FINANCIAL STATEMENTS & NOTES FOR YEAR ENDED 2019-20

POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION
SYSTEM LIMITED
REGISTERED OFFICE: -B-9, QUTAB INSTITUTIONAL AREA
KATWARIA SARAI NEW DELHI - DL 110066
CIN:U40106DL2015GOI278746

D. SIVA NAGESWARA RAO & CO. CHARTERED ACCOUNTANTS



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Independent Auditors' Report

To the Members of Powergrid Southern Interconnector Transmission System Limited [CIN:U40106DL2015GOI278746]

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Power Grid Southern Interconnector Transmission System Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of Profit and Loss, statement of changes in equity and 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 (herein after referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020 and its Profit, changes in equityand its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone 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 ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Management and Those Charged with Governance for Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards

specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Standards on Auditing (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 standalone 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 standalonefinancial 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 auditors' report to the related disclosures in the standalone 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 auditors' 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 standalonefinancial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 of India in terms of sub-section (11) of section 143 of the Act we give in the **Annexure-A** a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2. In terms of sub section (5) of section 143 of the Companies Act, 2013, we give in the **Annexure-B** a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.
- 3. As required by section 143(3) of the Act, we report that:

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

- b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity and the Cash flow statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) As per the notification number G.S.R. 463(E) dated 5th June,2015 issued by Ministry of Corporate Affairs, Section 164(2) of the Act regarding the disqualifications of Directors, is not applicable to the Company since it is a Government Company;
- f) A report in **Annexure-C** is attached herewith regarding the adequacy of Internal Financial Control and its operating effectiveness; and
- g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, 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 as at 31 March 2020 on its financial position in its standalone financial statements. Refer Note 40 to the Financial Statements as of March 31, 2020;
 - ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii) There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company; and



- iv) The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended March 31, 2020.
- h) As per the notification number G.S.R. 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Section 197 of the Act regarding managerial remuneration is not applicable to the Company since it is a Government Company.

Chartered Accountants

For D. Siva Nageswara Rao & Co.,

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Chartered Accountants Firm Regn. No.007162S

D. Ranga Rao

Partner Membership No. 204913

Annexure –A referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Powergrid Southern Interconnector Transmission System Limited ("the Company") on the standalone financial statements as of and for the year ended 31 March 2020

- i. In respect of the Company's fixed assets:
 - (a) According to information and explanations given to us, the Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) According to information and explanations given to us, the fixed assets were physically verified by the management in accordance with the programme of information, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. The discrepancies noticed on physical verification were not material and have been properly dealt with in the books of account.
 - (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of the land and buildings which are freehold, are held in the name of the Company as at Balance Sheet date. Mutation in the name of the Company in respect of Land purchased for Acre 4.45 Cents as mentioned in the Note-4 Property, Plant and Equipment is yet to be done.
- ii. In Our opinion and according to the Information and explanation given to us, there is no Inventory. Hence, the provisions of Clause 3(ii) is not applicable.
- iii. In Our Opinion and according to the Information and explanation given to us, the Company has not granted any secured or unsecured loans during the year under report.
- iv. In our opinion and according to information and explanation given to us, the company has not granted any loans or not made any investments or given guarantee or security during the financial year. Therefore, the provisions of clause 3(iv) of the Order are not applicable to the Company.
- v. In our opinion and according to the information and explanation given to us, the Company has not accepted the deposits. Therefore, the provisions of clause 3(v) of the Order is not applicable to the Company.



- vi. In our opinion and according to the information and explanation given to us, the provisions of clause 3(vi) of the Order regarding maintenance of cost records is not applicable to the Company.
- vii. (a) According to the information and explanation given to us, the Company is generally regular in depositing undisputed statutory dues with the appropriate authorities and there were no arrears as at March 31, 2020 for the period of more than six months from the date they became payable.
 - (b) According to the information and explanation given to us, there are no dues that were not deposited on account of any dispute.
- viii. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of loans to banks or financial institutions.
 - ix. In our opinion and according to the information and explanation given to us, the Company has not raised money by way of initial public offer or further public offer. Money raised by way of Term Loans were applied for the purpose for which those were raised.
 - x. To the best of our knowledge and belief and according to the information and explanation given to us, no material fraud on or by the Company has been noticed or reported during the year.
 - xi. In our opinion and according to the information and explanation given to us, the clause relating to managerial remuneration is not applicable to the Company.
- xii. In our opinion and according to the information and explanation given to us, the clause relating to Nidhi company is not applicable to the Company.
- xiii. In our opinion and according to the information and explanation given to us, the related party transactions are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the standalone financial statements as required by the applicable Indian accounting standards.
- xiv. In our opinion and according to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or debentures during the year hence this clause is not applicable.



- In our opinion and according to the information and explanation given to us, the XV. Company has not entered into any non-cash transactions during the year hence this clause is not applicable.
- xvi. In our opinion and according to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 hence this clause is not applicable.

Chartered Accountants For D. Siva Nageswara Rao & Co.,

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Chartered Accountants

Firm Regn. No.007162S

Partner Membership No. 204913

D. Ranga Rao

Annexure-B referred to in paragraph 2 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Powegrid Southern Interconnector Transmission System Limited ("the Company") on the Standalone Financial Statements as of and for the year ended 31st March, 2020.

Report on the directions issued under section 143(5) of the Companies Act, 2013 given by the Comptroller & Audit General of India in respect of audit of Annual Accounts of Powergrid Southern Interconnector Transmission System Limited for the year ended 31st March 2020:

SI. No.	Direction	Auditors' Report	Impact on Accounts and Financial
140.		,	Statements
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,	Based on the information and representations provided by the Management to us and based on the verification procedures performed by us,the Company has system in place to process/record all the accounting transactions through IT system. No accounting transactions are being recorded / processed through other than IT System.	Nil.
2	if any, may be stated. 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.	by us there were no restructuring of loans or cases of waiver/write off of debts/loans/interest etc. during the year.	1

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3	Whether funds	Based on the information and	Nil.
	received/receivable for	representations provided by the	
	specific schemes from	Management to us and based on the	
	Central/State agencies	verification procedures performed	
	were properly	by us, no funds were received for	
	accounted for/utilized	any specific schemes from	
	as per its term and	Central/State agencies during the	
1	conditions? List the	year.	
	cases of deviation.		

Chartered Accountants

For D. Siva Nageswara Rao & Co.,

Chartered Accountants Firm Regn. No.007162S

Firm Regn. No.0071628

Place: Hyderaba)
Date: 03-06-2020

D. Ranga Rao
Partner

Membership No. 204913

Annexure-C referred to in paragraph 3(f) under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Powegrid Southern Interconnector Transmission System Limited ("the Company") on the Standalone Financial Statements as of and for the year ended 31st March, 2020

Independent Auditor's Reporton the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Powergrid Southern Interconnector Transmission SystemLimited** as of March 31, 2020 in conjunction with our audit of the Standalone Indian Accounting Standard 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 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Indian Accounting Standards Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Indian Accounting Standards Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Indian Accounting Standards Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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For D. Siva Nageswara Rao & Co.,

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Chartered Accountants Firm Regn. No.007162S

> D. Ranga Rao Partner

Membership No. 204913

Notes to Financial Statements

1. Corporate & General Information

Powergrid Southern Interconnector Transmission System 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-110 016, 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 31st March 2020 were approved for issue by the Board of Directors on 3rd June 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 lakhs and two decimals thereof, except as stated otherwise.

iv) Use of estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Note no. 3 on critical accounting estimates, assumptions and judgments).

v) Current and non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

The Company recognizes twelve months period as its operating cycle.

2.2 Property, Plant and Equipment

Initial Recognition and Measurement

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

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

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

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

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

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

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

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

Subsequent costs

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

The cost of replacing part of an item of Property, Plant and Equipment is recognized in the carrying amount of the item if it is probable that future economic benefit embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced

part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit & Loss as incurred.

Derecognition

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

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

2.3 Capital Work-In-Progress (CWIP)

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

Expenditure of office and Projects, 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.

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

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

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

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

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

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

2.5 Depreciation / Amortisation

Property, Plant & Equipment

Depreciation/amortisation on the 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 items of 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.

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 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 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.

ii) 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.

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 remeasurement 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.

2.11 Financial instruments

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

Financial Assets

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

Classification

The Company classifies its financial assets in the following categories:

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

The classification depends on the following:

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

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

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A financial asset is derecognized only when

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

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

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

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Impairment of financial assets:

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

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

Financial Liabilities

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

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

Classification, initial recognition and measurement

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

Subsequent measurement

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

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

De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original

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

Offsetting of financial instruments

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

2.12 Foreign Currency Translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

Deferred tax

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

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

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

2.14 Revenue

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.

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.

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.

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. If the circumstances change following unforeseeable developments, this likelihood may 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.

POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED CIN:U40106DL2015GOI278746

Balance Sheet as at 31st March,2020

(₹ in Lakhs)

Particulars	Note No		(₹ in Lakhs)
, undediction	Note No	As at 31st March,2020	As at 31st March,2019
		(Audited)	(Audited)
ASSETS			
Non-current assets			
Property, Plant and Equipment	4	3,53,955.84	87,279.4
Capital work-in-progress	5	647.54	2,52,300.0
Other Intangible assets	6	4,927.80	
ntangible assets under development	7	-	
Other non-current assets	8	250.89	434.7
Deferred tax Asset (Net)	9	-	56.1
		3,59,782.07	3,40,070.4
Current assets			
Financial Assets			
Trade receivables	10	4,169.02	1,079.4
Cash and cash equivalents	11	29.19	23.7
Bank balances other than cash & cash equivalents	12	2.15	2.0
Other current financial assets	13	2,755.53	0.0
Other current assets	14	414.78	
		7,370.67	1,105.23
Total Assets		3,67,152.74	3,41,175.6
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	15	70,900.40	51,550.4
Other Equity	16	709.37	(158.3
other Equity	-	71,609.77	51,392.0
Liabilities			THE PERSON NAMED IN COLUMN TWO IS NOT THE OWNER.
Non-current liabilities		1	
Financial Liabilities			
Borrowings	17	2,78,066.15	2,70,756.1
Deffered Tax Liabilities	18	78.74	
Other non-current liabilities	19	150.00	
		2,78,294.89	2,70,756.1
Current liabilities			
Financial Liabilities			
(i) Trade payables	20		
 (a) Total outstanding dues of micro enterprises and small enterprises 			
(b) Total outstanding dues of creditors other		1	
than micro enterprises and small enterprises		69.81	62.1
(ii) Other current financial liability	21	16,436.83	18,156.3
Other current liabilities	22	741.35	809.0
Provisions	23	0.10	
Current Tax Liabilities (Net)	24	-	
and the state of t	-	17,248.08	19,027.4
Total Equity and Liabilities		3,67,152.74	3,41,175.6

The accompanying notes (1 to 46) form an integral part of financial statements

Chartered,

Accountants

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As per our report even date attached

For D. SIVA NAGESWARA RAO & CO

Chartered Accountants

ICAI FRN: 007162S

D. Ranga Rao Partner

Membership No: 204913

Place: Hyderabod Date: 03-06-2020

For and on behalf of the Board of Directors

Rajeev Kumar Chauhan V Susheela Devi Chairman

DIN: 02018931

B Girish Kumar

Director DIN: 07828528

Diva Tandon Company Secretary

Place : GUR GAOM

B. GIRISH KUMAR Cunder 20

POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED CIN:U40106DL2015GOI278746

Statement of Profit and Loss for the Year ended 31st March, 2020

(₹ in Lakhs)

	Particulars	Note No.	For the Year ended 31st	For the Year ended 31st
	Particulars	Note No.	March,2020	March,2019
	9		(Audited)	(Audited)
1	Revenue From Operations	25	18,607.83	3,301.39
11	Other Income	26	100.62	13.32
111	Total Income (I +II)	1	18,708.45	3,314.71
IV	EXPENSES			
	Finance costs	27	9,313.16	1,697.40
1	Depreciation and amortization expense	28	7,951.71	1,376.19
	Other expenses	29	228.68	453.31
	Total expenses (IV)		17,493.55	3,526.90
٧	Profit before tax (III - IV)		1,214.90	(212.19)
VI	Tax expense:		. 4.1	
	(1) Current tax	l 1	212.27	-
	(2) Deferred tax		134.91	(56.17)
VII	Profit for the period (V-VI)		867.72	(156.02)
VIII	Other Comprehensive Income		-	-
	Total Comprehensive Income for the period (VII+VIII)		867.72	(156.02)
	Earnings per equity share (Par value ₹ 10 each)		×	
	(1) Basic (in ₹)	42	0.13	(0.18)
	(2) Diluted (in ₹)		0.13	(0.18)

The accompanying notes (1 to 46) form an integral part of financial statements

Chartered

Accountants

As per our report even date attached

For D. SIVA NAGESWARA RAO & CO

Chartered Accountants ICAI FRN: 007162S

D. Ranga Rao

Partner

Membership No: 204913

Place: Hyderaba Date: 0]-06-2020

For and on behalf of the Board of Directors

Rajeev Kumar Chauhan

Chairman

DIN: 02018931

Sucheela Dezz V Susheela Devi

Director

DIN: 07828528

B Girish Kumar

Place : GURGAUM

SITS

B. GIRISH KUMAR

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POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED CIN:U40106DL2015G0I278746

Statement of Cash flows for the Year ended 31st March, 2020

(₹ in Lakhs)

		(Till Editis)			
Particulars	For the Year ended 31st March,2020	For the Year ended 31st March,2019			
A. Cash Flows from Operating Activities:					
Profit Before Tax	1,214.90	(212.19)			
Adjustments:					
-Interest income from Bank -Interest income from Others	(0.15)				
- Depreciation & Amortization Expenses	(0.40)				
- Finance Cost	7951.71	1376.19			
Opertating Profit/(Loss) before Changes in Assets and	9313.16	1697.40			
Liabilities	18479.22	2861.40			
Net change in	A.				
- (Increase)/ Decrease inTrade Receivables	(3089.56)	(1079.46)			
- (Increase)/Decrease in Other Current Financial Assets	(2755.48)	(0.06)			
-(Increase)/ Decrease in Other Non Current Assets	(9.98)	*			
- Increase / (Decrease) in Trade Payables	7.68	62.13			
- Increase/ (Decrease) Other Current Liabilities & Provisions	(86.72)				
Cash Generated from Operations	12,545.16	1,844.01			
Less: Direct Taxes paid	235.41	52.31			
Net Cash from operating activities (A)	12309.75	1,791.70			
B. Cash Flows from Investing Activities:		760			
- Property Plant & Equipment	(25034.04)	(122897.38)			
- Deposits	(0.15)	(2.00)			
-Interest income from bank	0.15				
-Interest income from Others	0.40				
Net Cash used in investing activities (B)	(25033.63)	(122899.38)			
C. Cash Flows from Financing Activities:					
- Issue of Share Capital	19,350.00	51,545.40			
- Proceeds from Borrowings	15,610.00	79,467.00			
- Finance Cost Paid	(22230.63)	(9903.73)			
Net Cash from financing activities (C)	12,729.37	1,21,108.67			
D. Net change in cash and cash equivalents (A) + (B) + (C)	5,48	0.98			
E. Cash and Cash Equivalents (Opening balance)	23.71	22.73			
F. Cash and Cash Equivalents (Closing balance) - Refer note 11	29.19	23.71			
The accompanying notes (1 to 46) form an integral part of financial sta					

The accompanying notes (1 to 46) form an integral part of financial statements

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

(ii) Cash & Cash equivalents consist of drafts/cheques in hand and balances with banks.

As per our report even date attached For D. SIVA NAGESWARA RAO & CO and on behalf of the Board of Directors **Chartered Accountants** ICAI FRN: 007162S Chartered Swheela Dezz Rajeev Kumar Chauhan V Susheela Devi Chairman Director I DIN; 02018931 D. Ranga Rao Hyd-B Girish Kumar Partner Membership No: 204913

Place: Hyderato

Date: 03-06-2020 Company Secretary B. GIRISH KUMAI CFO

POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED CIN:U40106DL2015GOI278746

Statement of Changes in Equity for the year ended 31st March 2020

A. Equity Share Capital

(₹ in Lakhs)

	(= =)
As at 31st March ,2018	5.00
Changes in equity share capital	51,545.40
As at 31st March ,2019	51,550.40
Changes in equity share capital	19,350.00
As at 31st March ,2020	70,900.40

B. Other Equity

(₹ in Lakhs)

	Res		
Particulars	Self Insurance	Retained Earnings	Total
Balance at 1st April 2018	•	(2.32)	(2.32)
Total Comprehensive Income for the year		(156.02)	(156.02)
Balance at 31st March, 2019	-	(158.35)	(158.35)

(₹ in Lakhs)

	Rese			
Particulars	Self Insurance Reserve	Retained Earnings	Total	
Balance at 1st April,2019		(158.35)	(158.35)	
Total Comprehensive Income for the year		867.72	867.72	
Transfer to Self Insurance Reserve	435.84	(435.84)	-	
Balance at 31st March, 2020	435.84	273.54	709.37	

SITS

B. GIRISH KUMAF CFO

The accompanying notes (1 to 46) form an integral part of financial statements Refer Note 16 for movement in other equity

Chartered

Accountante

As per our report of even date

For D. SIVA NAGESWARA RAO & CO

Chartered Accountants

ICAI_AFRN: 007162S

D. RANGA RAO

Partner

Membership No: 204913

Place: Hyderabar Date: 03-06-2020

For and on behalf of the Board of Directors

Rajeev Kumar Chauhan

Chairman

DIN: 02018931

B Girish Kumar

V Susheela Devi

Director

Company Secretary

OWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED

ote 4/Property, Plant and Equipment

(₹ in Lakhs)

	Cost				Accumulated depreciation				Net Book Value			
Particulars	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
and											, , , , , , , , , , , , , , , , , , ,	
Freehold*	2,473.28	-	-	-	2,473.28	-	-	-	-	-	2,473.28	2,473.28
lant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-
a) Transmission	84,799.37	2,32,802.02	-	(722.53)	3,16,878.87	1,329.34	7,232.04	-	(3.35)	8,558.03	3,08,320.84	83,470.04
b) Substation	1,353.00	39,541.03	-	-	40,894.04	46.91	584.06	-	-	630.97	40,263.07	1,306.09
c) Unified Load Despatch & Communication		1,902.20	=		1,902.20	-	34.47	-	-	34.47	1,867.74	
d) Telecom	-	1,017.48	-	-	1,017.48	-	15.03		-	15.03	1,002.44	-
urniture Fixtures	30.37	-	-	1=1	30.37	3.24	1.91	-	-	5.15	25.23	27.13
Office equipment	2.71	-	7-0	A=0	2.71	0.50	0.17	-		0.67	2.04	2.21
Vorkshop & Testing Equipments	0.76	0.52	-		1.28	0.02	0.06			0.08	1.20	0.74
Γotal	88,659.50	2,75,263.26	-	(722.53)	3,63,200.24	1,380.01	7,867.74	-	(3.35)	9,244.40	3,53,955.84	87,279.49

The Company owns Acre 96.45 Cents (previous year Acre 96.45 Cents) of freehold land amounting to Rs 2473.28/- lakh() Previous year Rs 2473.28 lakhs) based on available documentation, of which mutation is pending from 3 ovt. of Andhra Pradesh for Acre 4.45 Cents, amounting to Rs. 113 lakhs (Previuos year 12.25 acres amounting to Rs 294.12 lakhs)

Depreciation of Rs 3.35 lakhs shown adjustement during the year is the depreciation of Intangible asset of Rs 722.53 lakhs

lote 4/Property, Plant and Equipment

(₹ in Lakhs)

	Cost					Accumulated depreciation				Net Book Value		
Particulars	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
and												
Freehold	2,126.53	346.76	_	-	2,473.28	-	-	-	-	-	2,473.28	2,126.53
lant & Equipment	-	-	-	-	-	-	_	-	-	-	-	-
a) Transmission	-	84,799.37	-	-	84,799.37	-	1,329.34	-	-	1,329.34	83,470.04	-
b) Substation	2.69	1,350.32	-	-	1,353.00	0.28	46.63	-	-	46.91	1,306.09	2.41
urniture Fixtures	19.92	10.45	-	-	30.37	2.31	0.92	-	-	3.23	27.14	17.61
Office equipment	3.17	-	-	(0.46)	2.71	0.39	0.11	-	-	0.50	2.21	2.78
Vorkshop & Testing Equipments	-	0.76	Nago		0.76	-	0.02			0.02	0.74	-
Γotal	2,152.30	86,507.66		(0.46)	88,659.50	2.99	1,377.02	-	-	- 1,380.01	87,279.49	2,149.32

The Company owns Acre 96.45 Cents (previous year Acre 82.16 Cents) of freehold land amounting to Rs 2473.28/- lakh() Previous year Rs 2126.53 lakhs) based on available doct rentation, of which mutation is pending from Govt.

f Andhra Pradesh for Acre 12.25 Cents, amounting to Rs. 294.12 lakhs Previuos

^{*} Adjustments during the year is Rs. 722.53 lakhs is an intangible asset, which shown earlier in PPE, now transferred to Intangible asset

POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED

Note 5/Capital work in progress

				(₹ in Lakhs)
As at 1st April,2019	Additions during the year	Adjustments (+/-)	Capitalised during the year	As at 31st March,2020
146.20	390.44	-	-	536.64
1,75,679.13	19,735.50	4	1,95,414.63	-
31,785.75	1,322.92	-	33,108.67	-
10,454.87	-	(10,454.87)	-	-
34,234.11	13,362.48	(2.86)	47,482.83	110.90
2,52,300.05	34,811.34	(10,457.72)	2,76,006.13	647.54
	146.20 1,75,679.13 31,785.75 10,454.87 34,234.11	April,2019 the year 146.20 390.44 1,75,679.13 19,735.50 31,785.75 1,322.92 10,454.87 - 34,234.11 13,362.48	April,2019 the year (+/-) 146.20 390.44 - 1,75,679.13 19,735.50 - 31,785.75 1,322.92 - 10,454.87 - (10,454.87) 34,234.11 13,362.48 (2.86)	April,2019 the year (+/-) during the year 146.20 390.44 - - 1,75,679.13 19,735.50 - 1,95,414.63 31,785.75 1,322.92 - 33,108.67 10,454.87 - (10,454.87) - 34,234.11 13,362.48 (2.86) 47,482.83

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	
Buildings		***************************************				
Township		146.20	-	-	146.20	
Plant & Equipments (including associated civil works)						
Transmission	1,54,728.72	96,889.87	4	75,939.46	1,75,679.13	
Sub-Station	19,236.81	12,548.93	-	-	31,785.75	
Construction Stores (Net of Provision)	47,189.79		(36,734.92)	-	10,454.87	
Expenditure during construction period (Net) - Note 30	22,288.31	22,124.90	31.13	10,210.23	34,234.11	
Total	2,43,443.63	1,31,709.90	(36703.79)	86,149.69	2,52,300.05	

Particulars	As at 31st March,2020	As at 31st March,2019	
Towers	-	5,481.28	
Conductors	-	4,046.18	
Other Line Materials	-	732.21	
Sub-Station Equipments	=	4.51	
Unified Load Despatch & Communication(ULDC) Materials	-	188.96	
Others		1.74	
Total		10,454.87	
Construction Stores include:			
Material with Contractors			
Towers	=	5,481.28	
Conductors	-	4,046.18	
Other Line Materials	-	732.21	
Sub-Station Equipments	-	4.5	
Unified Load Despatch & Communication(ULDC) Materials	-	188.96	
Others	-	1.74	
Total	=	10,454.87	
Total			

B. GRISHRUMAR *

Note 6/Other Intangible assets

(₹ in Lakhs)

Particulars	Cost			Accumulated Amortisation				Net Book Value				
	As at 1st April,2019	Additions during the year	Sale/ Disposal	Adjustment during the year * (+/-)	As at 31st March,2020 (Audited)	As at 1st April,2019	Additions during the year	Sale/ Disposal	Adjustment during the year (+/-)	As at 31st March,2020 (Audited)	As at 31st March,2020	
Right of Way-Afforestation Expenses		4,292.60		722.53	5,015.12	-	83.97	-	3.35	87.32	4,927.80	
Grand Total		4,292.60		722.53	5,015.12	-	83.97	-	3.35	87.32	4,927.80	

* Adjustments during the year is Rs. 722.53 lakhs is an intangible asset, which shown earlier in PPE, now transferred to Intangible asset



Note 7/Intangible assets under development

(₹ in Lakhs)

				T	
			С	apitalised during	As at 31st
Particulars	As at 1st April,2019	Additions	Adjustments	the year	March,2020
Right of Way-Afforestation expenses	=	3,549.20		3,549.20	
Total		3,549.20		3,549.20	





Note 8/Other non-current Assets

$\overline{}$	(Unsecured considered good unless otherwise stated)		(₹ in Lakhs)
C	Particulars	As at 31st March,2020	As at 31st March,2019
	A) Advances for Capital Expenditure		
_	Against bank guarantees	-	20.61
	Other Advances*	90.00	215.00
(*-	B) Security deposits	10.06	0.08
-	C) Advances recoverable in cash or in kind or for value to be received		
	Balance with Customs Port Trust and other authorities	1.16	72.54
	D) Advance tax and Tax deducted at source	361.93	126.52
C	Adjustment of Tax Liabilities - Note 24	(212.27)	-
	TOTAL	250.89	434.75

*Rs. 215 lakhs deposted at R&B Department ,Narasaraopeta,Govt AP towards Road construction work from Annavaram village to Main Substation.Out of Rs 215 lakhs Rs 125 lakhs work completed, balance Rs 90 lakhs work is yet to be done.

Note 09/ Deferred tax Assets / (Liability) (Net)

		(₹ in Lakhs)
Particulars	As at 31st	As at 31st
	March,2020	March,2019
Deferred Tax Assets (A)		
Unused Tax Losses (Income Tax Loss)	22,200.11	5,110.56
Unused Tax Credits (MAT Credit Entitlement)	212.27	-
Deferred Tax Liability (B) Depreciation difference in Property Plant and Equpment (Net)	(22,491.12)	(5,054.39)
Net Deferred Tax Asset/(Liability) (A-B)	(78.74)	56.17

Movement in Deferred Tax Liability		(₹ in Lakhs)
	Property,	
	Plant &	Total
Particulars	Equipment	
AS at 1st April 2018	-	
Charged/ (Credited) to Profit or Loss	5,054.39	5,054.39
AS at 31st March 2019	5,054.39	5,054.39
Charged/ (Credited) to Profit or Loss	17,436.73	. 17,436.73
AS at 31st March 2020	22,491.12	22,491.12

Movement in Deferred Tax asset			(₹ in Lakhs)
Particulars	Unused Tax Iosses	MAT Credit	Total
AS at 1st April 2018		-	-
Credited to Profit or Loss	5,110.56	-	5,110.56
Other Comprehansive Income	-	-	
AS at 31st March 2019	5,110.56	- T	5,110.56
Credited to Profit or Loss	17,089.55	212.27	17,301.82
AS at 31st March 2020	22,200.11	212.27	22,412.37

Amount taken to Statement of Profit and Loss	As at 31st	(₹ in Lakhs) As at 31st March
Particulars	March,2020	2019
ncrease/(Decrease) in Deferred Tax Liabilities	17,436.73	5,054.39
Increase)/Decrease in Deferred Tax Assets	(17,301.82)	(5,110.56)
let Amount taken to Statement of Profit and Loss	(17,301.82)	(5,110





Note 10/Trade Receivables

		(₹ in Lakhs)
	As at 31st	As at 31st
Particulars	March,2020	March,2019
Trade receivables		
Unsecured Considered good	4,169.02	1,079.46
TOTAL	4,169.02	1,079.46
Further Notes:		

Trade receivables includes receivables from various Designated Interstate Customers through CTU.

Refer note 45 for disclosure as per Ind AS 115 "Revenue from Contract With Customers"





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	29.19	23.31
Drafts/Cheques in hand	-	0.40
Total	29.19	23.71





Note 12/ Bank balances other than cash & cash equivalents

	*	(₹ in Lakhs)
Particulars	As at 31st March,2020	As at 31st March,2019
In Term Deposits having maturity over 3 months	2.15	2.00
Total	2.15	2.00





Power Grid Southern Interconnector Transmission system Limited

Note 13/Other Current Financial Assets

(Unsecured considered good unless otherwise stated)

(₹ in Lakhs)

Variable and the second	
Particulars	As at 31st As at 31st March,2020 March,2019
Unbilled Revenue*	2,755.48 -
Interest accrued on Term/Fixed Deposits	0.05 0.06
Total	2,755.53 0.06

Further notes:

* Note: Unbilled revenue includes transmission charges & incentive upto the month of March'20, amounting to Rs 2755.48/- lakhs (31st March,2019 Rs Nil) to be billed to beneficiaries in subsequent financial year.

Refer note 45 for disclosure as per Ind AS 115 " Revenue from Contract With Customers"





Power Grid Southern Interconnector Transmission system Limited

Note 14/Other current Assets

(Unsecured considered go	od unless otherwise stated)	WARE	(₹ in Lakhs)
	Particulars	As at 31st March,2020	As at 31st March,2019
Advances recoverable in	kind or for value to be received		
Contractors & Suppliers		27.34	-
Deposit with District author	ities towards tower base compensation	387.45	
Total		414.78	





Note 15/Equity Share capital

(₹ in Lakhs)

Particulars	As at 31st March,2020	As at 31st March,2019
Equity Share Capital		
Authorised		
731000000 equity shares of ₹ 10/- each (Previous year 6750,00,000 equity shares of ₹ 10/- each)	73,100.00	67,500.00
Issued, subscribed and paid up		
709004000 equity shares of ₹ 10/-each at par fully paid up (Previous year 515504000 equity shares of ₹ 10/-each at par)	70,900.40	51,550.40
Total	70,900.40	51,550.40

Further Notes:

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

Dantiaulana	As at 31s	t March,2020	As at 31st March,2019	
Particulars	No.of Shares	Amount (₹ in Lakhs)	No.of Shares	Amount (₹ in Lakhs)
Shares outstanding at the beginning of the year	51,55,04,000.00	51,550.40	50,000.00	5.00
Shares Issued during the year	19,35,00,000.00	19,350.00	51,54,54,000.00	51,545.40
Shares bought back during the year		72		8
	70,90,04,000.00	70,900.40	515504000	51550.40

- 2) The Company has only one class of equity shares having a par value of ₹ 10/- per share.
- 3) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at meetings of the Shareholders.
- 4) Shareholders holding more than 5% equity shares of the Company

Darticulare	As at 31st March,2020		As at 31st March,2019	
Particulars	No.of Shares	% of holding	No.of Shares	% of holding
Power Grid Corporation of India Limited (Holding Company) #	70,90,04,000.00	100.00	51,55,04,000.00	100.00

Out of 70,90,04,000 Equity Shares (Previous Year 51,55,04,000 Equity Shares), 6 Equity Shares are held by Nominees of M/s Power Grid Corporation of India Limited on its behalf.

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Note 16/Other Equity

		(₹ in Lakhs)
Dardiaulara	As at 31st	As at 31st
Particulars	March,2020	March,2019
Reserves and Surplus		
Self Insurance Reserve	435.84	-
Retained Earnings	273.53	(158.35)
Total	709.37	(158.35)
		(₹ in Lakhs)
Particulars	As at 31st	As at 31st
Tarticulars	March,2020	March,2019
Self Insurance Reserve		
As per last balance sheet	-	-
Addition during the year	435.84	-
Balance at the end of the year	435.84	-

Self insurance reserve is created @ 0.12% p.a (@ 0.12% p.a previous year) 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.Refer note no. 2.17 of the company accounting policy.

	(₹ in Lakhs)
31st 020	As at 31st March,2019
1	
35)	(2.32)
72	(156.02)
84	
53	(158.35)
	.53



Note 17/ Borrowings

		(₹ in Lakhs)
Description	As at 31st March,2020	As at 31st March,2019
- Loan from Related Parties (M/s Power Grid Corporation of India Ltd.)	2,78,066.15	2,70,756.15
TOTAL	2,78,066.15	2,70,756.15

Further notes:

- (i) The Inter Corporate Loan is provided by the Holding Company on cost to cost at a rate of interest of 7.7917% w.e.f. 01.04.2020.
- (ii) Details of transactions with related parties given at note 37.
- (iii) There is no default in repayment of Loan or Interest as at the end of the year.





Note 18/ Deferred tax Assets / (Liability) (Net)

		(₹ in Lakhs)
Particulars	As at 31st March,2020	As at 31st March,2019
Deferred Tax Assets (A)		
Unused Tax Losses (Income Tax Loss)	22,200.11	5,110.56
Unused Tax Credits (MAT Credit Entitlement)	212.27	
Deferred Tax Liability (B) Depreciation difference in Property Plant and Equpment (Net)	22,491.12	5,054.39
Net Deferred Tax Liability/(Asset)(B-A)	78.74	(56.17)

Movement in Deferred Tax Liability		(₹ in Lakhs)
	Property,	
	Plant &	Total
Particulars	Equipment	
AS at 1st April 2018	±	=
Charged/ (Credited) to Profit or Loss	5,054.39	5,054.39
AS at 31st March 2019	5,054.39	5,054.39
Charged/ (Credited) to Profit or Loss	17,436.73	17,436.73
Other Comprehansive Income		
AS at 31st March 2020	22,491.12	22,491.12

Movement in Deferred Tax asset				(₹ in Lakhs)
Particulars		Unused Tax losses	MAT Credit	Total
AS at 1st April 2018		-		-
Credited to Profit or Loss		5,110.56	=	5,110.56
Other Comprehansive Income		-	-	-
AS at 31st March 2019		5,110.56		5,110.56
Credited to Profit or Loss		17,089.55	212.27	17,301.82
AS at 31st March 2020		22,200.11	212.27	22,412.37
Amount taken to Statement of Profit and Loss				(₹ in Lakhs)

Amount taken to Statement of Profit and Loss		(₹ in Lakhs)
Particulars	As at 31st March,2020	As at 31st March 2019
Increase/(Decrease) in Deferred Tax Liabilities	17,436.73	5,054.39
(Increase)/Decrease in Deferred Tax Assets	(17,301.82)	(5,110.56)

Net Amount taken to Statement of Profit and Loss





Note 19/Other non-current liabilities

		(₹in Lakhs)
	As at 31st	As at 31st
Particulars	March,2020	March,2019
i) Safety Corpus funds*	150.00	0.00
Total	150.00	0.00

Further Notes:

* Recovery towards Safety Corpus fund, to be utilised for working personnel work place safety improvement activities





Note 2	20/Trade	payables
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(₹ in Lakhs)

Particulars

As at 31st

March,2020 As at 31st March,2019

For goods and services

(i) Total outstanding dues of micro enterprises and small enterprises

(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises

69.81

62.13

Total

69.81

62.13

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 35 (e).

Refer note 37 for related party transactions





Note 21/Other Current Financial Liability

	e de		(₹ in Lakhs)
Particulars		As at 31st March,2020	As at 31st March,2019
A) Current maturities of long term borrowings Un-secured			
- Loan from Related Parties (M/s Power Grid Corporation of India Ltd.)	8,300.00		-
Interest accrued but not due on borrowings			
Interest on loan (M/s Power Grid Corporation of India Ltd)	-		4,376.77
		8,300.00	4,376.77
Others			
Dues for Capital Expenditure			
	1,177.44		920.91
Others- Related Party Transaction	4201.76		1,773.74
Deposits/Retention money from contractors and others.	2,757.62		11,084.88
		8,136.83	13,779.53
Total		16,436.83	18,156.31
Further notes:			

1. 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 35 (e).

2. Refer note 37 for related party transactions.





Note 22/Other current liabilities

		(₹ in Lakhs)
Particulars	As at 31st March,2020	As at 31st March, 2019
Advances from customers	1.20	
Statutory dues Total	740.14 741.35	809.06 809.0 6
IOtal	741.35	009.06

Further notes:

Statutory dues includes Income tax TDS, TDS on GST & Building Cess





Note 23/ Provisions

(₹ in Lakhs)

			(VIII Laki 15)
	Description	As at 31st March,2020	As at 31st March,2019
Provision Others*		0.10	
Total	*	0.10	-

Further Notes

^{*}Includes provision for GST audit fee





Note 24/ Current Tax Liabilities (Net)

(₹ in La khs)DescriptionAs at 31st March,2020As at 31st March,2019Taxation (Including interest on tax)As per last balance sheet--Additions during the year212.27-Amount adjusted during the year--Set off against taxes paid (Note-08)212.27Closing Balance-





Note 25/Revenue from operations

		(₹ in Lakhs)
		For the Year
	For the Year ended	ended 31st
Particulars	31st March,2020	March,2019
Sales of services		
Transmission Charges	18,607.83	3,301.39
Total	18,607.83	3,301.39

Refer note 45 for disclosure on Ind AS 115 " Revenue from contract with Customers"





Note 26/Other income

		(₹ in Lakhs)
Particulars	For the Year ended 31st March,2020	For the Year ended 31st March,2019
Interest income from financial assets at amortised cost		
Indian Banks	0.15	
Others*	0.40	
Interest from advances to contractors	-	112.65
Others - Electricity Charges recovery	-	31.00
Surcharge	94.60	8.22
Fair Value gain on initial recognition of Financial liability	39.02	0.79
Miscellaneous income**	1.99	5.10
	136.16	157.76
Less:Income transferred to expenditure during construction(Net) - Note 30	35.53	144.44
TOTAL	100.62	13.32

Further Notes:

**Miscellaneous income includes rebate on RLDC Fees and charges, Sale of Scrap etc..

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^{*}Others include interest on electricity deposit

Note 27/Finance costs

		(₹ in Lakhs)
Particulars	For the Year ended 31st March,2020	For the Year ended 31st March,2019
Interest and finance charges on financial liabilities at amortised		
cost		
Loan from M/s Power Grid Corporation of India Ltd., (Holding Company)	21,790.74	19,660.14
Unwinding of discount on financial liabilities	30.76	25.86
	21,821.50	19,686.00
Other Finance charges		
Others	0.02	0.20
	21,821.52	19,686.21
Less: Transferred to Expenditure during Construction(Net)- Note 30	12,508.37	17,988.81
TOTAL	9,313.16	1,697.39

Further Notes:

Others includes Custodian and Corporate Action fee.

Refer note 37 for Related Party Transactions



Note 28/Depreciation and amortization expense

(₹ in Lakhs)

Particulars	For the Year ended F 31st March,2020	For the Year ended 31 st March,2019
Depreciation of Property, Plant and Equipment	7,867.74	1,377.02
Amortisation of Intangible assets	83.97	
	7,951.71	1,377.02
Less: Transferred to Expenditure During Construction(Net) - Note 30	-	0.82
Total	7,951.71	1,376.19





Note 29/ Other expenses

460			(₹ in Lakhs)
Particulars		For the Year ended 31st March,2020	For the Year ended 31st March,2019
Repair & Maintenance			
Buildings		1.89	
Plant & Machinery			
Sub-Stations	28.16	: 00FF	9.58
Transmission lines (Power Grid Corporation of India Ltd.)	91.36		52.25
		119.51	61.83
System and Market Operation Charges		52.25	1.43
Power charges	24.81		0.90
Less: Recovery from contractors	7.28		
		17.53	0.90
Legal expenses		29.86	0.76
Professional charges(Including TA/DA)		2.39	1.11
Consultancy expenses(Including TA/DA)		859.81	4,273.04
Payments to Auditors			
Statutory Audit Fees	1.06		0.83
Statutory Auditor in Other Capacity	-		0.06
Tax Audit Fees	0.30		0.20
Arrears	0.10		-
Out of pocket Expenses	0.69		0.09
		2.14	1.17
Brokerage & Commission		-	0.15
Cost Audit and Physical verification Fees		0.25	0.42
CERC petition & Other charges		20.55	-
Miscellaneous expenses (Inlcudes Rs 11.62 lakhs related with			
M/s Power Grid Corporation of India Ltd.)		12.04	2.89
Rates and taxes		_63/5	389.34
Provisions			
Others	0.10		
	-	0.10	
	_	1,118.32	4,733.03
Less:Transferred to Expenditure during Construction(Net)-Note	30	889.64	4,279.71
,	-	228.68	453.31
Total		228.68	453.31
	=		

Further Note:

- 1. Provisions Others Includes provision for GST audit fee
- 2. Refer note 37 for Related Party Transactions





Note 30/ Expenditure during Construction (Net)

			(₹ in Lakhs)
Particulars		For the Year ended 31st March,2020	ended 31st
A. Other Expenses			-
Repair and maintenance			(0.05)
Buildings	1.89		
		1.89	(0.05)
Power charges	24.81		0.90
Less: Recovery from contractors	7.28		
•		17.53	0.90
Legal expenses	2.50		0.76
Professional charges	0.99		0.90
Consultancy expenses	859.81		4,273.04
Payments to Auditors			
Statutory Audit Fees	0.86		0.71
Tax Audit Fees	-		0.20
Out of pocket Expenses			0.09
Cost Audit and Physical verification Fees			0.42
Miscellaneous expenses	6.06		2.75
Sub-total		870.22	4,278.86
Total (A)		889.64	4,279.71
B.Depreciation/Amortisation		-	0.82
C. Finance Costs			
Interest on loan from Powergrid	12,477.58		17,962.78
Others	30.76		
	12,508.35		17,962.78
Others - Custody and Corporate action fee			
	0.02		26.04
	0.02		20.01
Total (C)		12,508.37	17,988.81
D. Less: Other Income		, ~ ~	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Interest from			
Contractors	_		112.65
Others - Interest on electricity deposit	0.40		31.00
Others interest on electricity deposit	0.40	0.40	143.65
Miscellaneous income		35.13	0.79
Total (D)		35.53	144.44
GRAND TOTAL (A+B+C-D)	,	13,362.48	22,124.90
swara R		15,552.10	





31. Exceptional and Extraordinary items

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

32. Party Balances and Confirmations

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

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

34. Auditors Remuneration

(₹ in Lakhs)

S. No.	Particulars	FY 2019-20	FY 2018-19		
1	Statutory Audit Fees	0.90	0.70		
2	Tax Audit	0.33	0.20		
3 Oth	Other Matters	0	0.06		
	GST on Above	0.22	0.12		
	Out of Pocket Expenses	0.69	0.09		
	Total	2.14	1.17		

Note: Tax audit remuneration in FY 2019-20 of Rs 0.33 lakhs includes Rs 0.08 lakhs (Excluding GST) relating to FY 2018-19 paid to previuos auditors.

35. Other Disclosures

a. Employee Benefits

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

b. Taxation

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

The company had made a tax provision of ₹212.27 Lakhs (for the Year FY 2018-19 ₹ NIL Lakhs) for the year towards current Tax (Minimum Alternate Tax). In accordance with Ind-AS 12 on Accounting for Taxes on Income, the Company has computed Deferred Tax Liability/ (Asset) amounting to ₹134.91 Lakhs (for the Year FY-2018-19 ₹ (56.17) Lakhs) on account of timing difference in relation to depreciation as per books vis.a.vis Tax Laws and unused tax losses.

c. Leases

The company does not have any lease arrangments either as a lessor or lessee therefore Ind As116 "Leases" does not apply to the company.

d. Borrowing cost

Borrowing cost capitalised during the year is ₹ 12508.35 Lakhs (Previous year ₹ 17962.78Lakhs) in the respective carrying amount of Property, Plant and Equipment/Capital work in Progress (CWIP) as per Ind AS 23 'Borrowing Costs'.

e. MSME Payments:

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

(₹ in Lakh)

Sr. No	Particulars	Current Year	Previous Year
1	Principal amount and interest due thereon remaining unpaid to any supplier as at end of each accounting year:		
	Principal	Nil	Nil
	Interest	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
3	The amount of interest due and payable for the period of delay in making payment (which	Nil	Nil

	have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006		
4	The amount of interest accrued and remaining unpaid at the end of each accounting year.	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

f. Corporate Social Responsibilities (CSR):

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

Although CSR is applicable to the company, no CSR expentiure is done during the year as company faced losses during the three immediately preceding financial years.

36. Fair Value Measurements

(₹ in Lakhs)

Assets and Liabilites which are measured at Amortised Cost for which Fair Values are disclosed:

Assets and Liabilites which are measured at Amortised Cost for which Fair Values are disclosed:	31st March, 2020	31 st March, 2019
Financial Instruments by category	Amortised cost	Amortised cost
Financial Assets		
Trade Receivables	4169.02	1079.46
Loans	-	-
Cash & cash Equivalents (Incl Bank	31.34	25.71
Deposits)		
Other Current Financial Assets	2755.53	0.06
Total Financial assets	6955.89	1105.23
Financial Liabilities		
Trade Payables	69.81	62.13
Borrowings (Incl Current maturity of Long	286366.15	270756.15
term borrowings)		
Other Current Financial Liabilities	8136.83	18156.33
Total financial liabilities	294572.79	288974.61



(i) Fair Value Heirarchy

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

(₹ in Lakhs)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	Level	At 31 March 2020	At 31 March 2019
Financial Assets		-	-
Total Financial Assets			
Financial Liabilities Borrowings	2	287472.79	266670.24
Total financial liabilities	-	287472.79	266670.24

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

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

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

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

The company's policy is to recognise transfers into and transfers out of fair value

hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

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

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

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

(₹ in Lakhs)

	31 March 2020 31 March 2019			
	31 Marc	ch 2020	31 March 2019	
	Carrying Amount	Fair value	Carrying Amount	Fair value
Financial Assets				
Total Financial Assets		100000		
Financial Liabilities Borrowings(including current maturity of long term borrowings)	286366.15	287472.79	270756.15	266670.24
Total financial liabilities	286366.15	287472.79	270756.15	266670.24

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

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

37. Related party Transactions -

(a) Holding Company

	1		of Ownership erest
Name of entity	Place of business/country of incorporation/Relationship	31-Mar-2020	31-Mar-2019
Power Grid Corporation of India Limited	India	100%	100%





(b) Subsidiaries of Holding Company -

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

¹ 100% equity acquired from REC Transmission Projects Limited on 29th August, 2019.

(c) Joint Ventures of Holding Company

	Place of	Proportion o	
Name of entity	business/	Inte	
Traine or entry	country of 31st March, 31st	31st March,	
	incorporation	2020	2019
Powerlinks Transmission Limited	India	NA	NA
Torrent Power Cric Limited	India	NA	NA

²100% equity acquired from REC Transmission Projects Limited on 11th September, 2019.

^{3100%} equity acquired from REC Transmission Projects Limited on 11th September, 2019.
3100% equity acquired from REC Transmission Projects Limited on 03rd October, 2019.
4100% equity acquired from PFC Consulting Limited on 14th October, 2019.
5100% equity acquired from REC Transmission Projects Limited on 12th December, 2019.

⁷100% equity acquired from PFC Consulting Limited on 19th December, 2019.

Jaypee Powergrid Limited	India	NA	NA
ParbatiKoldam Transmission Company Limited	India	NA	NA
Teestavalley Power Transmission Limited***	India	NA	NA
North East Transmission Company Limited	India	NA	NA
National High Power Test Laboratory Private Limited	India	NA	NA
Bihar Grid Company Limited	India	NA	NA
Kalinga Bidyut Prasaran Nigam Private Limited	India	NA	NA
Cross Border Power Transmission Company Limited	India	NA	NA
RINL Powergrid TLT Private Limited*	India	NA	NA
Power Transmission Company Nepal Ltd	Nepal	NA	NA

^{*} POWERGRID's Board of Directors in its meeting held on 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 by holding company.

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".

(d) Key Management Personnel

Name	Designation	Date of Appointment	Date of Separation
Shri Rajeev Kumar Chauhan	Chairman	22.01.2019	Continuing
Shri V. Sekhar	Director	04.12.2015	30.09.2019
Shri Avinash Madhav Pavgi	Director	01.10.2019	01.02.2020
Shri D C Joshi	Director	07.05.2018	Continuing
Shri K S R Murty	Director	08.02.2018	Continuing
Shri V Susheela Devi	Director	26.03.2019	Continuing
Shri Anoop Kumar	Director	27.02.2020	Continuing
Sh N.V.Raju*	CEO	28.12.2018	Continuing
Sh. B Girish Kumar	CFO	09.04.2019	Continuing
Sh. Divya Tandon	Company secretary	09.04.2019	Continuing

^{*}Note: Not appointed as per Section 2(51)reads with Section 203 of the Companies Act,2013

(e) Transactions with related parties

The following transactions occurred with related parties:

(₹ in Lakhs)

Particulars	31 March, 2020	31 March, 2019
Services received by the Company	*	
Holding Company of Swala Re		

Power Grid Corporation of India Ltd.		
Consultancy Charges (excluding Taxes)	806.07	3665.50
Reimbursment of BG Charges (excluding Taxes)	9.85	NIL
Total	815.92	3665.50
Infusion of equity		
Holding Company		
Power Grid Corporation of India Ltd.	19350.00	51545.40
Total	19350.00	51545.40

(f) Outstanding balances arising from sales/purchases of goods and services The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

(₹ in Lakhs)

Particulars	31 March, 2020	31 March, 2019
Purchases of goods and services		
Holding Company		
Power Grid Corporation of India Ltd.		
Consultancy Charges	230.55	920.91
Interest on Loan	3967.67	Nil
Reimbursment of BG Charges	3.54	Nil
Total payables to related parties	4201.76	920.91

(g) Outstanding Loans from related parties

(₹ in Lakhs)

Loans from Holding Company	31 March, 2020	31 March, 2019
Power Grid Corporation of India Ltd. (including current maturity of Loans)	286366.15	270756.15
Total	286366.15	270756.15

(h) Interest accrued on Loan

(₹ in Lakhs)

Particulars	31 March, 2020	31 March, 2019	
<u>Holding</u>			
Power Grid Corporation of India Ltd.	Nil	4376.77	
Total	Nil	4376.77	

(i) Interest on Loan

(₹ in Lakhs)

		1	
Particulars	31 March, 2020	31 March, 2019	
<u>Holding</u>			
Power Grid Corporation of India Ltd.	21790.74	19660.14	
Total	21790.74	19660.14	





38. 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.

39. Capital and other Commitments

(₹ in Lakhs)

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)	790.44	9379.70

40. Contingent Liabilities and contingent assets

i) Contingent Liabilities

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

(i) Additional /Enhanced compenseation for Kadapa-Madhugiri line

260 nos of civil cases were filed in the District court Tumukur before honourable VI Addl. District & Sessions judge, Tumkur at Madhugiri by the parties for enhanced crop & tree compensation in Kadapa-Madhugiri line which is already completed and into operation on 28.02.2019 are for ₹ 14167.68 lakhs. Contigent liability for 25% of the claim amount along with interest @9% p.a form the date of admission to 31.03.2020 amounting to ₹ 3767.56 lakhs is considerd. The company is confident that there will not be any additional compensation due to this.

41. 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. To maintain or adjust the capital structure, the company may adjust the dividend payment to

shareholders, regulate investments in new projects, return capital to shareholders or issue new shares.

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

Particulars	31st March, 2020	31st March, 2019		
Long term debt (₹ in lakhs)*	286366.15	270756.15		
Equity (₹ in lakhs)	71,609.77	51392.05		
Long term debt to Equity ratio	80:20	84:16		

^{*} Long term debt includes current maturities of long term debt.

No changes were made in the objectives, policies or processes for managing capital during the period ended 31 March 2020 and 31 March 2019.

42. Earnings per share

(Amount 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	0.13	(0.18)

(₹ in Lakhs)

(b) Reconciliation of earnings used as numerator in calculating earnings per share	31 March, 2020	31 March, 2019
Total Earnings attributable to the equity holders of the company	867.72	(156.02)

(c) Weighted average number of shares used as the denominator	31 March, 2020 No. of shares	31 March, 2019 No. of Shares
Total weighted average number of equity shares used as the denominator in calculating	65,72,40,339	8,86,90,345
basic earnings per share		

43. 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. eswara



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

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

A) Credit Risk

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

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

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

(i) Trade Receivables 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 allows payment against monthly bills towards transmission charges within a period of 45 days from the date of the bill and levy of charge on delayed payment beyond 45 days. A graded rebate is provided by the company for payment made within 45 days.

Trade receivables consist of receivables relating to transmission services of ₹4169.02Lakhs (For the year FY 2018-19: ₹1079.46 Lakhs).

Unbilled revenue primary relates to companies right to consideration for work completed but not billed at the reporting date and have substatianly 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 ₹ 31.34 Lakhs (For the year FY 2018-19: ₹25.71 Lakhs). The cash and cash equivalents are held with public sector banks and high rated private sector banks and do not have any significant credit risk.

Exposure to credit risk

(₹ in Lakhs)

Particulars	31 st March, 2020	31st March, 2019
Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)		
Cash and cash equivalents	31.34	25.71
Other current financial assets	2755.53	0.06
Total	2786.87	25.77
Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)		
Trade receivables	4169.02	1079.46
Unbilled Revenue	2755.48	NIL
Total	6924.50	1079.46

Provision for expected credit losses

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

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

(b) Financial assets for which loss allowance is measured using life time expected credit losses

In respect of trade receivables from Telecom and Consultancy, customer credit risk is managed by regular monitoring of the outstanding receivables and follow-up with the consumer for realization. With regard to transmission segment, 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 as below:

(₹ in Lakhs)

Ageing	Not due	0-30 days past due	31-60 days past due	61-90 days past due	91-120 days past due	More than 120 days past due	Total
Gross carrying amount as on	yara R	1878.92	862.40	687.71	286.65	453.34	4169.02

31st March, 2020							
Gross carrying amount as 31st March, 2019	-	368.16	218.09	180.17	29.42	283.62	1079.46

B) Liquidity risk

Liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. 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.

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

Maturities of financial liabilities

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

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

(₹ in Lakhs)

Contractual maturities of financial liabilities	Within a year	Between 1-5 years	Beyond 5 years	Total
31 March 2020				
Borrowings (including interest outflows)	31135.40	160014.59	291030.19	482180.18
Trade payables	69.81	-	-	69.81
Other Current Financial liabilities	8136.68	-	-	8136.68
Total	39341.89	160014.59	291030.19	490386.67

31 March 2019				
Borrowings (including interest outflows)	21669.05	118702.26	325234.81	465606.12
Trade payables	62.13	=	-	62.13
Other Current Financial liabilities	13779.53		-	13779.53
Total	35510.71	118702.26	325234.81	479447.78

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 risks wara

i) Currency risk

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

ii) Interest rate risk

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

44. 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 Lakhs)

	(till Darello)
31 March, 2020	31 March, 2019
212.27	-
-	-
-	
212.27	-
134.91	(56.17)
-	-
134.91	(56.17)
347.18	(56.17)
	212.27 - - 212.27 134.91 - 134.91

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

(₹ in Lakhs)

(Til Luxio)		
Particulars	31 March, 2020	31 March, 2019
Profit before income tax expense	1214.90	(212.19)
Tax using Company's Domestic Tax rate 29.12%	353.78	-
TAX EFFECT OF:		
Non Deductible Tax Expenses Tax Exempt Income Deferred Assets for Deferred tax liability Previous years tax liability Unabsorbed tax lossed Deferred Tax expense / (income) MAT Adjustments	- - - - 134.91 (141.51)	- - - - - (56.17)
Tax Expenses recognized in statement of Profit & Loss	347.18	951F31X
11 > 1 - 16 15		

(c) MAT Credit

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

45. Disclosure on Ind AS 115 "Revenue from Contracts with Customers"

The following table discloses the movement in unbilled revenue during the year ended 31 March, 2020 and 31 March, 2019.

,		(₹ in Lakhs)
	Year ended	Year ended
	March 31, 2020	March 31, 2019
Balance at the beginning	0	-
Add: Revenue recognised during the period	2755.48	-
Less: Invoiced during the period out	-	-
Less: Impairment/reversal during the period	-	-
Add: Translation gain/(Loss)	-	-
Balance at the end	2755.48	-

The company does not have any contract liability during the year ended 31 March 2020 and 31 March 2019.

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

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Contracted price	18049.28	3209.47
Add/ (Less)- Discounts/ rebates provided to	(71.03)	(19.14)
customer		
Add/ (Less)- Performance bonus	629.58	112.33
Add/ (Less)- Adjustment for significant financing component	-	-
Add/ (Less)- Other adjustments	_	(1.27)
Revenue recognized in profit or loss statement	18607.83	SIT301.39



- **46.** a) Figures have been rounded off to nearest rupee in lakhs up to two decimal.
- b) The previous year figures have been reclassified/re-grouped to confirm to the current year's classification.

As per our report of even date attached.

Accountants

SITS

B. GIRISH KUMAR CFO

As per our report of even date For D. SIVA NAGESWARA RAO & CO For and on behalf of Board of Directors

Chartered Accountants

ICAI FRN: 007162S

D. RANGA RAO

Rajeev Kumar Chauhan (Chairman)

DIN: 02018931

V Susheela Devi (Director)

DIN: 07828528

Partner

Membership No. 204913

Place: Hyderabad Date: 07-06-2020

Girish Kumar

(CFO)

*) Lace: GURGAON (Company Secretary)