| North East Transmission Company Limited | India-JV of Holding | - | - |
| National High Power Test Laboratory Private Limited | India-JV of Holding | - | - |
| Bihar Grid Company Limited | India-JV of Holding | - | - |
| Kalinga Vidyut Prasaran Nigam Private Limited # | India-JV of Holding | - | - |
| Cross Border Power Transmission Company Limited | India-JV of Holding | - | - |
| RINL Powergrid TLT Private Limited ## | India-JV of Holding | - | - |
| Power Transmission Company Nepal Ltd | Nepal JV of Holding | - | - |

#POWERGRID's Board of Directors in its meeting held on 16th August 2018 accorded approval for initiating procedure for Winding up / removal of the name of Kalinga Vidyut Prasaran Nigam Private Limited under fast track exit mode of Registrar of company (ROC).
##POWERGRID's Board of Directors in its meeting held on 01st May 2018 accorded approval for initiating procedure for winding up/dissolution of RINL Powergrid TLT Private Limited.
###POWERGRID & Teesta Urja Ltd. are the joint venture partners in Teestavalley Power Transmission Limited & holds 26% and 74% of equity respectively as per shareholding agreement. On call of additional equity by Teestavalley Power Transmission Limited, POWERGRID contributed their share amounting 11.28 crores while the other JV partner has not contributed their share of money as on 31.03.2019. Consequently, the holding of POWERGRID increased to 28.23% as on 31.03.2019 against 26% provided in shareholding agreement.

### (d) Key Management Personnel

| Name | Designation |
|---|---|
| Smt. Seema Gupta | Chairman |
| Shri Ravi P. Singh* | Chairman |
| Sh. D.K.Singh | Director |
| Shri Abhay Choudhary | Director |
| Smt. Susheela Devi | Director |
| Shri Ajaya Kumar Satapathy | Chief Financial Officer |
| Smt. Kamlesh Kumari | Company Secretary |

*Ceased to be Chairman w.e.f. 22.01.2019

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

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

( ₹ in Lakh)

| Particulars | 31 March, 2019 | 31 March, 2018 |
|---|---|---|
| **Payables** | | |
| Holding Company | | |
| Power Grid Corporation of India Ltd. | 443.31 | 1841.82 |
| **Total** | **443.31** | **1841.82** |

( ₹ in Lakh)

| Particulars | 31 March, 2019 | 31 March, 2018 |
|---|---|---|
| **Receivables** | | |
| Holding Co. | | |
| Power Grid Corporation of India Ltd. | - | 14.57 |
| **Total receivables** | - | **14.57** |

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**(f) Investments Received during the year (Equity)**

( ₹ in Lakh)

| Particulars | 31 March, 2019 | 31 March, 2018 |
|---|---|---|
| **Payables** | | |
| Holding Company | | |
| Power Grid Corporation of India Ltd. | 17300 | - |
| **Total** | **17300** | - |

**(g) Loans to/from related parties**

( ₹ in Lakh)

| Loans from Holding Company | 31 March, 2019 | 31 March, 2018 |
|---|---|---|
| Power Grid Corporation of India Ltd. | 128958.27 | 96700.39 |
| **Total** | **128958.27** | **96700.39** |

**(h) Interest accrued on Loan**

( ₹ in Lakh)

| Particulars | 31 March, 2019 | 31 March, 2018 |
|---|---|---|
| **Holding** | | |
| Power Grid Corporation of India Ltd. | 1525.82 | 1879.74 |
| **Total** | **1525.82** | 1879.74 |

**(i) Transactions with related parties**

The following transactions occurred with related parties:

( ₹ in Lakh)

| Particulars | 31 March, 2019 | 31 March, 2018 |
|---|---|---|
| **Services received by the Company** | | |
| Holding Company | | |
| Power Grid Corporation of India Ltd. | | |
| Consultancy Charges | **2163.40** | 3217.98 |
| **Total** | **2163.40** | **3217.98** |

**(j) Interest on Loan**

( ₹ in Lakh)

| Particulars | 31 March, 2019 | 31 March, 2018 |
|---|---|---|
| **Holding** | | |
| Power Grid Corporation of India Ltd. | 9596.19 | 3793.25 |
| **Total** | **9596.19** | **3793.25** |

**32. Segment Information**

**a) Business Segment**

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

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

**Capital and other Commitments**

( ₹ in Lakh)

| Particulars | As at March 31,2019 | As at March 31,2018 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | ~~3124.45~~ 3514.02 | 17588.01 |

**33. Contingent Liabilities and contingent assets**

**Contingent Liabilities**

There is no Contingent Liabilities as at 31st March 2019 ( Nil 31st March 2018)

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34. Capital management

a) Risk Management

The company's objectives when managing capital are to

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

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

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

35. Earnings per share

| a) Basic and diluted earnings per share attributable to the equity holders of the company | 31 March, 2019 | 31 March, 2018 |
|---|---|---|
| From Continuing Operations | 2.80 | - |
| Total basic diluted earnings per share attributable to the equity holders of the company | 2.80 | - |

( ₹ in Lakh)

| b) Reconciliation of earnings used as numerator in calculating earnings per share | 31 March, 2019 | 31 March, 2018 |
|---|---|---|
| Earnings attributable to the equity holders of the company | 1014.50 | - |
| Total Earnings attributable to the equity holders of the company | 1014.50 | - |

| c) Weighted average number of shares used as the denominator | 31 March, 2019 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 | 36191781 | 150000 |
| Adjustments for calculation of diluted earnings per share | - | - |
| Total weighted average number of equity shares used as the denominator in calculating basic earnings per share | 36191781 | 150000 |

36. Financial Risk Management

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

At present, the Company's principal financial assets include cash and cash equivalents that are generated from its operations.

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

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. Since the company is still under construction there are no trade receivables.~~

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

Credit Risk Management

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities on account of trade receivables and loans and advances and from its financing activities due to deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

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

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

The Company primarily provides transmission facilities to inter-state transmission service customers(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.

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(i) **Other Financial Assets**

- **Cash and cash equivalents**

  The Company held cash and cash equivalents as on 31st March 2019 of ₹ 7.52 lakh (31st March, 2018: ₹ 3.63 lakh). The cash and cash equivalents are held with public sector banks and high rated private sector banks and do not have any significant credit risk.

- **Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

( ₹ in Lakh)

| Particulars | 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 | 7.52 | 3.63 |
| Other current financial assets | 16.93 | 15.78 |
| **Total** | **24.45** | **19.41** |

- **Provision for expected credit losses**

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

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

**B) Liquidity risk**

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

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

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

Maturities of financial liabilities

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

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

( ₹ in Lakh)

| Contractual maturities of financial liabilities | Within a year | Between 1 & 2 years | Between 2 & 5 years | Beyond 5 years | Total |
|---|---|---|---|---|---|
| **31 March 2019** | | | | | |
| Borrowings (including interest outflows) | 10190.01 | 10616.77 | 47392.30 | 154761.88 | 222960.96 |
| Other financial liabilities | 1663.81 | | | | 1663.81 |
| **Total** | **11853.82** | **10616.77** | **47392.30** | **154761.88** | **224624.77** |
| **31 March 2018** | | | | | |
| Borrowings | 6953.14 | 7384.24 | 31423.55 | 125363.56 | 171124.49 |

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| | | | | | |
|---|---|---|---|---|---|
| Other financial liabilities | 18977.15 | - | - | - | 18977.15 |
| **Total** | **25930.29** | **7384.24** | **31423.55** | **125363.56** | **190101.64** |

**C) Market risk**

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

i. Currency risk
ii. Interest rate risk

i) **Currency risk**

As on Reporting date the Company does not have any exposure to currency risk in respect of foreign currency denominated loans and borrowings. The company is exposed to currency risk mainly due to procurement of goods and services.

ii) **Interest rate risk**

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

## 37. Foreign Currency Exposure

### Not hedged by a derivative instrument or otherwise

| Particulars | | Amount in Foreign Currency ( in ~~Crore~~) Lakh | | Amount (₹ in ~~Crore~~) Lakh | |
|---|---|---|---|---|---|
| | | 31st March, 2019 | 31st March, 2018 | 31st March, 2019 | 31st March, 2018 |
| Borrowings | USD | - | - | - | - |
| | EURO | - | - | - | - |
| | SEK | - | - | - | - |
| | JPY | - | - | - | - |
| Interest accrued but not due thereon including Agency Fee, Commitment Fee & other Charges | USD | - | - | - | - |
| | EURO | - | - | - | - |
| | SEK | - | - | - | - |
| | JPY | - | - | - | - |
| Trade Payables/deposits and retention money | USD | 0.23 | 0.31 | 15.90 | 20.46 |
| | EURO | - | - | - | - |
| | SEK | - | - | - | - |
| | CHF | - | - | - | - |
| | GBP | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| | JPY | - | - | - | - |
| Trade receivables and Bank balances | USD | - | - | - | - |
| | NPR | - | - | - | - |
| | EURO | - | - | - | - |
| Amount of contracts remaining to be executed | USD | - | - | - | - |
| | EURO | - | - | - | - |
| | SEK | - | - | - | - |
| | CHF | - | - | - | - |
| | GBP | - | - | - | - |
| | JPY | - | - | - | - |

**38.Auditors Remuneration**

| Particulars | FY 2018-19 | FY 2017-18 |
|---|---|---|
| Statutory Audit Fees | 0.41 | 0.35 |
| | | |
| **Total** | **0.41** | **0.35** |

**39. Other Disclosures**

**a. Taxation**

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

The company had made a tax provision of Rs.308.34 lakh (Previous year Rs. NIL Lakh) for the year towards current tax (Minimum Alternate Tax). In accordance with Ind-AS 12 on Accounting for taxes on Income , the company has computed Deferred Tax Asset/(Liability) of Rs. (416.38) Lakh (Previous Year Rs. NIL Lakh) on account of timing difference in relation to depreciation as per books vis.a.vis Tax laws and unused tax losses.

**b. Leases**

**Operating Lease :** The company has no Operating Leases.

**Finance Lease:** The company has no finance lease.

**c. Self Insurance Reserve**

Self-insurance reserve is created @ 0.12% p.a. on Gross Block of Property, Plant and Equipment amount to Rs.177.04 Lakh except assets covered under insurance as at the end of the year by appropriation of current year profit to mitigate future losses from un-insured risks and for taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers and equipment of AC substation. The Reserve created as above is shown as "Self Insurance Reserve" under 'Other Equity'.

**40.Exceptional & Extraordinary items**

There is no exceptional & extraordinary items as at the Balance Sheet date.

**41.Party Balances & Confirmations**

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Balances of recoverable shown under Assets and other payables shown under Liabilities include balances subject to confirmation/reconciliation and consequential adjustments if any. However reconciliation are carried out on ongoing basis.

42.POWERGRID (Holding Company) in the capacity of CTU is entrusted with the job of centralized Billing , Collection and Disbursement (BCD) of transmission charges on behalf of all IST licensees . Accordingly CTU is raising bill for transmission charges to DICs on behalf of IST licensees. The debtors are accounted based on the list of DICs given by CTU shall assess the credit risk of trade receivable using life time expected credit losses and intimate company for suitable provision , if required.

**43. Recent Accounting Pronouncements:**

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

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

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

Amendments to Ind AS 19, 'Employee Benefits'

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

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

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

Amendment to Ind AS 12, 'Income Taxes'

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

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

Amendments to Ind AS 23, 'Borrowing Costs'

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

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

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

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

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

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

(₹ in Lakhs)

| | As previously reported | Ind AS 115 adjustments | As restated |
|---|---|---|---|
| Contract liabilities | Nil | Nil | Nil |
| Other Equity – General Reserve | Nil | Nil | Nil |

**Impacts on Statement of Profit and Loss for the period ended March 31, 2019**

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

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

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Balance at the beginning | NIL | NIL |
| Add: Revenue recognised during the period | 2058.83 | NIL |
| Less: Invoiced during the period | NIL | NIL |
| Less: Impairment/reversal during the period | NIL | NIL |
| Add: Translation gain/(Loss) | NIL | NIL |
| Balance at the end | 2058.83 | NIL |

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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<br>a) From contract liability as at beginning of the period<br>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 Contracted Price vis-a-vis revenue recognized in profit or loss statement is as follows-

(₹ in Lakhs)

| | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Contracted price | 6126.15 | NIL |
| Add/ (Less)- Discounts/ rebates provided to customer | 21.34 | NIL |
| Add/ (Less)- Performance bonus | NIL | NIL |
| Add/ (Less)- Adjustment for significant financing component | NIL | NIL |
| Add/ (Less)- Other adjustments | NIL | NIL |
| Revenue recognized in profit or loss statement | 6104.81 | NIL |

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

**45. (a)**Previous year figures have been regrouped / rearranged wherever considered necessary.

(b)Figures have been rounded off to nearest rupees in lakhs upto two decimal.

For and on behalf of the Board of Directors

As per our report of even date
For P.G Patel & Associates
Chartered Accountants
ICAI Firm Registration
No. 112283W

CA P.G Patel
Partner
Membership No. : 035533
Place: Vadodara
Date: 22.05.2019

P. G. PATEL & ASSOCIATES
F.R. No. 112283W
VADODARA-7.
CHARTERED ACCOUNTANTS

Abhay Choudhary
(Chairman)
DIN-07388432

V Susheela Devi
(Director)
DIN-07828528

A.K. Sabapathy
(Chief Financial Officer)

Kamlesh Kumari
(Company Secretary)

Place: Gurugram
Date: 22.05.2019