INDEPENDENT AUDITORS' REPORT

TO,
THE MEMBERS OF
POWERGRID NM TRANSMISSION LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **POWERGRID NM TRANSMISSION LIMITED ("the Company")**, which comprise the Balance Sheet as at 31 March 2020, the Statement of the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the loss & total comprehensive income, changes in equity and its cash flows for the year ended on that date

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Mallya & Mallya Bangalore Chartered Accountants

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

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our Auditor's Report thereon. The other information as identified above is expected to be made available to us after the date of this Auditor's Report.
Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. We have nothing to report in this regard.
When we read those documents including annexures, if any thereon, if we conclude that there is a material misstatement therein, we shall communicate the matter to those charged with the governance.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management Financial

Statements either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements

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may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

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

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account;
    d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with the relevant rules issued thereunder;
    e) In view of exemption given vide notification no. G.S.R. 463(E) dated June 5, 2015, issued by the Ministry of Corporate Affairs, provisions of Section 164(2) of the Act regarding disqualification of Directors, are not applicable to the Company;
    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the company and the operating effectiveness of such controls, refer to our separate report in Annexure '3'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's

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internal financial controls with reference to financial statements.

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements

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

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

CA C S Prashanth
Partner
Membership No: 218355
UDIN: **20218355AAAACB5991**

Place: Bengaluru
Date: 1st June, 2020

ANNEXURE '1' TO THE INDEPENDENT AUDITOR'S REPORT

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

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

	amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest;	
(iv)	In respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof.	In our opinion and according to the information and explanations given to us, the Company does not have loans, Investments, guarantees and security covered under Sections 185 and 186 of the Companies Act, 2013 and accordingly clause 3(iv) of the order is not applicable to the company.
(v)	In case, the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, where applicable, have been complied with? If not, the nature of such contraventions be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not?	The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and accordingly clause 3(v) of the order is not applicable to the company.
(vi)	Whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and whether such accounts and records have been so made and maintained.	The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 in respect of Transmission and Telecom Operations. However, the company has not crossed the threshold limits of requirements of maintaining the Cost Records and hence the same has not been maintained.
(vii)	(a) whether the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated;	The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
	(b) where dues of income tax or sales tax or service tax or duty of customs or duty of	There were no undisputed amounts payable in respect of Provident Fund, Employees'

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	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).	State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
(viii)	Whether the company has defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders? If yes, the period and the amount of default to be reported (in case of defaults to banks, financial institutions, and Government, lender wise details to be provided).	The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.
(ix)	Whether moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported;	According to the information and explanations given to us, the company has raised moneys by way of further issue of share capital to the holding company and raised term loan as inter corporate borrowings from the holding company and both share capital and loan so received from the holding company have been applied for the purposes for which it is received.
(x)	whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated;	To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
(xi)	Whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act? If not, state the amount involved and steps taken by the company for securing refund of the same;	Based on our audit procedures performed the information and explanations given by the management, Managerial Remuneration and other payments relating to staff are made from Holding Company. Hence this 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 ten per cent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability;	The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

(xiii)	Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;	In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
(xiv)	Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliance;	During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
(xv)	Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with	In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
(xvi)	Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained.	The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Mallya & Mallya Bangalore Chartered Accountants

CA C S Prashanth
Partner
Membership No: 218355
UDIN: **20218355AAAACB5991**
Place: Bengaluru
Date: 1st June, 2020

"Annexure 2" to the Independent Auditor's Report of
POWERGRID NM TRANSMISSION LIMITED

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

As referred to in our Independent Auditors' Report of even date to the members of the Power Grid NM Corporation of India Limited, on the Ind AS financial statements for the year ended 31st March, 2020

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

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

Mallya & Mallya Bangalore Chartered Accountants

CA C S Prashanth, Partner
Membership No: 218355
UDIN: **20218355AAAACB5991**
Place: Bengaluru
Date: 1st June, 2020

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'Annexure 3' to the Independent Auditor's report of POWERGRID NM TRANSMISSION LIMITED

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

We have audited the internal financial controls with reference to Ind AS financial statements of the company as at 31st March 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to Ind AS financial statements, based on the internal 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls with reference to Ind AS financial statements 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Control over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Ind AS financial statements 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 with reference to Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of internal financial controls with reference to Ind AS financial statements, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal controls 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 Ind AS financial statements, whether due to fraud or error.

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PAN : AABFM8893Q GSTIN : 29AABFM8893Q1Z5

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 with reference to Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control with reference to Ind AS financial statements 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 with reference to Ind AS financial statements includes those policies and procedures that:

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

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls with reference to Ind AS financial statements, 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 with reference to Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Chartered Accountants

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at 31st March, 2020, 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 *Mallya & Mallya*,
Chartered Accountants
Firm Reg. No.001955S

CA C S Prashanth
Partner
Membership No: 218355
UDIN: **20218355AAAACB5991**
Place: Bengaluru
Date: 1st June, 2020

Notes to Financial Statements

1. Corporate & General Information

Powergrid NM Transmission Limited ("the Company") is a public company domiciled and incorporated in India under the provisions of Companies Act and a 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, India.

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

The Financial Statements of the company for the year ended March 31, 2020 were approved by the Board of the Directors on 01st Jun 2020.

2. Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the financial statements.

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 lakh 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).

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POWERGRID NM TRANSMISSION LIMITED, BANGALORE

v) Current and non-current classification

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

An asset is current when it is:

• Expected to be realized or intended to be sold or consumed in normal operating cycle;

• Held primarily for the purpose of trading;

• Expected to be realized within twelve months after the reporting period; or

• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

• It is expected to be settled in normal operating cycle;

• It is held primarily for the purpose of trading;

• It is due to be settled within twelve months after the reporting period; or

• There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

The Company recognizes twelve months period as its operating cycle.

2.2 Property, Plant and Equipment

Initial Recognition and Measurement

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

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

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

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

Mallya & Mallya Bangalore Chartered Accountants

POWERGRID NM TRANSMISSION LIMITED, BANGALORE

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 levelling, clearing and grading of land is capitalized as part of cost of the related buildings.

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

Subsequent costs

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

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

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

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

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

2.4 Intangible Assets and Intangible Assets under development

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

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

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

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

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

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 de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

2.5 Depreciation / Amortisation

Property, Plant & Equipment

Depreciation/amortisation on the items of property, plant and equipment 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 property, plant and equipment specified in the following paragraphs.

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

Depreciation on following items of property, plant and equipment 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.

Property, plant and equipment costing ₹5,000/- or less, are fully depreciated in the year of acquisition.

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

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

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

Right of Use Assets:

Right of Use assets are fully depreciated from the lease commencement date on a straight line basis over the lease term.

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.

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 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.

All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

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 which the estimates of future cash flows have not been adjusted. 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

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continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

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

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

2.8 Cash and cash equivalents

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

2.9 Inventories

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

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

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

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

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

2.10 Leases

Lease is a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves use of an identified assets, (ii) the customer has substantially all the economic benefits from the use of the asset through the period of the lease and (iii) the customer has the right to direct the use of the asset.

i) As a Lessee

At the date of commencement of the lease, the Company recognises a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for lease with a term of twelve months or less (i.e. short term leases) and leases for which the underlying asset is of low value. For these short-term and leases for which the underlying asset is of low value, the Company recognizes the lease payments on straight-line basis over the term of the lease.

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Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the inception date of the lease along with any initial direct costs, restoration obligations and lease incentives received.

Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any re-measurement of the lease liability. The Company applies Ind AS 36 to determine whether a ROU asset is impaired and accounts for any identified impairment loss as described in the accounting policy 2.7 on "Impairment of non-financial assets".

The lease liability is initially measured at present value of the lease payments that are not paid at that date.

The interest cost on lease liability is expensed in the Statement of Profit and Loss, unless eligible for capitalization as per accounting policy 2.6 on "Borrowing costs".

Lease liability and ROU asset have been separately presented in the financial statements and lease payments have been classified as financing cash flows.

ii) As a Lessor

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.

Net investment in leased assets is recorded at the lower of the fair value of the leased property and the present value of the minimum lease payments as Lease Receivables under current and non-current other financial assets.

The interest element of lease is accounted in the Statement of Profit and Loss over the lease period based on a pattern reflecting a constant periodic rate of return on the net investment.

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.

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.

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POWERGRID NM TRANSMISSION LIMITED, BANGALORE

Financial Assets

Classification

The Company classifies its financial assets in the following categories:

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

The classification depends on the following:

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

Initial recognition and measurement

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

Subsequent measurement

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

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

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.

The difference between the carrying amount and the amount of consideration received/receivable is recognised in the statement of Profit and Loss.

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 Expected Credit

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Loss (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 unfavourable 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.

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

De-recognition of financial liability

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

Offsetting of financial instruments

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

2.12 Foreign Currency Translation

(a) Functional and presentation currency

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

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(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. Exchange differences arising from foreign currency translation are recognized in the Statement of Profit and Loss.

2.13 Income Tax

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

Current income tax

The Current Tax is based on taxable profit for the year under the tax laws enacted and applicable to the reporting period in the country where the company operates and generates taxable income.

Deferred tax

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

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

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

2.14 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer.

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. As at each reporting date, transmission income includes an accrual for services rendered to the customers but not yet billed i.e. Unbilled Revenue.

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Powergrid NM Transmission Limited, Bangalore

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. Where certification by RPCs is not available, incentive/disincentive is accounted for on provisional basis as per estimate of availability by the company and differences, if any, is accounted on certification by RPCs.

2.14.2 Other Income

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

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

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

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.

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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.

2.20 Statement of Cash Flows

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

3. Critical Estimates and Judgments

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

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

The areas involving critical estimates or judgments are:

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 life of plant and equipment and are adjusted prospectively, if appropriate.

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Provisions and contingencies

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

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

Estimation of uncertainties relating to the global health pandemic from COVID-19:

In assessing the recoverability of trade receivables and unbilled revenue, the company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts. As the company's revenue is based on CERC tariff order and falls under essential services and based on the current indicators of future economic conditions, the company expects to recover the carrying amount of these assets.

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POWERGRID NM TRANSMISSION LIMITED
CIN U40106DL2011GOI219542
BALANCE SHEET AS AT 31ST MARCH,2020

(₹ in Lakhs)

Particulars	Note No	As at 31st March2020	As at 31st March2019
ASSETS			
Non-current assets			
Property Plant and Equipment	4	1,16,439.35	1,23,412.96
Capital work-in-progress	5	202.86	457.42
Other Intangible assets	6	-	-
Deffered Tax Asset (Net)	7	8,016.84	6,805.74
Other non-current assets	8	16.97	19.61
		1,24,676.02	1,30,695.73
Current assets			
Inventories	9	189.62	-
Trade receivables	10	1,516.72	860.36
Cash and cash equivalents	11	13.77	73.51
Other current financial assets	12	1,247.66	121.72
		2,967.77	1,055.59
Total Assets		1,27,643.79	1,31,751.32
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	13	27,840.00	26,400.00
Other Equity	14	(19,513.04)	(16,565.23)
		8,326.96	9,834.77
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	15	1,08,890.56	1,03,202.44
		1,08,890.56	1,03,202.44
Current liabilities			
Financial Liabilities			
Trade Payable	16		
(i) Total Outstanding dues of Micro Enterprise and Small Enterprise		-	-
(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		294.53	0.93
Other current financial liabilities	17	9,224.91	18,213.49
Other current liabilities	18	906.83	499.69
		10,426.27	18,714.11
Total Equity and Liabilities		1,27,643.79	1,31,751.32

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

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

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

Mallya & Mallya Bangalore Chartered Accountants

Place : Bangalore
Date : 01-Jun-2020

For and on behalf of Board of Directors

(Seema Gupta)
Chairperson
DIN : 06636330

(Pramod Kumar)
Director
DIN : 08132119

Place : Gurgaon
Date : 01-Jun-2020

(A.K.Das)
CFO

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

Place : Bangalore
Date : 01-Jun-2020

POWERGRID NM TRANSMISSION LIMITED
CIN U40106DL2011GOI219542
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

	Particulars	Note No.	For the year ended 31st March,2020	For the year ended 31st March,2019
I	Revenue From Operations	19	12290.24	1584.70
II	Other Income	20	61.51	28.92
III	Total Income (I+II)		**12351.75**	**1613.62**
IV	**EXPENSES**			
	Finance costs	21	8955.07	5566.43
	Depreciation and amortization expense	22	7104.40	4771.38
	Transmission, admin and Other expenses	23	451.19	242.94
	Total expenses (IV)		**16510.66**	**10580.75**
V	Profit/(loss) before tax (III-IV)		(4158.91)	(8967.13)
VI	Tax expense:			
	Current tax		-	-
	Deferred tax		(1211.10)	(2611.21)
VII	Profit (Loss) for the period(V-VI)		(2947.81)	(6355.92)
VIII	Other Comprehensive Income			
IX	Total Comprehensive Income for the period (VII+VIII)		(2947.81)	(6355.92)
	Earnings per equity share (Par value of ₹ 10 each):			
	Basic (₹)		(1.08)	(2.70)
	Diluted (₹)		(1.08)	(2.70)

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

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

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

Mallya & Mallya Bangalore Chartered Accountants

Place : Bangalore
Date : 01-Jun-2020

For and on behalf of Board of Directors

(Seema Gupta)
Chairperson
DIN : 06636330

(Pramod Kumar)
Director
DIN : 08132119

Place : Gurgaon
Date : 01-Jun-2020

(A.K. Das)
CFO

Place : Bangalore
Date : 01-Jun-2020

POWERGRID NM TRANSMISSION LIMITED, BANGALORE

POWERGRID NM TRANSMISSION LIMITED
CIN U40106DL2011GOI219542
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH,2020

(₹ in Lakhs)

	Description	For the year ended 31.03.2020	For the year ended 31.03.2019
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net profit before tax	(4,158.91)	(8,967.13)
	Adjustments for		
	Depreciation for the year	7,104.40	4,771.38
	Interest and Finance Charges	8,955.07	5,566.43
		11,900.56	1,370.68
	Operating profit before Working Capital Changes		
	Adjustments For		
	(Increase)/Decrease in Inventories	(189.62)	0.00
	(Increase)/Decrease in Trade Receivables	(656.36)	(860.36)
	(Increase)/Decrease in Other Financial Assets	(1,125.94)	(119.81)
	Increase/(Decrease) in Trade Payable	293.60	(0.47)
	Increase/(Decrease) in Current Liabilities and provisions	407.14	(4,257.96)
	Cash generated from operations	**10,629.38**	**(3,867.92)**
	Direct Taxes Paid	2.64	(0.04)
	Net Cash from operating activities	**10,632.02**	**(3,867.96)**
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Property Plant and Equipment and Capital work in progress	(1,506.12)	(11,851.06)
	Net cash used in investing activities	**(1,506.12)**	**(11,851.06)**
C.	CASH FLOW FROM FINANCIAL ACTIVITIES		
	Issue of Share Capital	1,440.00	5,200.00
	Loan from Holding Company	300.00	16,160.75
	Interest paid on Loan from Holding Company	(10,925.64)	(5,571.44)
	Net cash used in financing activities	**(9,185.64)**	**15,789.31**
D.	**Net Change In Cash and Cash equivalent (A+B+C)**	(59.74)	70.29
E.	**Cash and Cash equivalent (Opening Balance)**	73.51	3.22
F.	**Cash and Cash equivalent (Closing Balance)-Refer Note-11**	**13.77**	**73.51**

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

Further Notes :

1. Cash & Cash equivalents consist of balances with bank in current account.
2. Previous year figures have been re-groupped / re-arranged whereever required.

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

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

Bangalore Chartered Accountants

(Seema Gupta)
Chairperson
DIN : 06636330

Place : Gurgaon
Date : 01-Jun-2020

(Pramod Kumar)
Director
DIN : 08132119

(A.K. Das)
CFO

Place : Bangalore
Date : 01-Jun-2020

Place : Bangalore
Date : 01-Jun-2020

POWERGRID NM TRANSMISSION LIMITED, BANGALORE

POWERGRID NM TRANSMISSION LIMITED
CIN U40106DL2011GOI219542
STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 ST MARCH, 2020

A. Equity Share Capital

(₹ in Lakhs)

As at 1st April,2019	26,400.00
Changes in equity share capital	1,440.00
As at 31st March ,2020	27,840.00
As at 1st April,2018	21,200.00
Changes in equity share capital	5,200.00
As at 1st April,2019	26,400.00

B. Other Equity (₹ in Lakhs)

Particulars	Other Equity	Total
	Retained Earnings	
Balance at 1st April,2019	(16,565.23)	(16,565.23)
Total Comprehensive Income for the year	(2,947.81)	(2,947.81)
Balance at 31st March, 2020	**(19,513.04)**	**(19,513.04)**
Balance at 1st April,2018	(10,209.31)	(10,209.31)
Total Comprehensive Income for the year	(6,355.92)	(6,355.92)
Balance at 31st March, 2019	**(16,565.23)**	**(16,565.23)**

The accompanying notes (1 to 41) form an integral part of financial statements
Refer Note 14 for movement and nature of Reserve and Surplus

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

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

Place : Bangalore
Date : 01-Jun-2020

For and on behalf of Board of Directors

(Seema Gupta)
Chairperson
DIN : 06636330

Place : Gurgaon
Date : 01-Jun-2020

(Pramod Kumar)
Director
DIN : 08132119

(A.K. Das)
CFO

Place : Bangalore
Date : 01-Jun-2020

POWERGRID NM TRANSMISSION LIMITED

Note 4/Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Cost					Accumulated depreciation					Net Book Value	
	As at 1st April,2019	Additions during the year	Disposal	Adjustment during the year	As at 31st March,2020	As at 1st April,2019	Additions during the year	Disposal	Adjustment during the year	As at 31st March,2020	As at 31st March,2020	As at 31st March,2019
Plant & Equipment												
a) Transmission	1,33,915.39			(130.79)	1,34,046.18	10,838.70	7,077.64			17,916.34	1,16,129.84	1,23,076.69
b) Communication System	400.57				400.57	65.11	26.70			91.81	308.76	335.46
Furniture Fixtures	1.00	-			1.00	0.19	0.06		-	0.25	0.75	0.81
Electronic Data Processing & Word Processing Machines	1.02	-			1.02	1.02	-		-	1.02	0.00	0.00
Total	1,34,317.98	-	-	(130.79)	1,34,448.77	10,905.02	7,104.40	-	-	18,009.42	1,16,439.35	1,23,412.96

POWERGRID NM TRANSMISSION LIMITED

Note 4/Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Cost					Accumulated depreciation					Net Book Value	
	As at 1st April,2018	Additions during the year	Disposal	Adjustment during the year	As at 31st March,2019	As at 1st April,2018	Additions during the year	Disposal	Adjustment during the year	As at 31st March,2019	As at 31st March,2019	As at 31st March,2018
Plant & Equipment												
a) Transmission	80,285.96	53,603.96		(25.47)	1,33,915.39	6,094.23	4,744.47			10,838.70	1,23,076.69	74,191.73
b) Communication System	400.57				400.57	38.41	26.70			65.11	335.46	362.16
Furniture Fixtures	1.00	-			1.00	0.12	0.07		-	0.19	0.81	0.88
Electronic Data Processing & Word Processing Machines	1.02	-			1.02	0.87	0.15		-	1.02	-	0.15
Total	80,688.55	53,603.96	-	(25.47)	1,34,317.98	6,133.63	4,771.39	-	-	10,905.02	1,23,412.96	74,554.92

POWERGRID NM TRANSMISSION LIMITED

Note 5/Capital work in progress

(₹ in Lakhs)

Particulars	As at 1st April2019	Additions during the year	Adjustments	Capitalised during the year	As at 31st March2020
Construction Stores	457.42		254.56		202.86
	457.42	**-**	**254.56**	**-**	**202.86**

POWERGRID NM TRANSMISSION LIMITED

Note 5/Capital work in progress

(₹ in Lakhs)

Particulars	As at 1st April,2018	Additions during the year	Adjustments	Capitalised during the year	As at 31st March,2019
Plant & Equipments (including associated civil works)					
a) Transmission	30,238.39	14,841.87		45,080.26	-
Expenditure pending allocation					
i) Survey, investigation, consultancy & supervision Charges	34.44			34.44	-
ii) Expenditure during construction period(net)	5,183.35	3,305.91		8,489.26	-
Construction Stores	4,288.14		3,830.72		457.42
	39,744.32	**18,147.78**	**3,830.72**	**53,603.96**	**457.42**

POWERGRID NM TRANSMISSION LIMITED

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

(At cost)

(₹ in Lakhs)

Particulars	As at 31st March2020	As at 31st March2019
Costruction Stores		
Towers	76.28	288.38
Conductors	74.12	83.88
Other Line Materials	52.46	85.16
TOTAL	**202.86**	**457.42**

POWERGRID NM TRANSMISSION LIMITED

Note 6/Other Intangible assets

(₹ in Lakhs)

Particulars	Cost					Accumulated Amortisation					Net Book Value	
	As at 1st April,2019	Additions during the year	Disposal	Adjustment during the year	As at 31st March,2020	As at 1st April,2019	Additions during the year	Disposal	Adjustment during the year	As at 31st March,2020	As at 31st March,2020	As at 31st March,2019
Electronic Data Processing Software	0.15	-	-	-	0.15	0.15	-	-	-	0.15	-	-
Total	**0.15**	**-**	**-**	**-**	**0.15**	**0.15**	**-**	**-**	**-**	**0.15**	**-**	**-**

POWERGRID NM TRANSMISSION LIMITED

Note 6/Other Intangible assets

(₹ in Lakhs)

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

Mallya & Mallya Bangalore Chartered Accountants

POWERGRID NM TRANSMISSION LIMITED, BANGALORE
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POWERGRID NM TRANSMISSION LIMITED

Note 7/ Deferred tax Assets (Net)

(₹ in Lakhs)

Particulars	As at 31st March,2020	As at 31st March,2019
Deferred Tax Liability		
Difference in book Depreciation and Tax Depreciation	14,270.26	11,037.33
Deferred Tax Liability (A)	**14,270.26**	**11,037.33**
Deferred Tax Assets		
Unused Tax Losses (Income Tax Loss)	22,284.35	17,837.56
Preliminary Expenses	2.75	5.51
Deferred Tax Assets (B)	**22,287.10**	**17,843.07**
Deferred Tax Assets (Net) (B-A)	**8,016.84**	**6,805.74**

Movements in Deferred Tax Liabilities (₹ in Lakhs)

	Property, Plant and Equipment	Total
As at 01st April 2018	7,573.44	**7,573.44**
Charged/(Credited)		
- to Profit or Loss	**3,463.89**	**3,463.89**
- to Other Comprehensive Income	-	-
As at 31st March 2019	**11,037.33**	**11,037.33**
Charged/(Credited)		-
- to Profit or Loss	3,232.93	**3,232.93**
- to Other Comprehensive Income	-	-
As at 31st March 2020	**14,270.26**	**14,270.26**

Movements in Deferred Tax Assets (₹ in Lakhs)

	Property, Plant and Equipment	Unused Tax Losses	Preliminary Expenses	Total
As at 01st April 2018	-	11,759.70	8.27	**11,767.97**
(Charged)/Credited				
- to Profit or Loss	-	6,077.86	(2.76)	**6,075.10**
- to Other Comprehensive Income	-			-
As at 31st March 2019	-	**17,837.56**	**5.51**	**17,843.07**
(Charged)/Credited				-
- to Profit or Loss	-	4,446.79	(2.76)	**4,444.03**
- to Other Comprehensive Income	-			-
As at 31st March 2020	-	**22,284.35**	**2.75**	**22,287.10**

Amount taken to Statement of Profit and Loss

Particulars	As at 31st March,2020	As at 31st March,2019
Increase/(Decrease) in Deferred Tax Liabilities	3,232.93	3,463.89
(Increase)/Decrease in Deferred Tax Assets	(4,444.03)	(6,075.10)
Net Amount taken to Statement of Profit and Loss	**(1,211.10)**	**(2,611.21)**

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POWERGRID NM TRANSMISSION LIMITED, BANGALORE
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POWERGRID NM TRANSMISSION LIMITED

Note 8/Other non-current Assets

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

Particulars	As at 31st March,2020	As at 31st March,2019
Advances recoverable in cash or in kind or for value to be received		
Balance with Customs Port Trust and other authorities	5.00	5.00
Advance tax and Tax deducted at source	11.97	14.61
TOTAL	**16.97**	**19.61**

Note : The balance of Rs. 5 Lakhs pertaining to margin money with bank for issue of BG.

POWERGRID NM TRANSMISSION LIMITED

Note 9/Inventories

(₹ in Lakhs)

Particulars	As at 31st March,2020	As at 31st March,2019
(For mode of valuation refer Note 2.9)		
Components,Spares & other spare parts:		
Towers	139.97	-
Conductors	6.59	-
Other Line Materials	43.06	-
TOTAL	**189.62**	-

POWERGRID NM TRANSMISSION LIMITED

Note 10/Trade receivables

(₹ in Lakhs)

Particulars		As at 31st March,2020	As at 31st March,2019
Trade receivables			
Unsecured Considered good	1,516.72		860.36
		1,516.72	860.36
TOTAL		**1,516.72**	**860.36**

POWERGRID NM TRANSMISSION LIMITED

Note 11/Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at 31st March,2020	As at 31st March,2019
Balance with banks-		
-In Current accounts	13.77	73.51
Total	**13.77**	**73.51**

POWERGRID NM TRANSMISSION LIMITED

Note 12/Other Current Financial Assets

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

Particulars	**As at 31st March,2020**	**As at 31st March,2019**
Unbilled Revenue	3,139.65	2,013.71
Less : Provision for bad & doubtful debt	1,891.99	1,891.99
	1,247.66	121.72
Total	**1,247.66**	**121.72**

Note :

(1)Against the unbilled revenue accounted during the FY 2016-17 towards revenue recognised against the commissioning of 765 kV D/C Nagapatinnam-Salem Transmission line, provision for bad and doubtful debts have been created for the same amount during the FY 2017-18 in line with the CERC Order Dt. 26.03.2018. The order provides that the PNMTL is entitled for tariff for the entire transmission system after the 765 kV S/C Salem-Madhugiri transmission line is put under commercial operation.

(2) Unbilled Revenue includes Transmission Charges for the month of March in the Financial Year amounting to ₹ 1019.98 Lakhs (Net of Provision for Rebate) (Previous Year ₹ 121.16 Lakhs) billed to beneficiaries in the month of April 2020, Transmission Incentive of ₹ 207.59 Lakhs (Previous Year ₹ 0.56 Lakhs) and Surcharge of ₹ 20.09 Lakhs (Previous Year Nil) for the Period ended March 2020 to be billed in Financial Year 2020-21.

(3) Please refer Note-40 of Ind AS-115 dosclosure "revenue from contracts with customers".

Mallya & Mallya Bangalore Chartered Accountants

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

POWERGRID NM TRANSMISSION LIMITED

Note 13/Equity Share capital

(₹ in Lakhs)

Particulars	As at 31st March,2020	As at 31st March,2019
Equity Share Capital		
Authorised		
307430000 (31st March 2019 : 264000000) equity shares of ₹ 10/- each at par	30,743.00	26,400.00
Issued, subscribed and paid up		
278400000 (31st March 2019 : 264000000) equity shares of ₹ 10/-each at par fully paid up	27,840.00	26,400.00
Total	27,840.00	26,400.00

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, 2020		For the year ended 31st March, 2019	
	No.of Shares	Amount (₹ in Lakhs)	No.of Shares	Amount (₹ in Lakhs)
Shares outstanding at the beginning of the year	26,40,00,000	26,400.00	21,20,00,000	21,200.00
Shares Issued during the year	1,44,00,000	1,440.00	5,20,00,000	5,200.00
Shares outstanding at the end of the year	27,84,00,000	27,840.00	26,40,00,000	26,400.00

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

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

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

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No.of Shares #	% of holding	No.of Shares #	% of holding
Power Grid Corporation of India Ltd	27,84,00,000	100.00	26,40,00,000	100.00

Out of 278400000 Equity Shares (Previous Year 264000000 Equity Shares), 600 Equity Shares are held by Nominees of M/s Power Grid Corporation of India Limited on its behalf.

POWERGRID NM TRANSMISSION LIMITED

Note 14/Other Equity

(₹ in Lakhs)

Particulars	As at 31st March,2020	As at 31st March,2019
Reserves & Surplus		
Retained Earnings		
Balance at the beginning of the year	(16,565.23)	(10,209.31)
Add : Profit after tax as per Statement of Profit & Loss	(2,947.81)	(6,355.92)
Balance at the end of the year	(19,513.04)	(16,565.23)
TOTAL	**(19,513.04)**	**(16,565.23)**

Mallya & Mallya Bangalore Chartered Accountants

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

POWERGRID NM TRANSMISSION LIMITED

Note 15/ Borrowings

(₹ in Lakhs)

).	Description	As at 31st March 2020	As at 31st March 2019
	Loan (Unsecured)		
	Loan from Power Grid Corporation of India Ltd. (Holding Company)	1,08,890.56	1,03,202.44
	TOTAL	**1,08,890.56**	**1,03,202.44**

Further notes:

(1) The Inter Corporate Loan (ICL) is provided by the Holding Company on cost to cost basis. Loan of Rs. 1,08,590.56 Lakhs converted on 01.04.2019 into Single Loan with interest rate of 8.2461% repayable as per the terms of the loan agreement . Further ICL of Rs. 300 Lakhs provided by the Holding Company during the FY 2019-20 on cost to cost basis with interest rate ranging from 6.35% to 7.49% repayable over a period of 15 years.

(2) There is no default in repayment of loan or interest as at the end of the year.

(3) Please refer Note-34 (h) of related party disclosure.

Maliya & Maliya Bangalore Chartered Accountants

POWERGRID NM TRANSMISSION LIMITED, BANGALORE

POWERGRID NM TRANSMISSION LIMITED

Note 16/Trade Payable

(₹ in Lakhs)

Particulars	As at 31st March,2020	As at 31st March,2019
(i) Total Outstanding dues of Micro Enterprise and Small Enterprise	-	-
(ii) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	294.53	0.93
Total	**294.53**	**0.93**

Note:

(1) Disclosure of Micro and Small Enterprises as required under"micro small and medium enterprises Devolopment Act,2006' is given in note 29 (C).

(2) Please refer Note-34 of related party disclosure.

POWERGRID NM TRANSMISSION LIMITED

Note 17/Other Current Financial Liabilities

(₹ in Lakhs)

Particulars	As at 31st March,2020	As at 31st March,2019
A) Current maturities of long term borrowings		
Un Secured		
Loan from Power Grid Corporation of India Ltd. (Holding Company)	-	5,388.12
	-	5,388.12
B) Interest accrued but not due on borrowings from		
Loan from Power Grid Corporation of India ltd.	0.38	3,863.17
	0.38	3,863.17
C) Others		
Dues for capital expenditure	341.19	306.80
Deposits/Retention money from contractors and others	219.87	1,021.02
Related parties (M/s Power Grid Corporation of India Ltd)		
-Interest Accrued and due	7,854.97	5,962.75
-Others #	756.51	774.93
Others *	51.99	896.70
	9,224.53	8,962.20
Total	**9,224.91**	**18,213.49**

Further Notes :

1. # Others includes liabilities with related party.
2. * Other Liabilities pertaining to Contractor/Suppliers and Tree/Crop/Corridor Compensation liability.
3. Disclosure with regard to Micro and Small enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note No 29 (c)
4. Please refer Note-34 (g), (i) of related party disclosure.

Chartered Accountants

POWERGRID NM TRANSMISSION LIMITED, BANGALORE

POWERGRID NM TRANSMISSION LIMITED

Note 18/Other current liabilities

(₹ in Lakhs)

Particulars	As at 31st March,2020	As at 31st March,2019
Statutory dues	906.83	499.69
Total	**906.83**	**499.69**

POWERGRID NM TRANSMISSION LIMITED

Note 19/Revenue from operations

(₹ in Lakhs)

Particulars	For the year ended 31st March,2020	For the year ended 31st March,2019
Sales of Services		
Transmission Charges	12,290.24	1,584.70
Total	**12,290.24**	**1,584.70**

Note :

(1) Upon commissioning of the 765 kV S/C Salem-Madhugiri Transmission Line w.e.f. 26-Jan-2019, the transmission tariff has been included in the PoC. The revenue has has been recognised as per the tariff specified in the Transmission Service Agreement (TSA).

(2) Please refer Note-40 of Ind AS-115 dosclosure "revenue from contracts with customers".

POWERGRID NM TRANSMISSION LIMITED

Note 20/Other income

(₹ in Lakhs)

Particulars	For the year ended 31st March,2020	For the year ended 31st March,2019
Surcharge	60.06	-
Miscellaneous income*	1.45	28.92
TOTAL	**61.51**	**28.92**

* Rebate on RLDC charges and Interest on TDS

POWERGRID NM TRANSMISSION LIMITED

Note 21/Finance costs

(₹ in Lakhs)

Particulars	For the year ended 31st March,2020	For the year ended 31st March,2019
A) Interest and finance charges on financial liabilities at amortised cost		
Loan from Power Grid Corporation of India Limited (Holding Company)	8,954.91	8,031.64
B) Other Finance charges		
Others	0.16	-
	8,955.07	8,031.64
Less: Transferred to Expenditure during Construction(Net)-Note 24	-	2,465.21
TOTAL	**8,955.07**	**5,566.43**

Note :
Please refer Note-34 (e) of related party disclosure.

POWERGRID NM TRANSMISSION LIMITED

Note 22/Depreciation and amortization expense

(₹ in Lakhs)

Particulars	For the year ended 31st March,2020	For the year ended 31st March,2019
Depreciation of Property,Plant and Equipment	7,104.40	4,771.39
Amortisation of Intangible assets	-	0.03
	7,104.40	4,771.42
Less: Transferred to Expenditure During Construction(Net)-Note 24	-	0.04
	7,104.40	4,771.38
TOTAL	**7,104.40**	**4,771.38**

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POWERGRID NM TRANSMISSION LIMITED, BANGALORE

POWERGRID NM TRANSMISSION LIMITED

Note 23/Other expenses

(₹ in Lakhs)

Particulars		For the year ended 31st March,2020	For the year ended 31st March,2019
Repair & Maintenance			
Plant & Machinery			
Transmission lines	292.06		194.61
Others	-		11.54
		292.06	206.15
System and Market Operation Charges		27.79	3.41
Legal expenses		78.66	55.82
Professional charges(Including TA/DA)		0.86	1.03
Consultancy expenses(Including TA/DA)		-	677.42
Communication expenses		0.02	0.01
Travelling & Conv.exp.(excluding foreign travel)		-	0.94
Payments to Statutory Auditors			
Audit Fees	2.18		2.18
Tax Audit Fees	0.24		0.24
In Other Capacity	0.02		0.12
Out of pocket Expenses	0.64		0.54
		3.08	3.08
Advertisement and publicity		-	3.69
Printing and stationery		0.29	2.31
EDP hire and other charges		0.07	0.84
Brokerage & Commission		-	1.57
CERC petition & Other charges		8.00	8.00
Miscellaneous expenses		0.11	12.12
Security Expenses		-	0.49
Hiring of Vehicle		10.08	80.62
Rates and taxes		15.51	4.47
Foreign Exchange Rate Variation (Net of FERV gain & amount recoverable)		13.99	21.38
Bank charges		0.67	0.25
		451.19	1083.60
Less:Transferred to Expenditure during Construction(Net)-Note 24		-	840.66
		451.19	242.94
Total		**451.19**	**242.94**

Bengaluru

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POWERGRID NM TRANSMISSION LIMITED, BANGALORE

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POWERGRID NM TRANSMISSION LIMITED

Note 24/ Expenditure during Construction (Net)

(₹ in Lakhs)

Particulars	For the year ended 31st March,2020	For the year ended 31st March,2019
A.Other Expenses		
Others	-	8.92
Legal expenses	-	55.66
Professional charges	-	0.41
Consultancy expenses	-	677.42
Travelling & Conv.exp.	-	0.94
Payment to Auditors	-	1.19
Advertisement and Publicity	-	3.69
Printing and stationery	-	2.00
EDP hire and other charges	-	0.70
Brokerage and commission	-	0.57
Miscellaneous expenses	-	10.73
Hiring of Vehicles	-	74.24
Rates and taxes	-	4.19
Total(A)	-	**840.66**
B.Depreciation/Amortisation	-	**0.04**
C.Finance Costs		
Interest and finance charges on financial liabilities at amortised cost		
Loan from Power Grid Corporation of India Ltd (Holding Company)	-	2,465.21
Total (C)	-	**2,465.21**
GRAND TOTAL (A+B+C)	-	**3,305.91**

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25. Exceptional and Extraordinary items

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

26. Party Balances and Confirmations

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

b) In the opinion of the management, the value of any of the assets other than Property, Plant and Equipment and non-current investments on realization in the ordinary course of business will not be less than value at which they are stated in the Balance Sheet.

27. Disclosure on Ind AS 116 "Leases"

The company does not have any lease arrangements either as a lessor or lessee therefore Ind AS 116 "leases" is not applicable to the company.

28. Auditors Remuneration

(₹ in Lakh)

S. No.	Particulars	FY 2019-20	FY 2018-19
1	Statutory Audit Fees	1.85	1.85
2	Tax Audit Fees	0.20	0.20
3	Fees on Other Matters	0.02	0.10
4	GST on above	0.37	0.39
5	Out of pocket Expenses	0.64	0.54
	Total	**3.08**	**3.08**

29. 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.

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.

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b. Leases

The company does not have any lease arrangements either as lessor or lessee therefore Ind AS 116 "leases"does not apply to the company.

c. Dues to Micro and Small Enterprises

Based on information available with the company, there are few suppliers/service providers who are registered as micro, small or medium enterprise under The Micro, Small and Medium Enterprises Development Act,2006 (MSMED Act, 2006). Information in respect of micro and small enterprises as required by Companies Act 2013 and MSMED Act, 2006 is given as under:

(₹ in Lakh)

Sr. No.	Particulars	Trade Payables		Others	
		31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
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

d. Borrowing Cost

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

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30. <u>(i) Fair value Measurements</u>

(₹ in Lakh)

Financial instruments by category	31 March 2020 Amortised cost	31 March 2019 Amortised cost
Financial Assets		
Cash & Cash Equivalents	13.77	73.51
Other Current Financial Assets	1,247.66	121.72
Total financial assets	**1,261.43**	**195.23**
Financial Liabilities		
Borrowings	116,745.91	118,416.48
Trade Payables	294.53	0.93
Other Current Financial Liabilities	1,369.56	2,999.45
Total financial liabilities	**118,410.00**	**121,416.86**

This section explains the judgements and estimates made in determining the fair values of the financial In struments 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	Level	At 31 March 2020	At 31 March 2019
At 31 March 2020 **Financial Assets**			
Total Financial Assets			
Financial Liabilities Borrowings	2	110,197.35	110,604.71
Total financial liabilities	-	**110,197.35**	**110,604.71**

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

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

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

(ii) Valuation technique used to determine fair value

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

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

(₹ in **Lakh**)

	31 March 2020		31 March 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets	-	-	-	-
Total Financial Assets	-	-	-	-
Financial Liabilities Borrowings	116,745.91	110,197.35	118,416.48	110,604.71
Total financial liabilities	**116,745.91**	**110,197.35**	**118,416.48**	**110,604.71**

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

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

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

31. Capital and other commitments

(₹ in **Lakh**)

Particulars	**As at March 31,2020**	**As at March 31,2019**
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	Nil	27.35

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32. Contingent Liabilities

(₹ in Lakh)

Contingent liabilities	31 March, 2020	31 March, 2019
Claims against the company not acknowledged as debt towards Compensation Court cases	*10,663.46	2,703.93

*As per the best judgement by the management, the contingent liability has been provided @ 40% of the claim amount including interest.

33. Earnings Per share

(in ₹)

(a) Basic and Diluted earnings per share attributable to the equity holders of the company-	31 March 2020	31 March, 2019
Basic diluted earnings per share attributable to the equity holders of the company from Continuing Operations	(1.08)	(2.70)

(₹ in Lakh)

(b) Reconciliation of earnings used in calculating earnings per share	31 March 2020	31 March,2019
Earnings attributable to the equity holders of the company	(2,947.81)	(6,355.92)

(c)Weighted average number of shares used as the denominator	31 March 2020 Number of shares	31 March 2019 Number of shares
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	272,338,493	235,534,247

34. Related party Transactions

(a) Holding Company

		Proportion of Ownership interest	
Name of Entity	Place of Business/Country of incorporation/Relationship	31-Mar-20	31-Mar-19
Power Grid Corporation of India Limited	India	100%	100%

(b) Subsidiaries of Holding Company

Name of entity	Place of business/country of incorporation	Proportion of Ownership Interest	
		31st March, 2020	31st March, 2019
Powergrid Vizag Transmission Limited	India	N.A	N.A
Powergrid Unchahar Transmission Limited	India	N.A	N.A
Powergrid Kala Amb Transmission Limited	India	N.A	N.A
Powergrid Jabalpur Transmission Limited	India	N.A	N.A
Powergrid Warora Transmission Limited	India	N.A	N.A
Powergrid Parli Transmission Limited	India	N.A	N.A
Powergrid Southern Interconnector Transmission System Limited	India	N.A	N.A
Powergrid Vemagiri Transmission Limited	India	N.A	N.A
Powergrid Medinipur Jeerat Transmission Limited	India	N.A	N.A
Powergrid Mithilanchal Transmission Limited (erstwhile ERSS XXI Transmission Limited)	India	N.A	N.A
Powergrid Varanasi Transmission System Limited(erstwhile WR-NR Power Transmission Limited)	India	N.A	N.A
Powergrid Jawaharpur Firozabad Transmission Limited (erstwhile Jawaharpur Firozabad Transmission Limited)	India	N.A	N.A
Powergrid Khetri Transmission System Limited (Erstwhile Khetri Transco Limited)[1]	India	N.A	N.A
Powergrid Bhuj Transmission Limited (Erstwhile Bhuj-II Transmission Limited)[2]	India	N.A	N.A
Powergrid Bhind Guna Transmission Limited (Erstwhile Bhind Guna Transmission Limited)[3]	India	N.A	N.A
Powergrid Ajmer Phagi Transmission Limited (Erstwhile Ajmer Phagi Transco Limited)[4]	India	N.A	N.A
Powergrid Fatehgarh Transmission Limited (Erstwhile Fatehgarh-II Transco Limited)[5]	India	N.A	N.A
Powergrid Rampur Sambhal Transmission Limited (Erstwhile Rampur Sambhal Transco Limited)[6]	India	N.A	N.A
Powergrid Meerut Simbhavali Transmission Limited (Erstwhile Meerut-Simbhavali Transmission Limited)[7]	India	N.A	N.A

[1] 100% equity acquired from REC Transmission Projects Limited on 29th August, 2019.
[2] 100% equity acquired from PFC Consulting Limited on 16th October, 2019.
[3] 100% equity acquired from REC Transmission Projects Limited on 11th September, 2019.
[4] 100% equity acquired from REC Transmission Projects Limited on 03rd October, 2019.
[5] 100% equity acquired from PFC Consulting Limited on 14th October, 2019.
[6] 100% equity acquired from REC Transmission Projects Limited on 12th December, 2019.
[7] 100% equity acquired from PFC Consulting Limited on 19th December, 2019.

(c) Joint Ventures of Holding Company

Name of entity	Place of business/ country of incorporation	Proportion of Ownership Interest 31st March, 2020	31st March, 2019
Powerlinks Transmission Limited	India	N.A	N.A
Torrent Power Grid Limited	India	N.A	N.A
Jaypee Powergrid Limited	India	N.A	N.A
Parbati Koldam Transmission Company Limited	India	N.A	N.A
Teestavalley Power Transmission Limited	India	N.A	N.A
North East Transmission Company Limited	India	N.A	N.A
National High Power Test Laboratory Private Limited	India	N.A	N.A
Bihar Grid Company Limited	India	N.A	N.A
Kalinga Bidyut Prasaran Nigam Private Limited#	India	N.A	N.A
Cross Border Power Transmission Company Limited	India	N.A	N.A
RINL Powergrid TLT Private Limited##	India	N.A	N.A
Power Transmission Company Nepal Limited	Nepal	N.A	N.A

Shareholders of M/s Kalinga Bidyut Prasaran Nigam Pvt Ltd (KBPNL), JV between M/s POWERGRID & M/s OPTCL in their Extra Ordinary General Meeting held on 02.01.2020 approve to striking off the name of the company pursuant to section 248 (2) of the Companies Act,2013. Accordingly, e-form STK-2 vide SRN NO- R30789564 has been filed in Registrar of Companies (ROC), Odisha on Dated 21.01.2020 for removal of name of the Company. The present status of striking off of the Company (M/s KBPNL) as per MCA website is "Under Process of Striking Off".

POWERGRID's Board of Directors in its meeting held on 1st May 2018 accorded in principle approval to close RINL Powergrid TLT Private Limited and seek consent of other JV Partner Rashtriya Ispat Nigam Limited. Accordingly Provision for diminution in value of investment has been made.

(d) Key Managerial Personnel

Name	Designation	Date of Appointment	Date of Resignation
Smt. Seema Gupta	Chairperson w.e.f 29.01.2019	12.05.2017	Continuing
Shri Anil Jain	Director	07.05.2018	Continuing
Shri Pramod Kumar	Director	11.05.2018	Continuing
Shri S. Ravi	Director	12.11.2018	Continuing
Shri P.C. Garg	CEO (Part-time)	18.01.2019	Continuing
Shri A.K. Das	CFO	26.07.2016	Continuing
Shri Mrinal Shrivastava	Co. Secy.	18.05.2015	04.01.2020

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

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(e) Transactions with related parties

The following transactions occurred with related parties:

(₹ in Lakh)

Particulars	31 March, 2020	31 March, 2019
Services received by the Company		
Holding Company		
Power Grid Corporation of India Ltd.		
Consultancy Charges (Excluding Taxes)	238.02	738.78
Interest on loan	8,954.91	8,031.64
Total	**9,192.93**	**8,770.42**

(f) Investments Received during the year (Equity)

(₹ in Lakh)

Particulars	31st March, 2020	31 March, 2019
Payables		
Holding Company		
Power Grid Corporation of India Ltd.	1,440	5,200
Total	**1,440**	**5,200**

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

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

(₹ in Lakh)

Particulars	31 March, 2020	31 March, 2019
Other payables (Interest)		
Holding Company	-	-
Power Grid Corporation of India Ltd.	7,854.97	5,962.75
Other payables (Consultancy Fee)		
Holding Company		
Power Grid Corporation of India Ltd.	1,051.04	774.93
Total payables to related parties	**8,906.01**	**6,737.68**

(h) Loans Outstanding

(₹inLakh)

Loans from Holding Company	31 March, 2020	31 March, 2019
Power Grid Corporation of India Ltd.	108,890.56	108,590.56
Total	**108,890.56**	**108,590.56**

(i) Interest Payable on Loan

(₹ in Lakh)

Particulars	31 March, 2020	31 March, 2019
Holding		
Power Grid Corporation of India Ltd.	0.38	3,863.17
Total	**0.38**	**3,863.17**

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35. Capital Management

a) Risk Management

The company's objectives when managing capital are to maximize the shareholder value; safeguard its ability to continue as a going concern;
maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the company's capital management, equity capital includes issued equity capital 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.

Particulars	31 March 2020	31 March 2019
Long Term Debt	108,890.56	108,590.56
Equity	8,326.96	9,834.77
Debt-Equity Ratio	93:7	92:8

b) Dividends

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

36. 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.

37. Financial Risk Management

The Company's principal financial liabilities comprise loans and borrowings denominated in Indian rupees, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's capital investments and operations.
The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that are generated from its operations.
The Company's activities expose it to the following financial risks, namely,

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:-

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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 and unbilled revenue

The Company primarily provides transmission facilities to inter-state transmission service customers (DICs) comprising mainly state utilities owned by State Governments CERC tariff regulations allow payment against monthly bills towards transmission charges within a period of 45 days from the date of the bill and levy of surcharge on delayed payment beyond 45 days. A graded rebate is provided by the Company for payments made within 45 days.

Unbilled revenue primery relates to companies right to consideration for work completed but not billed at the reporting date and have substantially same risk characteristics as the trade receivables for the same type of contract.

(ii)Other Financial Assets (excluding trade receivables and unbilled revenue)

- Cash and cash equivalents

The Company held cash and cash equivalents of ₹13.77 Lakhs(Previous year: ₹73.51 Lakhs). The cash and cash equivalents are held with public sector banks and high rated private sector banks and do not have any significant credit risk.

Exposure to credit risk

(₹ in Lakh)

Particulars	31st March, 2020	31st March, 2019
Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)		
Cash and cash equivalents	13.77	73.51
Other current financial assets	1247.66	121.72
Total	1261.43	195.23
Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)	-	-
Trade receivables	1516.72	860.36

Provision for expected credit losses

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

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

b) Financial Assets for which loss allowance is measured using life time expected credit loss

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

c) Ageing Analysis of Trade Receivables

The ageing analysis of the trade receivables is below:

(₹ in **Lakh**)

Ageing	Not Due	0-30 Days Pastdue	31-60 Days Pastdue	61-90 Days Pastdue	91-120 Days Pastdue	More than 120 Days Pastdue	**Total**
Gross carrying amount as on 31-Mar-2020	716.33	330.16	204.64	222.52	-	43.07	1516.72
Gross carrying amount as on 31-Mar-2019	860.36	-	-	-	-	-	860.36

a) Reconciliation of Impairement loss provisions

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

(₹ in **Lakh**)

Purticuler					Unbilled Debtors	**Total**
Balance as at 1st Apr 2018	-	-	-	-	1891.99	**1891.99**
Impairement loss Recognized	-	-	-	-	-	-
Amount written off	-	-	-	-	-	-
Balance as at 31 Mar 2019	-	-	-	-	1891.99	**1891.99**
Impairement loss Recognized	-	-	-	-		
Amount written off						
Balance as at 31 Mar 2020	-	-	-	-	1891.99	**1891.99**

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

Upon commissioning of the 2nd element of the project namely Salem-Madhugiri 765 k/V Single Circuit Transmission Line on 26-Jan-2019, Vide petition no. 333/MP/2019, Dt. 09-Oct-2019, PNMTL have filed the petition for the increase in tariff due to Cost and Time Over Run as per the aforesaid Article 12 of the Transmission Service Agreement (TSA). PNMTL have applied an increase in levelized tariff by ₹. 58.465 Crs per annum on account of escalation of cost over and above base project cost and change in law. The petition is under preliminary scrutiny by CERC as on date.

B) Liquidity risk

Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company has entered into Inter-Corporate Loan Agreement for Funding of its Obligations. For this, Company Provided Quarterly Cash Flows in Advance To Holding Company along with Monthly Requirement.

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

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

Maturities of financial liabilities

The tables below analyses the company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.
The amount disclosed in the table is the contractual undiscounted cash flows

(₹ in **Lakh**)

Contractual maturities of financial liabilities	**Within a year**	**Between 1-5 years**	**Beyond 5 years**	**Total**
31st March 2020				
Borrowings (including interest outflows)	12,638.75	61,280.67	89,396.85	1,63,316.27
Other Current financial liabilities	1,369.56	-	-	1,369.56
Total	**14,008.31**	61,280.67	89,396.85	**1,64,685.83**
31st March 2019				
Borrowings (including interest outflows)	14,153.97	74,247.44	73,322.15	1,61,723.56
Other Current financial liabilities	2,999.45	-	-	2,999.45
Total	**17,153.42**	**74,247.44**	**73,322.15**	**1,64,723.01**

C) Market risk

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

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i) Currency risk

As on Reporting date the Company Exposure to foreign currency is for prequirement of goods and services.

Foreign Currency Exposure

Not hedged by a derivative instrument or otherwise

Particulars	Amount in Foreign Currency			₹ in Lakh	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019
Trade Payables/deposits and retention money	USD	144,747	482,570	110.09	336.69

ii) Interest rate risk

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

38. Income Tax expense

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

(a) Income tax expense

(₹ in Lakh)

Particulars	**31 March, 2020**	**31 March, 2019**
(a) Income tax expense		
Current Tax	-	-
Current tax on profits for the year	-	-
Adjustment for Earlier years	-	-
Total current tax expense	-	-
Deferred tax expense	-	-
Origination and reversal of temporary differences	(1,211.10)	(2,611.21)
Previously unrecognised tax credit recognised as Deferred Tax Asset this year		
Total deferred tax expense/(benefit)	**(1,211.10)**	**(2,611.21)**
Income tax expense	**(1,211.10)**	**(2,611.21)**

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

(₹ in Lakh)

Particulars	**31 March, 2020**	**31 March, 2019**
Profit before income tax expense including movement in regulatory	(4,158.91)	(8,967.13)
Tax at the Indian tax rate of NIL	-	-

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Tax effect of:		
Non Deductible tax items		
Tax exempt income	-	-
Deferred Assets for Deferred Tax Liability	-	-
Previous Years tax liability	-	-
Unabsorbed tax losses	-	-
Deferred Tax expense/(income)	(1,211.10)	(2,611.21)
Minimum alternate tax adjustments	-	-
Income Tax expenses	**(1,211.10)**	**(2,611.21)**

39. Corporate Social Responsibilities (CSR) :

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

40. Disclosure on Ind AS 115 'Revenue from Contracts with Customers'

(a) The movement in unbilled revenue during the year is as follows:

(₹ in Lakh)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Balance at the beginning	121.72	-
Add: Revenue recognised during the period	1247.66	1,591.60
Less: Invoiced during the period	121.72	1,469.88
Less: Impairment/reversal during the period	-	-
Add: Translation gain/(Loss)	-	-
Balance at the end	1,247.66	121.72

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

(₹ in Lakh)

	Year ended March 31, 2020	Year ended March 31, 2019
Contracted price	11,858.49	1591.05
Add/ (Less)- Discounts/ rebates provided to customer	(38.43)	(6.91)
Add/ (Less)- Performance bonus	470.18	0.56
Add/ (Less)- Adjustment for significant financing component	-	-
Add/ (Less)- Other adjustments		-
Revenue recognized in profit or loss statement	12,290.24	1584.70

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POWERGRID NM TRANSMISSION LIMITED, BANGALORE

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

As per our report of even date

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

Mallya & Mallya Bangalore Chartered Accountants

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

Place: Bangalore
Date: 01-Jun-2020

For and on behalf of Board of Directors

(Seema Gupta)
Chairperson
DIN :06636330

(Pramod Kumar)
Director
DIN : 08132119

Place: Gurgaon
Date: 01-Jun-2020

(A.K. Das)
CFO

Place: Bangalore
Date: 01-Jun-2020

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