POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
(Formerly WR-NR POWER TRANSMISSION LTD)
CIN : U40100DL2017GOI310478

Balance Sheet as at 31st March, 2019

(₹ in Lakhs)

Particulars	Note No.	As at 31st March, 2019	As at 31st March, 2018
ASSETS			
NON-CURRENT ASSETS			
CAPITAL WORK-IN-PROGRESS	4	16573.89	1525.16
INTANGIBLE ASSETS UNDER DEVELOPMENT	5	2267.87	0.00
OTHER NON-CURRENT ASSETS	6	3750.79	0.00
		22592.55	**1525.16**
CURRENT ASSETS			
FINANCIAL ASSETS			
CASH AND CASH EQUIVALENTS	7	44.29	0.19
		44.29	**0.19**
Total Assets		**22636.84**	**1525.35**
EQUITY AND LIABILITIES			
EQUITY			
EQUITY SHARE CAPITAL	8	5.00	5.00
OTHER EQUITY	9	(0.67)	(0.67)
		4.33	**4.33**
LIABILITIES			
NON-CURRENT LIABILITIES			
FINANCIAL LIABILITIES			
BORROWINGS	10	20218.51	0.00
OTHER NON CURRENT FINANCIAL LIABILITIES	11	1023.17	0.00
		21241.68	**0.00**
CURRENT LIABILITIES			
FINANCIAL LIABILITIES			
OTHER CURRENT FINANCIAL LIABILITIES	12	1241.68	1521.02
OTHER CURRENT LIABILITIES	13	149.15	0.00
		1390.83	**1521.02**
Total Liabilities		**22636.84**	**1525.35**

The accompanying Notes 1 to 30 form an integral part of the Financial Statements.

In terms of our Report of even date
For Pawan Agarwal & Associates
Chartered Accountants
ICAI FRN : 002985C

Pawan Agarwal Associates Chartered Accountants

(Pawan Agarwal)
Partner
Membership No. : 072190

Place : Lucknow
Date : 20.05.2019

For and on behalf of the Board

Rajeev Kumar Chauhan
Chairman
DIN:- 02018931

M. Taj Mukarrum
Director
DIN: 08097837

Place : Gurugram
Date : 20.05.2019

POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
(Formerly WR-NR POWER TRANSMISSION LTD)
CIN : U40100DL2017GOI310478

Statement of Profit and Loss for the year ended 31st March, 2019

(₹ in Lakhs)

Particulars	Note No.	For the year ended 31st March 2019	For the period from 12.01.2017 to 31.03.2018
Income			
Revenue from operation		-	-
Other income	14	-	-
Total Income		-	-
Expenses			
Finance cost	15	-	-
Other Expenses	16	-	0.35
Preliminary Expenses		-	0.32
Total Expenses		-	**0.67**
Profit /(Loss) before tax		-	**(0.67)**
Tax expenses		-	-
Profit /(Loss) for the period		-	**(0.67)**
Other Comprehansive Income		-	-
Total Comprehensive Income / (Loss) for the period		-	**(0.67)**
Earnings per Equity Share (Par Value ₹ 10 each)			
Basic (in ₹)		-	(1.34)
Diluted (in ₹)		-	(1.34)

The accompanying Notes 1 to 30 form an integral part of the Financial Statements.

In terms of our Report of even date
For Pawan Agarwal & Associates
Chartered Accountants
ICAI FRN : 002985C

Pawan Agarwal & Associates Chartered Accountants

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POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
(Formerly WR-NR POWER TRANSMISSION LTD)
CIN : U40100DL2017GOI310478

Cash Flow Statement for the year ended March 31, 2019

(₹ in Lakhs)

Particulars	For the year ended 31st March 2019	For the period from 12.01.2017 TO 31.03.2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax	-	(0.67)
Add : Depreciation	-	-
Add : Interest Expense	-	-
Operating Profit/(Loss) before working capital change	-	**(0.67)**
Adjustment for:		
Increase / Decrease in Current Assets	-	-
Increase in Other Non Current Assets	(3,750.79)	-
Increase / Decrease in other Current Financial Liabilities and other Current Liabilities	(130.19)	1,521.02
Cash Generated from Operations	**(3,880.98)**	**1,520.35**
Tax Paid	-	-
Tax Refund Received	-	-
Net Cash Flow(used in)/ from Operating Activities (A)	**(3,880.98)**	**1,520.35**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital work in progress (CWIP)	(14,626.11)	(1,525.16)
Intangible Assets under Development	(2,267.87)	-
Net cash (used in)/from Investing activities (B)	**(16,893.98)**	**(1,525.16)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Equity Share Capital	-	5.00
Loan Obtained /(Paid) during the year	20,218.51	-
Interest Paid	(422.62)	-
Retentions from Contractor / Suppliers	1,023.17	-
Net Cash Flow (Used in)/from Financing Activities (C)	**20,819.06**	**5.00**
Net change in Cash and Cash Equivalents (A)+(B)+(C)	44.10	**0.19**
Cash and Cash Equivalents (Opening Balance)	0.19	-
Cash and Cash Equivalents (Closing Balance) Note - 7	**44.29**	**0.19**

The accompanying Notes 1 to 30 form an integral part of the Financial Statements.

Notes:
i) Cash and cash equivalents consists of balances with banks.
ii) Previous year figures have been re-grouped / rearranged whenever necessary.

In terms of our Report of even date
For Pawan Agarwal & Associates
Chartered Accountants
ICAI FRN : 002985C

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POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
(Formerly WR-NR POWER TRANSMISSION LTD)
CIN : U40100DL2017GOI310478

Statement of Changes in Equity for the year ended March 31, 2019

A. Equity Share Capital **(₹ in Lakh)**

As at 1st April, 2018		**5.00**
Changes in equity share capital		0.00
Balance at 31st March, 2019		**5.00**
As on Incorpoartion Date (12.01.2017)		0.00
Changes in equity share capital		5.00
Balance at 31st March, 2018		**5.00**

B. Other Equity **(₹ in Lakh)**

		Reserves & Surpluses
		Retained Earnings
As at 1st April, 2018		(0.67)
Total Comprehensive Income for the year		0.00
Balance at 31st March, 2019		**(0.67)**
As on Incorpoartion Date (12.01.2017)		0.00
Total Comprehensive Income for the year		(0.67)
Balance at 31st March, 2018		**(0.67)**

The accompanying Notes 1 to 30 form an integral part of the Financial Statements.

In terms of our Report of even date
For Pawan Agarwal & Associates
Chartered Accountants
ICAI FRN : 002985C

(Pawan Agarwal)
Partner
Membership No. : 072190

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For and on behalf of the Board

Rajeev Kumar Chauhan
Chairman
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M. Taj Mukarrum
Director
DIN: 08097837

Place : Gurugram
Date : 20.05.2019

Notes to Financial Statements

1. **Corporate and General Information**

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

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

The financial statements of the company for the year ended March 31, 2019 were approved for issue by the Board of Directors on May 20, 2019.

2. **Significant Accounting Policies**

2.1 Basis of Preparation

i) Compliance with Ind AS

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

ii) Basis of Measurement

The financial statements have been prepared on accrual basis and under the historical cost convention except certain financial assets and liabilities measured at fair value at Note no. 2.11.

iii) Functional and presentation currency

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

iv) Use of estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are

Agarwal Associates Chartered Accountants made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Note no. 3 on critical accounting estimates, assumptions and judgments).

v) Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

The Company recognizes twelve months' period as its operating cycle.

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Chartered Accountants
Mewar

2.2 **Property, Plant and Equipment**

Initial Recognition and Measurement

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

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

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

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

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

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

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

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

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

Subsequent costs

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

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

Derecognition

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

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

2.3 Capital Work-In-Progress (CWIP)

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

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

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

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

2.4 Intangible Assets and Intangible Assets under development

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

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

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

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

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

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

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

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

2.5 Depreciation / Amortisation

Property, Plant & Equipment

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

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

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

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

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

Residual value of above assets is considered as Nil.

Mobile phones are charged off in the year of purchase.

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

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

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

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

Intangible Assets

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

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

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

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

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2.6 Borrowing Costs

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

Other borrowing costs are charged to revenue.

2.7 Impairment of non-financial assets

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

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

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

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

2.8 Cash and cash equivalents

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

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2.9 Inventories

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

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

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

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

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

2.10 Leases

i) As a Lessor

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

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

a) **Finance leases**

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

b) **Operating leases**

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

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

ii) **As a Lessee**

Finance lease

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

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

Operating leases

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

2.11 Financial instruments

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

Financial Assets

Classification

The Company classifies its financial assets in the following categories:

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

The classification depends on the following:

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

Initial recognition and measurement

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

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Subsequent measurement

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

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

Equity investments

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

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

De-recognition of financial assets

A financial asset is derecognized only when

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

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

Impairment of financial assets:

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

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

Financial Liabilities

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

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

Classification, initial recognition and measurement

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

Subsequent measurement

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

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

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of

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an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other income or finance cost.

Offsetting of financial instruments

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

2.12 **Foreign Currency Translation**

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

(b) Transactions and balances
Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items are translated with reference to the rates of exchange ruling on the date of the Balance Sheet. Non-Monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of initial recognition of the non-monetary prepayment asset or deferred income liability, or the date that related item is recognized in the financial statements, whichever is earlier. In case the transaction is recognized in stages, then transaction date is established for each stage.
Foreign exchange gains and losses (other than related to foreign currency loans outstanding) are presented in the statement of profit and loss on a net basis within other gains/(losses).

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

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

2.13 **Income Tax**

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

Current income tax

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

Deferred tax

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

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

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

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2.14 Revenue

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

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

2.14.1 Revenue from Operations

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

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

2.14.2 Other Income

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

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

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

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

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

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

2.15 Dividends

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

2.16 Provisions and Contingencies

a) Provisions

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

b) Contingencies

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

2.17 Share capital and Other Equity

Ordinary shares are classified as equity.

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

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

2.18 Prior Period Items

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

2.19 Earnings per Share

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

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

2.20 Cash Flow Statement

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

3. <u>Critical Estimates and Judgments</u>

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

The areas involving critical estimates or judgments are:

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Revenue Recognition:

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

Useful life of property, plant and equipment

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.
The Company reviews at the end of each reporting date the useful plant and equipment, other than the assets of transmission business which are governed by CERC Regulations, and are adjusted prospectively, if appropriate.

Provisions and contingencies

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

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

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POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
(Formerly WR-NR POWER TRANSMISSION LTD)
CIN : U40100DL2017GOI310478

Note 4/ CAPITAL WORK IN PROGRESS

(₹ in Lakhs)

Particulars	As at 1st April, 2018	Additions during the period	Adjustments	Capitalised during the period	As at 31st March 2019	As at 31st March 2018
Plants and Equipments (Transmission Line)	-	5,428.58	-	-	5,428.58	-
Expenditure Pending Allocation						
Expenditure During Construction Period (Net) (Note 17)	1,525.16	1,380.85	-	-	2,906.01	1,525.16
Construction Stores	-	8,239.30	-	-	8,239.30	-
Total	**1,525.16**	**15,048.73**	**-**	**-**	**16,573.89**	**1,525.16**

Note 4/ CAPITAL WORK IN PROGRESS

(₹ in Lakhs)

Particulars	As at 12th Jan,2017	Additions during the period	Adjustments	Capitalised during the period	As at 31st March 2018
Expenditure Pending Allocation					
Expenditure During Construction Period (Net) (Note 17)	-	1,525.16	-	-	1,525.16
Total	**-**	**1,525.16**	**-**	**-**	**1,525.16**

Note 4/ CAPITAL WORK IN PROGRESS (Detail of Construction Store)

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Construction Stores		
Cons. Stores - Towers	3161.66	-
Cons. Stores - Conductor	4288.56	-
Cons. Stores - Hardware	782.92	-
Cons. Stores -Earthwire	6.16	-
Total	**8239.30**	-

Construction Store include:

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
i) Material in Transit	-	-
ii) Material with Contractors		
Cons. Stores - Towers	3161.66	-
Cons. Stores - Conductor	4288.56	-
Cons. Stores - Hardware	782.92	-
Cons. Stores -Earthwire	6.16	-
Total	**8239.30**	-

Pawan Agarwal Associates Chartered Accountants

POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
(Formerly WR-NR POWER TRANSMISSION LTD)
CIN : U40100DL2017GOI310478

Note 5 / INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in Lakhs)

Particulars	As at 1st April, 2018	Additions during the period	Adjustments	Capitalised during the period	As at 31st March 2019	As at 31st March 2018
Intangible Assets Under Development - Right of Way (Afforstation)	0.00	2267.87	0.00	0.00	2267.87	-
Total	-					-

Note 5 / INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in Lakhs)

Particulars	As at 12th Jan,2017	Additions during the period	Adjustments	Capitalised during the period	As at 31st March 2018
Intangible Assets Under Development - Right of Way (Afforstation)	0.00	0.00	0.00	0.00	0.00
Total	-				

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Chartered Accountants

POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
(Formerly WR-NR POWER TRANSMISSION LTD)
CIN : U40100DL2017GOI310478

Note 6/ OTHER NON-CURRENT ASSETS

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

Particulars	As at 31st March 2019	As at 31st March 2018
A) Advances for Capital Expenditure		
Advances Against Bank guarantees	3726.49	-
B) Deposits with CDSL	0.10	
C) Advances recoverable in cash or in kind or for value to be received		
Advance Tax and TDS	24.20	
Total	3,750.79	-

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POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
(Formerly WR-NR POWER TRANSMISSION LTD)
CIN : U40100DL2017GOI310478

Note 7/Cash and cash equivalents

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Balance with Banks- In Current Accounts with scheduled banks	44.29	0.19
Total	44.29	0.19

Pawan Agarwal Associates
Chartered Accountants

POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
(Formerly WR-NR POWER TRANSMISSION LTD)
CIN : U40100DL2017GOI310478

Note 8 - Equity Share Capital

Particulars	As at 31st March 2019	As at 31st March 2018
Equity Share Capital Authorised Share Capital 50,000 Equity Shares of Rs. 10/- each at par	**5.00**	**5.00**
Issued,Subscribed and Paid up Share Capital 50,000 fully paid up Equity shares of Rs. 10/- each at par	**5.00**	**5.00**
Total	**5.00**	**5.00**

Further Notes:

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

Particulars	For the year ended 31st March, 2019		For the year ended 31st March, 2018	
	No.of Shares	₹ in Lakhs	No.of Shares	₹ in Lakhs
Shares outstanding at the beginning of the year	50000	5.00	-	-
Shares Issued during the year	-	-	50000	5.00
Shares outstanding at the end of the year	50000	5.00	50000	5.00

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

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

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

Particulars	As at 31st March,2019		As at 31st March,2018	
	No.of Shares	% of holding	No.of Shares	% of holding
Power Grid Corporation of India Limited # (Holding Company)	50000	100%	50000	100%

Out of 50000 Equity Shares, 6 Equity Shares are held by Nominees of M/s Power Grid Corporation of India Limited on its behalf.

Pawan Agarwal Associates * Chartered Accountants

POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
(Formerly WR-NR POWER TRANSMISSION LTD)
CIN : U40100DL2017GOI310478

Note 9/ Other Equity

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Reserves and Surplus		
Retained Earnings		
Balance at the beginning of the period	(0.67)	-
Addition during the period	-	(0.67)
Balance at the end of the period	(0.67)	(0.67)
Total	(0.67)	(0.67)

Pawan Agarwal Associates * Chartered Accountants

POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
(Formerly WR-NR POWER TRANSMISSION LTD)
CIN : U40100DL2017GOI310478

Note 10/ Borrowings

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Unsecured Loan from Power Grid Corporation of India Limited (Holding Company)	20218.51	-
TOTAL	**20218.51**	**-**

Note :

i) The inter corporate loan is provided by the Powergrid Corpoartion of India Ltd. (Holding Company) on cost to cost basis (Interest rate varying from 8.05 % to 8.35%) and back to back servcing basis and the said loan is repayable over a period of 4-15 years.

ii) There have been no default in repayment of loans or payment of interest thereon during the year.

Pawan Agarwal Associates
Chartered Accountants

POWERGRID VARANASI TRANSMISSION SYSTEM LTD.

(Formerly WR-NR POWER TRANSMISSION LTD)

CIN : U40100DL2017GOI310478

Note 11 / Others Non Current Financial Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Others Liabilities		
Deposits / Retentions from Contractor and Others #	1023.17	-
TOTAL	1023.17	-

This includes the fair valuation impact of Rs. 139.87/- lakh on retention balance of Rs. 1163.04 lakh.

The disclosure with regard to Micro and Small Enterprises as required under " The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note No. 20 (d).

Pawan Agarwal Associates Chartered Accountants

POWERGRID VARANASI TRANSMISSION SYSTEM LTD.

(Formerly WR-NR POWER TRANSMISSION LTD)

CIN : U40100DL2017GOI310478

Note 12/ OTHER CURRENT FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Interest accured but not due on borrowings from Power Grid Corporation of India Limited (Holding Company)	69.89	-
Dues for Capital Expenditure	184.81	-
Payable to Power Grid Corporation of India Limited (Holding Company)	625.04	1,520.67
Retention money - Contractors / Others	361.59	-
Auditor Remuneration Payable	0.35	0.35
Total	**1,241.68**	**1,521.02**

Further Notes :

1. The disclosure with regard to Micro and Small Enterprises as required under " The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note No. 20 (d).

2. There have been no default in repayment of loans or payment of interest thereon during the year.

Pawan Agarwal Associates Chartered Accountants

POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
(Formerly WR-NR POWER TRANSMISSION LTD)
CIN : U40100DL2017GOI310478

Note 13/ Other Current Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
Statutory Dues	149.15	-
Total	149.15	-

Pawan Agarwal Associates
Chartered Accountants

POWERGRID VARANASI TRANSMISSION SYSTEM LTD.

(Formerly WR-NR POWER TRANSMISSION LTD)

CIN : U40100DL2017GOI310478

Note 14/ Other Income

(₹ in Lakhs)

Particulars	For the year ended 31st March 2019	For the period 12.01.2017 to 31.03.2018
Sale of RFP documents	-	45.00
Interest on advances to contractors	241.99	-
FV gain on initial recognition of financial libilities	148.01	-
Less: Transferred to Expenditure during Construction (Net) - Note 17	390.00	45.00
Total	-	-

Pawan Agarwal Associates Chartered Accountants

POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
(Formerly WR-NR POWER TRANSMISSION LTD)
CIN : U40100DL2017GOI310478

Note 15/Finance Cost

(₹ in Lakhs)

Particulars	For the year ended 31st March 2019	For the period 12.01.2017 to 31.03.2018
Interest on loan from Powergrid Corporation of India Ltd. (Holding Company)	414.21	15.87
Other Finance Cost	0.27	-
Unwinding of discount on Financial Liabilities (FV)	8.14	-
Less: Transferred to Expenditure during Construction (Net) - Note 17	(422.62)	(15.87)
Total	-	-

Pawan Agarwal Associates * Chartered Accountants

POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
(Formerly WR-NR POWER TRANSMISSION LTD)
CIN : U40100DL2017GOI310478

Note 16/ Other Expenses

(₹ in Lakhs)

Particulars	For the year ended 31st March 2019	For the period 12.01.2017 to 31.03.2018
Professional Fees	1,318.83	1,270.28
Reimbursement of cost	-	270.83
Auditor remuneration		
- Statutory Audit Fees	0.30	0.30
- Tax Audit Fees	-	-
- Other Matters	-	-
- GST / Service Tax	0.05	0.05
Bank Charges	0.04	13.18
Payment to CERC as Licence Fee / Others	28.97	-
Printing and stationery	0.04	-
Less: Transferred to Expenditure during Construction (Net) - Note 17	(1,348.23)	(1,554.29)
Total	**-**	**0.35**

Pawan Agarwal Associates Chartered Accountants

POWERGRID VARANASI TRANSMISSION SYSTEM LTD.
(Formerly WR-NR POWER TRANSMISSION LTD)
CIN : U40100DL2017GOI310478

Note 17 / Expenditure During Construction (Net)

(₹ in Lakhs)

Particulars	For the year ended 31st March 2019	For the period 12.01.2017 to 31.03.2018
A. Finance Cost		
Interest on loan from Powergrid Corporation of India Ltd. (Holding Company)	414.21	15.87
Other Finance Cost	0.27	-
Unwinding of discount on Financial Liabilities (FV)	8.14	-
Total (A)	**422.62**	**15.87**
B. Other Expenses		
Professional fees	1,318.83	1,270.28
Reimbursement of cost	-	270.83
Auditor Remuneration	0.35	-
Bank charges	0.04	13.18
Payment to CERC as Licence Fee / Others	28.97	-
Printing and stationery	0.04	-
Total (B)	**1,348.23**	**1,554.29**
C. Less: Other Income		
Sale of RFP documents	-	45.00
Interest from advances to contractors	241.99	-
FV gain on initial recognition of financial libilities	148.01	-
Total (C)	**390.00**	**45.00**
Grand Total (A+B-C)	**1,380.85**	**1,525.16**

Pawan Agarwal Associates Chartered Accountants

Powergrid Varanasi Transmission System Limited
(Formerly WR-NR Power Transmission Ltd.)
CIN : U40100DL2017GOI310478

Notes to Financial Statements

18. Party Balances and Confirmations

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

19. Auditors Remuneration

S. No.	Particulars	FY 2018-19 Amount (₹ in Lakhs)	FY 2017-18 Amount (₹ in Lakhs)
1	Statutory Audit Fees	0.30	0.30
2	Tax Audit	-	-
3	Other Matters	0.00	0.30
4	GST/Service Tax	0.05	0.10
	Total	**0.35**	**0.70**

20.Other Disclosures

a. Employee Benefits

The Company does not have any permanent employees. The personnel working for the company are from holding company on secondment basis and are working on time share basis. The employee cost (including retirement benefits such as Gratuity, Leave encashment, Post-Retirement Benefits etc.) in respect of personnel working for the company are paid by holding company and holding company is raising the invoice to the Subsidiary company towards Consultancy charges for manpower as per the agreement. Since there are no employees in the company, the obligation as per Ind-AS 19 does not arise. Accordingly, no provision is considered necessary for any retirement benefit like gratuity, leave salary, pension etc., in the books of the company.

b. Taxation

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

The company had made a tax provision of ₹ NIL Lakhs for the year towards current Tax (Minimum Alternate Tax) (Previous Year NIL). In accordance with Ind-AS 12 on Accounting for Taxes on Income, the Company has computed Deferred Tax Liability/ (Asset) amounting to ₹

Pawan Agarwal Associates Chartered Accountants

NIL Lakhs (Previous Year NIL) on account of timing difference in relation to depreciation as per books vis.a.vis Tax Laws. Deferred tax asset on Other Equity of ₹ (0.67) Lakh is not recognised due to uncertainty of sufficient taxable future income.

c. Borrowing cost

Borrowing cost capitalised during the year is ₹ 422.62 Lakh (Previous Years ₹ 15.87 Lakhs) in the respective carrying amount of Property, Plant and Equipment/Capital work in Progress (CWIP) as per Ind AS 23 'Borrowing Costs'.

d. Dues to Micro and Small Enterprises

Based on information available with the company, there are no suppliers/service providers who are registered as micro, small or medium enterprise under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). Information in respect of micro and small enterprises as required by Companies Act 2013 and MSMED Act, 2006 is given as under:

(₹ in Lakhs)

Sr. No	Particulars	Trade Payables		Others	
		31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
1	Principal amount and interest due thereon remaining unpaid to any supplier as at end of each accounting year: Principal Interest	 Nil Nil	 Nil Nil	 Nil Nil	 Nil Nil
2	The amount of Interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil	Nil	Nil
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	Nil	Nil	Nil	Nil
4	The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil	Nil	Nil
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	Nil	Nil	Nil	Nil

Pawan Agarwal Associates Chartered Accountants

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

The company is under construction stage hence the disclosure under Ind AS 115 Revenue from Contracts with Customers is not applicable to the company.

21. (i) Fair Value Measurements

(₹ In Lakhs)

	31st March, 2019		31st March, 2018	
Financial Instruments by category	**FVOCI**	**Amortised cost**	**FVOCI**	**Amortised cost**
Financial Assets				
Cash & cash Equivalents	-	44.29	-	0.19
Total Financial Assets	-	**44.29**	-	**0.19**
Financial Liabilities				
Borrowings	-	20218.51	-	NIL
Other Non Current Financial Liabilities	-	1023.17	-	NIL
Other Current Financial Liabilities	-	1241.68	-	1521.02
Total Financial Liabilities	-	**22483.36**	-	**1521.02**

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

(₹ in Lakhs)

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

Financial Liabilities Borrowings	10	-	20213.35	-	20213.35
Total financial liabilities	-	-	**20213.35**	**-**	**20213.35**

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

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

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

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

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

(ii) Valuation technique used to determine fair value
Specific valuation techniques used to value financial instruments include:

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

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

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

(₹ in Lakhs)

	31 March 2019		**31 March 2018**	
	Carrying Amount	**Fair value**	**Carrying Amount**	**Fair value**
Financial Assets				
Total Financial Assets				
Financial Liabilities				
Borrowings	20218.51	20213.35	0.00	0.00
Other Non Current Financial Liabilities	1163.04	1023.17	0.00	0.00
Total financial Liabilities	**21381.55**	**21236.52**	**0.00**	**0.00**

Pawan Agarwal Associates Chartered Accountants

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

22. Related Party Transactions

(a) Holding Company

		Proportion of Ownership Interest
Name of entity	**Place of business/country of incorporation/Relationship**	**31-Mar-2019**
Powergrid Corporation of India Limited REC Transmission Projects Company Ltd*	India- Holding Company	100%

*Ceased to be holding company w.e.f. 27.03.2018

(b) List of fellow Subsidiaries.

Name of entity	Place of business/country of incorporation	Proportion of Ownership Interest
		31st March, 2019
Powergrid NM Transmission Limited	India	NA
PowergridVizag Transmission Limited	India	NA
Powergrid Kala Amb Transmission Limited	India	NA
Powergrid Jabalpur Transmission Limited	India	NA
PowergridWarora Transmission Limited	India	NA
PowergridParli Transmission Limited	India	NA
Powergrid Southern Interconnector Transmission Limited	India	NA
PowergridVemagiri Transmission Limited	India	NA
Powergrid Medinipur Jeerat Transmission Limited [erstwhile MedinipurJeerat Transmission]	India	NA
Powergrid Mithilanchal Transmission Limited[erstwhile ERSS XXI Transmission Limited]	India	NA
Powergrid Unchahar Transmission Limited	India	NA
Powergrid Jawaharpur Firozabad Transmission Limited**[erstwhile Jawaharpur Firozabad Transmission Limited]	India	NA

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

(c) List of fellow Joint Ventures

Name of entity	Place of business/country of incorporation	Proportion of Ownership Interest
		31st March, 2019
Powerlinks Transmission Limited	India	N.A
Torrent Power Grid Limited	India	N.A
Jaypee Powergrid Limited	India	N.A

Pawan Agarwal Associates Chartered Accountants

ParbatiKoldam Transmission Company Limited	India	N.A
Teestavalley Power Transmission Limited	India	N.A
North East Transmission Company Limited	India	N.A
National High Power Test Laboratory Private Limited	India	N.A
Bihar Grid Company Limited	India	N.A
KalingaVidyutPrasaran Nigam Private Limited#	India	N.A
Cross Border Power Transmission Company Limited	India	N.A
RINL Powergrid TLT Private Limited ##	India	N.A
Power Transmission Company Nepal Ltd	Nepal	N.A

Powergrid Board of Directors in its meeting held on 16th Aug 2017 accorded approval for initiating procedure for winding up/ removal of the name of Kalinga Vidyut Prasaran Nigam Pvt. Ltd. under fast track exit made of Registrar of Companies (ROC).

Powergrid Board of Directors in its meeting held on 1st May 2018 accorded approval for incalling procedure for winding up / removal of the name of RINL Powergrid TLT Private Limited.

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

(d) Key Management Personnel

Name	Designation	Date of Appointment
Smt. Seema Gupta	Chairperson	27.03.2018 and resigned on 18/10/2018
Shri R. K. Chauhan	Chairman	09.01.2019 and continuing
Shri D. C. Joshi	Director	27.03.2018 and continuing
Shri M. Taj Mukarrum	Director	27.03.2018 and continuing
Shri Atul Trivedi	Director	27.03.2018 and resigned on 31.07.2018
Shri D. K. Singh	Director	27.03.2018 and continuing
Sh. R. K. Singh	Director	09.01.2019 and continuing

(e) Transactions with related parties

The following transactions occurred with related parties:

₹ in Lakhs

Sl no	Particulars	March 31, 2019	March 31, 2018
1.	Services received from RECTPCL *(Incl taxes)	-	1269.93
2.	Interest Expense paid to RECTPCL *	-	15.87
3.	Reimbursement of expenses (Incl taxes) paid to RECTPCL*	-	270.83
4.	Reimbursement of expenses (Incl. taxes) paid to Powergrid Corporation of India Ltd.	-	13.18
5.	Consultancy Services received from		

Pawan Agarwal Associates Chartered Accountants

	Powergrid Corporation of India Ltd. (Holding Company)* (excl. taxes)	1117.46	-
6.	Interest Expense paid to Powergrid Corporation of India Ltd. (Holding Company)	414.21	
7.	Infusion of equity from from Powergrid Corporation of India Ltd. (Holding Company)	-	-

*100% Shares were acquired by Power Grid Corporation of India Limited from REC Transmission Projects Company Limited on 27.03.2018 and therefore REC Transmission Projects Company Limited Ceased to be Holding Company w.e.f. 27.03.2018.

(f) Outstanding balances arising with related parties:

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

(₹ in Lakhs)

Particulars	31 March, 2019	31 March, 2018
Trade payables (purchases of goods and services)		
Holding Company		
Power Grid Corporation of India Ltd.	625.04	1520.67
Total payables to related parties	**625.04**	**1520.67**

(g) Loans to/from related parties

(₹ in Lakh)

Loans from Holding Company	31 March, 2019	31 March, 2018
Power Grid Corporation of India Ltd.	20218.51	NIL
Total	**20218.51**	**NIL**

(h) Interest accrued on Loan

(₹ in Lakh)

Particulars	31 March, 2019	31 March, 2018
Holding		
Power Grid Corporation of India Ltd.	69.89	NIL
Total	**69.89**	**NIL**

(i) Interest on Loan

(₹ In Lakh)

Particulars	31 March, 2019	31 March, 2018
Holding		
Power Grid Corporation of India Ltd. REC Transmission Projects Company Limted	414.21 -	- 15.87
Total	**414.21**	**15.87**

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23. Segment Information

Business Segment

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

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

24. Capital and other Commitments

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	46136.95	NIL

25. Contingent Liabilities and contingent assets

Contingent Liabilities

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

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

Disputed Tax Matters amounting to ₹ NIL (Previous Year ₹ NIL)

(ii) Others

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

26. Capital management

a) Risk Management

The company's objectives when managing capital are to

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

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

Pawan Agarwal Associates Chartered Accountants

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

b) Debts Equity Ratio

(₹ in Lakhs)

Particulars	31 March, 2019	31 March, 2018
Debt	20218.51	0.00
Equity	4.33	4.33
Debt Equity Ratio	99.98 : 0.02	100.00 : 0.00

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

27. Earnings per share

(Amount in ₹/Share)

(a) Basic and diluted earnings per share attributable to the equity holders of the company	**31 March, 2019**	**31 March, 2018**
From Continuing Operations including movement in Regulatory Deferral Balances	-	**(1.34)**
From Continuing Operations excluding movement in Regulatory Deferral Balances	-	**(1.34)**
Total basic diluted earnings per share attributable to the equity holders of the company	-	**(1.34)**

(₹ in Lakhs)

(b) Reconciliation of earnings used in denominator for calculating earnings per share	**31 March, 2019**	**31 March, 2018**
Earnings attributable to the equity holders of the company including movement in Regulatory Deferral Balances	Nil	(0.67)
Earnings attributable to the equity holders of the company excluding movement in Regulatory Deferral Balances	Nil	Nil
Total Earnings attributable to the equity holders of the company	Nil	(0.67)

(c) Weighted average number of shares used as the denominator	**31 March, 2019 No. of shares**	**31 March, 2018 No. of shares**
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	50000	50000

Pawan Agarwal Associates Chartered Accountants

Adjustments for calculation of diluted earnings per share	-	-
Total weighted average number of equity shares used as the denominator in calculating basic earnings per share	50000	50000

28. Financial Risk Management:

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

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

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

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

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

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

A) Credit Risk

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

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

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

(i) Trade Receivables

The Company primarily provides transmission facilities to inter-state transmission service customers (DICs) comprising mainly state utilities owned by State Governments. CERC tariff regulations allows payment against monthly

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bills towards transmission charges within a period of 60 days from the date of the bill and levy of charge on delayed payment beyond 60 days. A granted rebate is provided by the company for payment made within 60 days.

(ii) Other Financial Assets (excluding trade receivables)

- **Cash and cash equivalents**

The Company held cash and cash equivalents of ₹ 44.29 Lakhs as on March 31, 2019 (Previous Year Rs. 0.19 Lakhs). The cash and cash equivalents are held with public sector banks and high rated private sector banks and do not have any significant credit risk.

o **Exposure to credit risk**

(₹ in Lakhs)

Particulars	**31st March, 2019**	**31st March, 2018**
Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)		
Cash and cash equivalents	44.29	0.19
Total	**44.29**	**0.19**

B) Liquidity risk

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

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

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

Maturities of financial liabilities

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

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

(₹ in Lakhs)

Contractual maturities of financial liabilities	Within a year	Between 1-5 years	Beyond 5 years	Total
31 March 2019				
Borrowings (including interest outflows)	Nil	1918.30	37592.50	39510.80
Other Non Current Financial Liabilities	Nil	1163.04	Nil	1163.04
Other Current Financial Liabilities	1241.68	Nil	Nil	1241.68
Total	**1241.68**	**3081.34**	**37592.50**	**41915.52**
31 March 2018				
Borrowings (including interest outflows)	Nil	Nil	Nil	Nil
Other Current financial liabilities	1521.02	Nil	Nil	1521.02
Total	**1521.02**	**Nil**	**Nil**	**1521.02**

C) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices i.e

i. Currency risk
ii. Interest rate risk

i) **Currency risk**

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

ii) **Interest rate risk**

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

29. Recent Accounting Pronouncements:-

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

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

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

Amendments to Ind AS 19, 'Employee Benefits'

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

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

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

Amendment to Ind AS 12, 'Income Taxes'

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

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

Amendments to Ind AS 23, 'Borrowing Costs'

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

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

30. Previous year figures have been regrouped / rearranged wherever considered necessary.

For Pawan Agarwal & Associates	For and on behalf of
ICAI FRN : 002985C	**POWERGRID Varanasi Transmission System Ltd.**
Chartered Accountants	

Pawan Agarwal & Associates Chartered Accountants

Pawan Agarwal	**Rajeev Kumar Chauhan**	**M. Taj Mukarrum**
Partner	Chairman	Director
Membership No. : 072190	DIN: 02018931	DIN: 08097837

Place: **Lucknow**	Place: **Gurugram**
Date: **20.05.2019**	Date: **20.05.2019**