India Grid Trust

(Registered in the Republic of India as an irrevocable trust under the Indian Trusts Act, 1882, on October 21, 2016, and as an infrastructure investment trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, on November 28, 2016, having registration number IN/InvIT/16-17/0005 at New Delhi).

Principal Place of Business: Unit No. 101, First Floor, Windsor, Village KoleKalyan, Off CST Road, Vidyanagari Marg, Kalina, Santacruz East, Mumbai 400 098
Tel: +91 72084 93885; **Compliance Officer**: Swapnil Patil
E-mail: complianceofficer@indigrid.co.in; **Website**: www.indigrid.co.in

FOR CIRCULATION TO THE ELIGIBLE UNITHOLDERS OF INDIA GRID TRUST ONLY

TRUSTEE	SPONSORS		INVESTMENT MANAGER
	KKR SPONSOR	STERLITE SPONSOR	
Axis Trustee Services Limited	Esoteric II Pte. Ltd.	Sterlite Power Transmission Limited	IndiGrid Investment Managers Limited *(formerly, Sterlite Investment Managers Limited)*

ISSUE OF UP TO [●] UNITS OF INDIA GRID TRUST ("INDIGRID" AND SUCH UNITS, THE "UNITS"), FOR CASH AT A PRICE OF ₹ [●] PER UNIT (THE "ISSUE PRICE"), AGGREGATING UP TO APPROXIMATELY ₹ 15,000 MILLION* TO THE ELIGIBLE UNITHOLDERS (AS DEFINED HEREINAFTER) ON A RIGHTS BASIS IN THE RATIO OF [●] LOT FOR EVERY [●] LOTS HELD BY THEM ON THE RECORD DATE, BEING [●] (THE "ISSUE") IN ACCORDANCE WITH THE INVIT REGULATIONS AND THE SEBI RIGHTS ISSUE GUIDELINES. THE RECORD DATE IS [●], 2021. FOR FURTHER DETAILS, PLEASE SEE THE SECTION ENTITLED "*THE ISSUE*" ON PAGE 19.

* *The size of the Issue is the amount approved by the board of directors of the Investment Manager on January 22, 2021 and is subject to the final decision of the board of directors of the Investment Manager.*

GENERAL RISKS

Investments in Units involve a high degree of risk and Bidders should not invest in the Issue unless they are prepared to take the risk of losing all or part of their investment. Bidders are advised to carefully read the section entitled "*Risk Factors*" on page 56 and other disclosures included in this Draft Letter of Offer and the Letter of Offer before making an investment decision relating to the Issue. Each Bidder is advised to consult its own advisors about the consequences of an investment in the Rights Entitlements and the Units issued pursuant to the Letter of Offer. The Rights Entitlements and the Units being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer and the Letter of Offer. Admission of the Units to be issued pursuant to this Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of IndiGrid or of the Units. A copy of this Draft Letter of Offer has been filed with the Stock Exchanges, where the Units of IndiGrid are listed and shall be made available to the public through the website of the Stock Exchanges, IndiGrid and the Lead Manager for the purposes of seeking public comments for a period of seven working days from the date of filing this Draft Letter of Offer. A copy of the Letter of Offer shall be delivered to the SEBI and the Stock Exchanges.

INVESTMENT MANAGERS' AND SPONSORS' ABSOLUTE RESPONSIBILITY

The Investment Manager having made all reasonable inquiries, accept responsibility for, and confirm that, this Draft Letter of Offer contains all information with regard to IndiGrid and this Issue, which is material in the context of this Issue and that the information contained in this Draft Letter of Offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect.

Each Sponsor, severally (and not jointly or jointly and severally) having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to itself, which is material in the context of this Issue and such information contained in this Draft Letter of Offer is true and correct in all material respects and that the opinions and intentions expressed herein are honestly held. Neither of the Sponsors assumes responsibility for any other statements including statements made by IndiGrid or any other person(s) in this Draft Letter of Offer.

RIGHTS ENTITLEMENTS

The Units of IndiGrid shall be tradable only in dematerialized form. As the lot size comprises of 1,701 Units in accordance with InvIT Regulations for IndiGrid, the Rights Entitlements will be credited to the unitholders in multiples of 1,701 Units and the participation by unitholders in the Rights Issue will also be in multiples of 1,701 Units. Fractional Entitlements will not be credited to the Unitholders' accounts and the trading of fractional entitlements of Rights Entitlements will also not be allowed by the Stock Exchanges. For further details, please see the section entitled "*Issue Information*" on page 273.

LISTING

The existing Units of IndiGrid are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**") (collectively, the "**Stock Exchanges**"). IndiGrid has received in-principle approvals from BSE and NSE for listing of the Units to be allotted pursuant to the Issue through their letters dated March [●], 2021 and March [●], 2021, respectively. The Investment Manager (on behalf of IndiGrid) will also make applications to the Stock Exchanges to obtain trading approval for the Rights Entitlements. For the purposes of the Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER	REGISTRAR TO THE ISSUE
Axis Capital Limited 1st Floor, Axis House C 2 Wadia International Centre Pandurang Budhkar Marg, Worli Mumbai - 400 025 Tel.: +91 22 4325 2183 Fax: +91 22 4325 3000 E-mail: indigrids.rights@axiscap.in Investor Grievance E-mail: complaints@axiscap.in Website: www.axiscapital.co.in Contact Person: Ankit Bhatia/Akash Aggarwal SEBI Registration No.: INM000012029	**KFin Technologies Private Limited** ***(formerly known as "Karvy Fintech Private Limited")*** Selenium, Tower B Plot No- 31 and 32, Financial District, Nanakramguda, Serilingampally, Hyderabad 500 032 Telangana, India Tel.: +91 40 6716 2222 Fax: +91 40 2343 1551 Toll free number: 1800345001 E-mail: indigrid.rights@kfintech.com Investor Grievance E-mail: einward.ris@kfintech.com Website: www.kfintech.com Contact Person: M. Murali Krishna SEBI Registration No.: INR000000221 CIN: U72400TG2017PTC117649

ISSUE SCHEDULE

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR RENUNCIATION	ISSUE CLOSES ON
[●]	[●]	[●]

**The Investment Manager (acting on behalf of the Trust) will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 15 Working Days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

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DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer uses the definitions and abbreviations provided below which you should consider when reading the information contained in this Draft Letter of Offer.

References to any legislation, act, regulation, rule, guideline or policy shall be to such legislation, act, regulation, rule, guideline or policy, as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made under that provision.

The words and expressions used in this Draft Letter of Offer, but not defined herein shall have the meaning ascribed to such terms under the InvIT Regulations, the Depositories Act, and the rules and regulations made thereunder.

Notwithstanding the foregoing, the terms not defined but used in the sections entitled "Financial Statements", "Taxation" and "Litigation" on pages 306, 298 and 252, respectively, shall have the meanings ascribed to such terms in those respective sections.

In this Draft Letter of Offer, unless the context otherwise requires, a reference to "we", "us" and "our" refers to IndiGrid and the Portfolio Assets, on a consolidated basis. For the sole purpose of consolidated financial statements, any discussion for the periods relating to Fiscals 2020, 2019 and 2018, the terms "we", "us" or "our" would indicate or imply, IGT together with its subsidiaries during and as at end of such periods.

IndiGrid Related Terms

Term	Description
Amended and Restated Trust Deed	Amended and restated trust deed dated January 19, 2021 executed between the Sterlite Sponsor, the KKR Sponsor, the Investment Manager and the Trustee
Amendment to the Framework Agreement	Amendment to the Original Framework Agreement dated August 28, 2020 entered into between the Trustee, the Investment Manager and SPGVL
Associate	Associate as defined in Regulation 2(1)(b) of the InvIT Regulations
Auditors	S R B C & CO LLP, Chartered Accountants, the statutory auditors of IndiGrid
BDTCL	Bhopal Dhule Transmission Company Limited
BDTCL TSA	Transmission services agreement dated December 7, 2010 entered into by BDTCL with LTTCs and a transmission services agreement dated November 12, 2013, entered into by BDTCL with PGCIL
Consolidated Financial Statements for fiscal 2020	Audited Ind AS Consolidated financial statements of IGT and its subsidiaries namely, IGL, IGL1, IGL2, BDTCL, JTCL, MTL, RTCL, PKTCL, PTCL, NTL, OGPTL and ENICL which comprise the consolidated balance sheets March 31, 2020 and the related consolidated statements of profit and loss (including other comprehensive income), consolidated cash flow statements and consolidated statements of changes in unitholders equity for the financial years ended March 31, 2020, the consolidated statement of total returns at fair value and the statement of NDCF for IndiGrid, Holdco and each of the subsidiaries for the financial year ended March 31, 2020 and a summary of significant accounting policies and other explanatory information prepared in accordance with Ind AS, as defined in Rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015, as amended, prescribed under the Section 133 of the Companies Act read with the InvIT Regulations.
Consolidated Financial Statements for fiscal 2019	Audited Ind AS Consolidated financial statements of IGT and its subsidiaries namely, IGL BDTCL, JTCL, MTL, RTCL, PKTCL and PTCL which comprise the consolidated balance sheets March 31, 2019 and the related consolidated statements of profit and loss (including other comprehensive income), consolidated cash flow statements and consolidated statements of changes in unitholders equity for the financial years ended March 31, 2019, the consolidated statement of total returns at fair value and the statement of NDCF for IndiGrid, Holdco and each of the subsidiaries for the financial year ended March 31, 2019 and a summary of significant accounting policies and other explanatory information prepared in accordance with Ind AS, as defined in Rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015, as amended, prescribed under the Section 133 of the Companies Act read with the InvIT Regulations.
Consolidated Financial Statements for fiscal 2018	Audited Ind AS Consolidated financial statements of IGT and its subsidiaries namely, IGL, BDTCL, JTCL, MTL, RTCL and PKTCL which comprise the consolidated balance sheets March 31, 2018 and the related consolidated statements of profit and loss (including other comprehensive income), consolidated cash flow statements and consolidated statements of changes in unitholders equity for the financial years ended March 31, 2018, the consolidated statement of total returns at fair value and the statement of NDCF for IndiGrid, Holdco and each of the subsidiaries for the financial year ended March 31, 2018 and a summary of significant accounting policies and other explanatory information prepared in accordance with Ind AS, as defined in Rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015, as amended, prescribed under the Section 133 of the Companies Act read with the InvIT Regulations.
Consolidated Financial Statements	Consolidated Financial Statements for fiscal 2020, Consolidated Financial Statements for fiscal 2019 and Consolidated Financial Statements for fiscal 2018
Deed of Amendment to the Trust Deed	Deed of amendment to the Original Trust Deed dated August 13, 2020 entered into between the Investment Manager and the Trustee
ENICL	East-North Interconnection Company Limited
ENICL Share Purchase Agreement	Share purchase agreement dated March 23, 2020, entered into between SPGVL, SPTL, the Trustee (on behalf of, and acting in its capacity as the trustee to IndiGrid), the Investment Manager and ENICL
ENICL TSA	Transmission services agreement dated August 6, 2009 entered into by ENICL with LTTCs and a

Term	Description
	transmission services agreement dated January 28, 2013 entered into by ENICL with PGCIL
First Amendment to the Securities Purchase Agreement	Amendment agreement to the Original Securities Purchase Agreement dated August 28, 2020, entered into between SPGVL, the Trustee (on behalf of, and acting in its capacity as the trustee to, IndiGrid), the Investment Manager and IGL
Framework Agreement	The Original Framework Agreement read with the Amendment to the Framework Agreement
FRV I	FRV Andhra Pradesh Solar Farm I Private Limited
FRV II	FRV India Solar Park II Private Limited
GPTL	Gurgaon Palwal Transmission Limited
GPTL Share Purchase Agreement	Share purchase agreement dated August 28, 2020 entered into SPGVL, SGL4, the Trustee, the Investment Manager, and GPTL
GPTL TSA	Transmission services agreement dated March 4, 2016, entered into by GPTL with LTTCs and a transmission services agreement dated April 27, 2017 entered into by GTPL with PGCIL
GTTPL	Goa-Tamnar Transmission Project Limited
GTTPL TSA	Transmission services agreement dated June 28, 2017 entered into by GTTPL with LTTCs and a transmission services agreement dated December 27, 2018, entered into by GTTPL with PGCIL
Holdco	Holding company, as defined under Regulation 2(l)(sa) of the InvIT Regulations, which currently includes IGL, IGL1 and IGL2
IGL	IndiGrid Limited (formerly, Sterlite Grid 1 Limited)
IGL1	IndiGrid 1 Limited (formerly, Sterlite Grid 2 Limited)
IGL2	IndiGrid 2 Limited (formerly, Sterlite Grid 3 Limited)
IGL O&M Contract	The operation and maintenance contract dated September 28, 2020 entered into between JKTPL and IGL
IGL Work Order	The work order dated March 2, 2021 entered into between IGL and PrKTCL
IM SSPA	The share subscription and purchase agreement entered into between Electron IM Pte. Ltd., the Investment Manager and the Sterlite Sponsor dated April 30, 2019
IGT or IndiGrid or the Trust	India Grid Trust
Investment Management Agreement	The amended and restated investment management agreement dated September 28, 2020, entered into between the Trustee (on behalf of IndiGrid), the Investment Manager, IGL, BDTCL, JTCL, MTL, RTCL, PKTCL, PTCL, NTL, IGL1, OGPTL, IGL2, ENICL, GPTL, and JKTPL
Investment Manager or IIML	IndiGrid Investment Managers Limited (formerly, Sterlite Investment Managers Limited)
InvIT Assets	InvIT assets as defined under Regulation 2(l)(zb) of the InvIT Regulations, in this case being the Portfolio Assets
JKTPL	Jhajjar KT Transco Private Limited
JKTPL Share Purchase Agreement	Share purchase agreement dated May 29, 2020 entered into between the Trustee, the Investment Manager, Kalpataru Power Transmission Limited, Techno Electric & Engineering Company Limited and JKTPL
JTCL	Jabalpur Transmission Company Limited
JTCL TSA	Transmission services agreement dated December 1, 2010 entered into by JTCL with LTTCs and a transmission services agreement dated November 12, 2013 entered into by JTCL with PGCIL
KKR	KKR & Co. Inc. together with its subsidiaries
KKR Sponsor	Esoteric II Pte. Ltd.
KTL	Khargone Transmission Limited
KTL TSA	Transmission services agreement dated March 14, 2016, entered into between KTL and LTTCs and a transmission services agreement dated April 27, 2017 entered into by KTL with PGCIL
MTL	Maheshwaram Transmission Limited
MTL Amendment Agreement	Amendment agreement to the Original MTL Share Purchase Agreement dated April 30, 2019, entered into between IGL2, IGL, the Trustee, Investment Manager, SPGVL and MTL
MTL Second Amendment Agreement	Second Amendment Agreement to the Original MTL Share Purchase Agreement dated August 28, 2020 entered into between IGL2, IGL, the Trustee, the Investment Manager, SPGVL and MTL
MTL Share Purchase Agreement	Original MTL Share Purchase Agreement read with the MTL Amendment Agreement and the MTL Second Amendment Agreement
MTL TSA	Collectively, the transmission services agreement dated June 10, 2015, entered into by MTL with LTTCs and a transmission services agreement dated April 27, 2017 entered into by MTL with PGCIL
NER	NER II Transmission Limited
NER TSA	Transmission services agreement dated December 27, 2016 entered into by NER TL with the LTTCs and a transmission services agreement dated November 15, 2017 entered into by NER with PGCIL
NTL	NRSS XXIX Transmission Limited
NTL Share Purchase Agreement	Share purchase agreement dated April 30, 2019 entered into between the Trustee, SPGVL, the Investment Manager, IGL1 and NTL
NTL TSA	Transmission services agreement dated January 2, 2014 entered into by NTL with the LTTCs and a transmission services agreement dated December 22, 2015 entered into by NTL with PGCIL
OGPTL	Odisha Generation Phase - II Transmission Limited
OGPTL Amendment Agreement	Amendment agreement to the Original OGPTL Share Purchase Agreement dated June 28, 2019, entered into between the Trustee, SPGVL, the Investment Manager, IGL2 and OGPTL
OGPTL Share Purchase Agreement	OGPTL Share Purchase Agreement read with the OGPTL Amendment Agreement
OGPTL TSA	Collectively the transmission services agreement dated November 20, 2015 entered into by OGPTL with the LTTCs and a transmission services agreement dated April 27, 2017 entered into by OGPTL with PGCIL
Original Framework Agreement	Framework agreement dated April 30, 2019 entered into between the Trustee, SPGVL and the Investment Manager

Term	Description
Original MTL Share Purchase Agreement	Share purchase agreement dated February 14, 2018, entered into between IGL2, IGL, the Trustee (on behalf of, and acting in its capacity as the trustee to, IndiGrid), the Investment Manager and MTL
Original OGPTL Share Purchase Agreement	Share purchase agreement dated April 30, 2019 entered into between the Trustee, SPGVL, the Investment Manager, IGL2 and OGPTL
Original PKTCL Share Purchase Agreement	Share purchase agreement dated February 14, 2018, entered into between IGL1, IGL, the Trustee (on behalf of, and acting in its capacity as the trustee to, IndiGrid), the Investment Manager and PKTCL
Original PTCL Share Purchase Agreement	Share purchase agreement dated February 19, 2018, entered into between Techno Power Grid Company Limited, Techno Electric & Engineering Company Limited, the Trustee (on behalf of, and acting in its capacity as the trustee to, IndiGrid)
Original PrKTCL Share Purchase Agreement	Share purchase agreement dated November 28, 2020 entered into between Reliance Infrastructure Limited, the Investment Manager, the Trustee (on behalf of, and acting in its capacity as the trustee to, IndiGrid) and PrKTCL
Original RTCL Share Purchase Agreement	Share purchase agreement dated February 13, 2018, entered into between IGL1, IGL, the Trustee (on behalf of, and acting in its capacity as the trustee to, IndiGrid), the Investment Manager and RTCL
Original Securities Purchase Agreement	Securities purchase agreement dated May 8, 2017, entered into between SPGVL, the Trustee (on behalf of, and acting in its capacity as the trustee to, IndiGrid), the Investment Manager and IGL
Original Trust Deed	Trust deed dated October 21, 2016, entered into between SPGVL and the Trustee
Parties to IndiGrid	The Sponsors, the Trustee, the Investment Manager and the Project Manager
PGCIL	Power Grid Corporation of India Limited
PKTCL	Purulia & Kharagpur Transmission Company Limited
PKTCL Amendment Agreement	Amendment agreement to the Original PKTCL Share Purchase Agreement dated April 30, 2019, entered into between IGL1, IGL, the Trustee (on behalf of, and acting in its capacity as the trustee to, IndiGrid), the Investment Manager, SPGVL and PKTCL
PKTCL Second Amendment Agreement	Second Amendment agreement to the Original PKTCL Share Purchase Agreement dated August 28, 2020, entered into between IGL1, IGL, the Trustee (on behalf of, and acting in its capacity as the trustee to, IndiGrid), the Investment Manager, SPGVL and PKTCL
PKTCL Share Purchase Agreement	Original PKTCL Share Purchase Agreement read with the PKTCL Amendment Agreement and the PKTCL Second Amendment Agreement
PKTCL TSA	Transmission services agreement dated August 6, 2013, entered into by PKTCL with the LTTCs and a transmission services agreement dated December 22, 2015 entered into by PKTCL with PGCIL
Portfolio Assets	Unless the context otherwise requires, IGL, IGL1, IGL2, BDTCL, JTCL, MTL, RTCL, PKTCL, PTCL, NTL, OGPTL, ENICL, GPTL, JKTPL and PrKTCL and/or their power transmission projects, as applicable
PrKTCL	Parbati Koldam Transmission Company Limited
PrKTCL Amendment Agreement	Amendment Agreement to the Original PrKTCL Share purchase agreement dated January 5, 2021 entered into between Reliance Infrastructure Limited, the Investment Manager, the Trustee (on behalf of, and acting in its capacity as the trustee to, IndiGrid) and PrKTCL
PrKTCL BPTA	Collectively, the bulk power transmission agreements (i) entered into between PrKTCL and Punjab State Electricity Board dated December 17, 2008, (ii) PrKTCL and Ajmer Vidyut Vitran Nigam Limited dated November 27, 2008, (iii) PrKTCL and BSES Rajdhani Power Limited dated November 24, 2008, (iv) PrKTCL and BSES Yamuna Power Limited dated November 24, 2008, (v) PrKTCL and President of India through Secretary Engineering Department of Chandigarh, Administration dated January 7, 2009, (vi) PrKTCL and Haryana Power Purchase Centre on behalf of Uttar Haryana Vidyut Vitran Nigam Limited and Dakshin Haryana Vidyut Vitran Nigam Limited dated December 3, 2008, (vii) PrKTCL and Himachal Pradesh State Electricity Board dated January 20, 2009, (viii) PrKTCL and Power Development Department, Government of Jammu and Kashmir dated May 19, 2009, (ix) PrKTCL and Jodhpur Vidyut Vitran Nigam Limited dated December 11, 2008, (x) PrKTCL and Jaipur Vidyut Vitran Nigam Limited dated November 27, 2008, (xi) PrKTCL and North Delhi Power Limited dated January 5, 2009, (xii) PrKTCL and Uttar Pradesh Power Corporation Limited, and (xiii) PrKTCL and Uttarakhand Power Corporation Limited dated April 2, 2009
PrKTCL Share Purchase Agreement	Original PrKTCL Share Purchase Agreement read with the PrKTCL Amendment Agreement
PrKTCL TSA	Transmission services agreement December 24, 2013 entered into by PrKTCL with PGCIL]
Proforma Financial Information	Unaudited proforma financial information consisting the proforma balance sheet as at March 31, 2020 and December 31, 2020, the proforma statements of profit and loss for the year ended March 31, 2020 and for the nine months period ended December 31, 2020 and related notes to the proforma financial information, prepared in accordance with the principles of "Guide to Reporting on Proforma Financial Statements" issued by ICAI and the InvIT Regulations and as required by SEBI Rights Issue Guidelines, prepared by the Investment Manager to reflect the impact of material acquisition of an entity (PrKTCL) by the Trust after December 31, 2020
Project Implementation and Management Agreement	The amended and restated project implementation and management agreement dated August 28, 2020 entered into between the Trustee (on behalf of IndiGrid), the Investment Manager, IGL, BDTCL, JTCL, MTL, RTCL, PKTCL, PTCL, NTL, IGL1, OGPTL, IGL2, ENICL, GPTL
Project Manager	For all Portfolio Assets (other than JKTPL and PrKTCL), Sterlite Power Transmission Limited*. For JKTPL and PrKTCL, IndiGrid Limited **The National Company Law Tribunal at Mumbai, by its order dated May 22, 2020, approved the scheme of amalgamation between SPGVL, SPTL and their respective shareholders and the effective date of such scheme is November 15, 2020. SPTL is one of the Sponsors of IndiGrid with effect from November 15, 2020.*

Term	Description
Proposed Solar Projects	Solar projects proposed to be acquired, being FRV I and FRV II
PTCL	Patran Transmission Company Limited
Related Party	Related Party, as defined under Regulation 2(1)(zv) of the InvIT Regulations, and shall also include (i) Parties to IndiGrid; and (ii) the promoters, directors and partners of the Parties to IndiGrid
ROFO Deed	Deed of Right of First Offer dated May 5, 2017, entered into between SPGVL, the Investment Manager, SPTL and the Trustee (on behalf of IndiGrid); and the deed of amendment dated April 30, 2019 entered into between SPGVL, the Investment Manager, SPTL and the Trustee (on behalf of IndiGrid)
RTCL	RAPP Transmission Company Limited
RTCL Amendment Agreement	Amendment Agreement to the Original RTCL Share Purchase Agreement dated March 28, 2019, entered into between IGL1, IGL, the Trustee, Investment Manager, SPGVL and RTCL
RTCL Second Amendment Agreement	Second amendment agreement to the Original RTCL Share Purchase Agreement dated April 30, 2019, entered into between IGL1, IGL, the Trustee, Investment Manager, SPGVL and RTCL
RTCL Share Purchase Agreement	Original RTCL Share Purchase Agreement read with the RTCL Amendment Agreement, RTCL Second Amendment Agreement and RTCL Third Amendment Agreement
RTCL Third Amendment Agreement	Third amendment agreement to the Original RTCL Share Purchase Agreement dated August 28, 2020, entered into between IGL1, IGL, the Trustee, Investment Manager, SPGVL and RTCL
RTCL TSA	Transmission services agreement dated July 24, 2013 entered into by RTCL with the LTTCs and a transmission services agreement dated December 22, 2015 entered into by RTCL with PGCIL
Securities Purchase Agreement	Original Securities Purchase Agreement read with the First Amendment to the Securities Purchase Agreement
SGL4	Sterlite Grid 4 Limited
SGL5	Sterlite Grid 5 Limited
SPGVL	Sterlite Power Grid Ventures Limited* **The National Company Law Tribunal at Mumbai, by its order dated May 22, 2020, approved the scheme of amalgamation between SPGVL, SPTL and their respective shareholders and the effective date of such scheme is November 15, 2020. SPTL is one of the Sponsors of IndiGrid with effect from November 15, 2020.*
Sponsors	Each of the KKR Sponsor and the Sterlite Sponsor, severally
SPV(s)	Special purpose vehicles, as defined under Regulation 2(l)(zy) of the InvIT Regulations
SPTL	Sterlite Power Transmission Limited **The National Company Law Tribunal at Mumbai, by its order dated May 22, 2020, approved the scheme of amalgamation between SPGVL, SPTL and their respective shareholders and the effective date of such scheme is November 15, 2020. SPTL is one of the Sponsors of IndiGrid with effect from November 15, 2020.*
STL	Sterlite Technologies Limited
Sterlite Sponsor	Sterlite Power Transmission Limited* **The National Company Law Tribunal at Mumbai, by its order dated May 22, 2020, approved the scheme of amalgamation between SPGVL, SPTL and their respective shareholders and the effective date of such scheme is November 15, 2020. SPTL is one of the Sponsors of IndiGrid with effect from November 15, 2020.*
Target Asset	NER
Trust Deed	The Original Trust Deed read with the Deed of Amendment to the Trust Deed
Trustee	Axis Trustee Services Limited
Unacquired Framework Assets	KTL and NER
Unaudited Interim Condensed Consolidated Ind AS Financial Statements for nine month period ended December 31 2020	Unaudited Ind AS interim condensed consolidated financial statements of IGT, and its subsidiaries namely, IGL, IGL1, IGL2, BDTCL, JTCL, MTL, RTCL, PKTCL, PTCL, NTL, OGPTL, ENICL, GPTL and JKTPL which comprise the consolidated balance sheets as at December 31, 2020, consolidated statements of profit and loss (including other comprehensive income), consolidated cash flow statements and consolidated statements of changes in unitholders equity for the nine months period ended December 31, 2020, the consolidated statement of total returns at fair value and the statement of NDCF for IndiGrid, Holdco and each of the subsidiaries for nine months period ended December 31, 2020, prepared in accordance with Ind AS 34 read with the InvIT Regulations
Unit	An undivided beneficial interest in IndiGrid, and such Units together represent the entire beneficial interest in IndiGrid
Unitholders	Any person who holds Units upon making a defined contribution as determined by the Trustee
Valuation Report	Valuation report issued by the Valuer, which sets out their opinion as to the fair enterprise value of the Target Asset as on December 31, 2020
Valuer	S. Sundararaman

Issue Related Terms

Term	Description
Abridged Letter of Offer or ALOF	Abridged letter of offer to be sent to the Eligible Unitholders with respect to the Issue in accordance with the provisions of the InvIT Regulations and the Rights Issue Circular
Allot/ Allotment/ Allotted	Unless the context otherwise requires, the issue and allotment of Units pursuant to the Issue
Allotment Date	Date on which Allotment is made
Allottees	Bidders to whom Units are issued and Allotted pursuant to the Issue
Applicants	Eligible Unitholder(s) and/or Renouncee(s) who make an application for the Units pursuant to the Issue

Term	Description
	in terms of the Letter of Offer, being an ASBA Applicant
Application Form/ Application	Application form (including any rectifications of errors therein) including a plain paper application form pursuant to which an Eligible Investor shall submit a Bid for the Units in the Issue
Application Money	Aggregate amount payable in respect of the Units applied for in the Issue at the Issue Price
Application Supported by Blocked Amount/ ASBA	Application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the Application Money in a specified bank account maintained with the SCSB
ASBA Account	Account maintained with the SCSB and specified in the CAF or the plain paper Application by the Applicant for blocking the amount mentioned in the CAF or the plain paper Application
ASBA Applicant/ ASBA Investor	Eligible Unitholders proposing to subscribe to the Issue through ASBA process and who (i) are holding the Units of the Trust in dematerialized form as on the Record Date and have applied for their Rights Entitlements and/or additional Units in dematerialized form; and (ii) are applying through blocking of funds in a bank account maintained with the SCSBs. All Eligible Investors shall participate in the Issue only through the ASBA process.
Banker(s) to the Issue/ Escrow Collection Bank(s)	Axis Bank Limited
Composite Application Form/ CAF	Form used by an Investor to make an application for the Allotment of Units in the Issue
Controlling Branches/ Controlling Branches of the SCSBs	Such branches of the SCSBs which co-ordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Designated Branches	Such branches of the SCSBs which shall collect the CAF or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Designated Stock Exchange	BSE
Draft Letter of Offer	Draft Letter of Offer dated March 13, 2021 which shall be filed with the Stock Exchanges, where the Units of IndiGrid are listed, and shall be made available to the public through the website of the Stock Exchanges, IndiGrid and the Lead Manager for the purposes of seeking public comments for a period of seven working days from the date of filing the Draft Letter of Offer
Eligible Unitholder(s)	Unitholder(s) of IndiGrid as on the Record Date
Institutional Investors	Institutional investors as defined under Regulation 2(1)(ya) of the InvIT Regulations
Issue	This issue of up to [●] Units for cash at a price ₹ [●] per Unit aggregating up to ₹ 15,000 million* on a rights basis to the Eligible Unitholders of IndiGrid in the ratio of [●] Lot for every [●] Lots held by the Eligible Unitholders on the Record Date * *The size of the Issue is the amount approved by the board of directors of the Investment Manager on January 22, 2021 and is subject to the final decision of the board of directors of the Investment Manager.*
Issue Agreement	Issue Agreement dated [●] between the Investment Manager (acting in its capacity as the Investment Manager to IndiGrid), the Trustee, the KKR Sponsor, the Sterlite Sponsor, the Project Manager and the Lead Manager
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	₹ [●] per Unit
Issue Size	The issue of up to [●] Units aggregating up to ₹ 15,000 million* * *The size of the Issue is the amount approved by the board of directors of the Investment Manager on January 22, 2021 and is subject to the final decision of the board of directors of the Investment Manager.*
Lead Manager	Axis Capital Limited
Letter of Offer	Letter of offer dated [●] to be filed with the Stock Exchanges and SEBI
Lot	1,701 Units
Monitoring Agency	Axis Bank Limited
Multiple Application Forms	Multiple application forms submitted by an Eligible Unitholder/a Renouncee in respect of the Rights Entitlement available in their demat account. However, supplementary applications in relation to further Units with/without using additional Rights Entitlement will not be treated as multiple applications
Record Date	[●]
Refund Bank	Axis Bank Limited
Registrar to the Issue or Registrar	Kfin Technologies Private Limited (formerly, Karvy Fintech Private Limited)
Renouncee(s)	Person(s) who have acquired Rights Entitlements from the Eligible Unitholders
Rights Entitlement	The number of Units that an Eligible Unitholder is entitled to in proportion to the number of Units held by the Eligible Unitholder on the Record Date, in this case being [●] for every [●] Lots held by an Eligible Unitholder
SCSB(s)	Self-certified syndicate banks registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Stock Exchanges	Stock exchanges where the Units are presently listed, being BSE and NSE
Working Day(s)	Working day means all days on which commercial banks in Mumbai are open for business. In respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. For the period between the Issue Closing Date and the listing of Units on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI

Technical and Industry related terms

Term	Description
ARR	Aggregate Revenue Requirement
BOO	Build, own, operate
BOOM	Build, own, operate and maintain
BPC	Bid process co-ordinator
BPTA	Bulk Power Transmission Agreement
CTU	Central Transmission Utility
D/C	Double Circuit
DC	Direct Current
DIC	Designated inter-state transmission system customers
EHV	extra high voltage
EHS	Environment, Occupational Health and Safety
DISCOM	Distribution companies
GW	Giga watt
HVDC	High Voltage Direct Current
HVPNL	Haryana Vidyut Prasaran Nigam Limited
ISTS	Inter State Transmission Systems
LTTC	Long term transmission customer
MoP	Ministry of Power
MVA	Mega Volt Ampere
MW	Mega watt
NPCIL	Nuclear Power Corporation of India Limited
PPA	Power Purchase Agreement
PFC	Power Finance Corporation of India Limited
PGCIL	Power Grid Corporation of India Limited
PoC	Point of Connection
POSOCO	Power System Operation Corporation Limited
REC	Rural Electrification Corporation of India Limited
RLDC	Regional Load Dispatch Centre
RSA	Revenue Sharing Agreement
SEB(s)	State Electricity Boards
SLDC	State Load Dispatch Centre
TBCB	Tariff Based Competitive Bidding
TEECL	Techno Electric & Engineering Company Limited
TPGCL	Techno Power Grid Company Limited
TSA	Transmission Services Agreement
TSP	Transmission Service Provider

Abbreviations

Term	Description
ACSR	Aluminum Conductor Steel Reinforced
AGM	Annual general meeting
BOCW Act	The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996
BSE	BSE Limited
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
Companies Act	Companies Act, 2013, as applicable and the rules made thereunder
Competition Act	Competition Act, 2002
CRISIL Report	The report entitled "*Market Assessment of Indian Power Transmission Sector*" dated February 2021 prepared by CRISIL Research
CRISIL Research	The research division of CRISIL Limited
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director Identification Number
EBITDA	Earnings before interest, tax, depreciation and amortization
Electricity Act	Electricity Act, 2003
FEMA	The Foreign Exchange Management Act, 1999, together with rules and regulations thereunder
FEMA Rules	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year or Fiscal Year or Fiscal	Period of 12 months ended March 31 of that particular year, unless otherwise stated
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
GAAR	General Anti-Avoidance Rules
GoI or Government	Government of India
IFRS	International Financial Reporting Standards

Term	Description
Ind AS	Companies (Indian Accounting Standards) Rules, 2015, notified on February 19, 2015 by the MCA, including any amendments or modifications thereto read with Section 133 of the Companies Act, 2013, as amended
Indian GAAP	Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule 2014 (as amended)
Indian GAAS	Generally Accepted Auditing Standards in India
InvITs	Infrastructure Investment Trusts
InvIT Regulations	Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014 including the rules, circulars and guidelines issued thereunder, including the SEBI Rights Issue Guidelines
IRDAI	Insurance Regulatory and Development Authority of India
IT Act	Income-tax Act, 1961
MoEF	Ministry of Environment, Forest and Climate Change
NDCF	Net distributable cash flows
NEFT	National Electronic Funds Transfer
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
PAN	Permanent account number
Power Supply Regulations	Central Electricity Regulatory Commission (Regulation of Power Supply) Regulations, 2010
RBI	Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
Rs./Rupees/INR/₹	Indian Rupees
RTGS	Real Time Gross Settlement
SCR (SECC) Regulations	Securities Contract (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI Rights Issue Guidelines	Circular bearing number SEBI/HO/DDHS/DDHS/CIR/P/2020/10 issued by the Securities and Exchange Board of India dated January 17, 2020 entitled Guidelines for Rights Issue of Units by a listed Infrastructure Investment Trusts (InvITs), read with the circular bearing number SEBI/HO/DDHS/DDHS/CIR/P/2020/36 issued by the Securities and Exchange Board of India dated March 13, 2020 entitled the Amendments to guidelines for rights issue, preferential issue and institutional placement of units by a listed InvIT
SERC	State Electricity Regulatory Commission
Sharing of Charges and Losses Regulations	Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020
Sharing Regulations 2010	Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010
Stock Exchanges	Together, the BSE and the NSE
Tariff Regulations	Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019
U.S./U.S.A/United States	United States of America
USD/US$	United States Dollars
U.S. Securities Act	U.S. Securities Act of 1933, as amended

NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer and the Letter of Offer and the issue of the Rights Entitlement and the Units on a rights basis to persons in certain jurisdictions outside India are restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or the CAF may come, are required to inform themselves about and observe such restrictions, and the Investment Manager or the Sponsors shall bear no responsibility or liability in this regard. This Issue is being made on a rights basis to the Eligible Unitholders alone and shall not be construed as an offer or advertisement to offer Units to a persons or entities other than the Eligible Unitholders. The Investment Manager will dispatch the Letter of Offer, Abridged Letter of Offer and CAF only to Eligible Unitholders who have provided an Indian address to the Investment Manager. Overseas Unitholders who do not update the records with their Indian address or the address of their duly authorised representative in India, prior to the date on which the Investment Manager (on behalf of IndiGrid) proposes to dispatch the Letter of Offer, Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer, Abridged Letter of Offer and CAFs.

No action has been or will be taken by IndiGrid, the Investment Manager, the Sponsors or the Lead Manager to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer that has been filed with the Stock Exchanges, where the Units of IndiGrid are listed, and shall be made available to the public through the website of the Stock Exchanges, IndiGrid and the Lead Manager for the purposes of seeking public comments for a period of seven working days from the date of filing the Draft Letter of Offer and the Letter of Offer is being filed with SEBI and Stock Exchanges. Accordingly, the issue of the Rights Entitlement and the Units may not be offered or sold, directly or indirectly, and this Draft Letter of Offer and the Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or the CAF will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or the CAF must be treated as sent for information only and should not be acted upon for subscription to the Rights Entitlements or the Units and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or the CAF should not, in connection with the issue of the Rights Entitlements or the Units, distribute or send this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or the CAF in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or the CAF is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Units or the Rights Entitlements referred to in this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer or the CAF.

Neither the delivery of this Draft Letter of Offer or the Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of IndiGrid from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer or the date of such information. The contents of this Draft Letter of Offer Letter of Offer should not be construed as legal, tax or investment advice. Bidders may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Units or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Units or Rights Entitlements. In addition, none of IndiGrid, the Investment Manager, the Sponsors or the Lead Manager are making any representation to any offeree or purchaser of the Units regarding the legality of an investment in the Units by such offeree or purchaser under any applicable laws or regulations.

Each person by accepting the delivery of the Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Units and accepting delivery of any Rights Entitlements or any Units, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Units as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the "purchaser", which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Units are, entitled to subscribe for the Units, and the sale of the Units to it will not require any filing or registration by, or qualification of, the Trust with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.

2. The purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Units imposed by the jurisdiction of its residence, and (ii) is eligible to subscribe and is subscribing for the Units and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

3. The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Units, and, if the purchaser is exercising the Rights Entitlements and acquiring the Units as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Units on behalf of each owner of such account.

4. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Units involves a considerable degree of risk and that the Rights Entitlements and the Units are a speculative investment, and further, that no U.S. federal or state or other agency has made any finding or determination as to the fairness of any such investment or any recommendation or endorsement of any such investment.

5. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Units in any jurisdiction (other than the filing of the Letter of Offer with SEBI and the Stock Exchanges); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements or the Units which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations. The purchaser agrees to notify any transferee to whom it subsequently reoffers, resells, pledges or otherwise transfers the Rights Entitlements and the Units of the restrictions set forth in the Letter of Offer under the heading "*Restrictions on Purchases and Resales*".

6. The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from the Trust, addressed to it and inviting it to participate in this Issue.

7. Neither the purchaser nor any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of the Trust to facilitate the sale or resale of the Rights Entitlements or the Units pursuant to the Issue.

8. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Units, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of the Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to the Trust and our group and the Rights Entitlements and the Units which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below), and will have had a reasonable opportunity to ask questions of and receive answers from officers and representatives of the Trust concerning the financial condition and results of operations of the Trust and the purchase of the Rights Entitlements or the Units, and any such questions have been answered to its satisfaction; (iv) will have possessed and reviewed all information that it believes is necessary or appropriate in connection with an investment in the Rights Entitlements and the Units; (v) will have conducted its own due diligence on the Trust and this Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of the Trust, the Lead Manager or its affiliates (including any research reports) (other than, with respect to the Trust and any information contained in this Draft Letter of Offer or the Letter of Offer); and (vi) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Units is suitable and appropriate, both in the nature and number of Units being subscribed.

9. Without limiting the generality of the foregoing, the purchaser acknowledges that (i) the Units are listed on BSE Limited and the National Stock Exchange of India Limited and the Trust is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited and the National Stock Exchange of India Limited (which includes, but is not limited to, a description of the nature of the Trust's business and the Trust's most recent balance sheet and profit and loss account, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes "**Exchange Information**"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; (ii) the Trust does not expect or intend to become subject to the periodic reporting and other information requirements of the Securities and Exchange Commission; and (iii) neither the Trust nor any of its affiliates, nor the Lead Manager or any of their affiliates has made any representations or recommendations to it, express or implied, with respect to the Trust, the Rights Entitlements or the Units or the accuracy, completeness or adequacy of the Exchange Information.

10. The purchaser understands that the Exchange Information and this Draft Letter of Offer and the Letter of Offer have been prepared in accordance with content, format and style which is either prescribed by SEBI, the Stock Exchanges or under Indian laws, which differs from the content, format and style customary for similar offerings in the United States. In particular, the purchaser understands that (i) the Trust's financial information contained in the Exchange Information and this Draft Letter of Offer and the Letter of Offer have been prepared in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements and not in a manner suitable for an offering registered with the SEC, and (ii) this Draft Letter of Offer and the Letter of Offer does not include all of the information that would be required if the Trust were registering the Issue of the Rights Entitlements and the Units with the SEC, such as a description of our business and industry, detailed operational data, our management's discussion and analysis of our financial condition and results of operations and audited financial statements for prior years.

11. The purchaser acknowledges that (i) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Units, including this Draft Letter of Offer, the Letter of Offer and the

Exchange Information (collectively, the "Information"), has been prepared solely by the Trust; and (ii) none of the Lead Manager or any of its affiliates has verified such Information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Lead Manager or its affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by any of them or their affiliates.

12. The purchaser will not hold the Trust, the Lead Manager or their affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by the Trust to it. It acknowledges that no written or oral information relating to this Issue, and the Rights Entitlements or the Units has been or will be provided by the Lead Manager or its affiliates to it.

13. The purchaser is a highly sophisticated investor and has such knowledge and experience in financial, business and international investment matters and is capable of independently evaluating the merits and risks (including for tax, legal, regulatory, accounting and other financial purposes) of an investment in the Rights Entitlements and the Units. It, or any account for which it is acting, has the financial ability to bear the economic risk of investment in the Rights Entitlements and the Units, has adequate means of providing for its current and contingent needs, has no need for liquidity with respect to any investment it (or such account for which it is acting) may make in the Rights Entitlements and the Units, and is able to sustain a complete loss in connection therewith and it will not look to the Trust, or to the Lead Manager, for all or part of any such loss or losses it may suffer.

14. The purchaser understands and acknowledges that the Lead Manager are assisting the Trust in respect of this Issue and that the Lead Manager are acting solely for the Trust and no one else in connection with this Issue and, in particular, are not providing any service to it, making any recommendations to it, advising it regarding the suitability of any transactions it may enter into to subscribe or purchase any Rights Entitlements or Units nor providing advice to it in relation to the Trust, this Issue or the Rights Entitlements or the Units. Further, to the extent permitted by law, it waives any and all claims, actions, liabilities, damages or demands it may have against the Lead Manager arising from its engagement with the Trust and in connection with this Issue.

15. The purchaser understands that its receipt of the Rights Entitlements and any subscription it may make for the Units will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in the Letter of Offer and the Application Form. The purchaser understands that neither the Trust, nor the Registrar, the Lead Manager or any other person acting on behalf of the Trust will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of the Trust have reason to believe is in the United States or outside of India and ineligible to participate in this Issue under applicable securities laws.

16. The purchaser understands that the foregoing representations and acknowledgments have been provided in connection with United States, India and other securities laws. It acknowledges that the Trust and the Lead Manager, their affiliates and others (including legal counsels to each of the Trust, the Lead Manager) will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agree that, if at any time before the closing of this Issue or the issuance of the Units, any of the acknowledgements, representations, warranties and agreements made in connection with its exercise of Rights Entitlements and subscription for the Units is no longer accurate, it shall promptly notify the Trust in writing.

NOTICE TO BIDDERS IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE UNITS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR THE TERRITORIES OR POSSESSIONS THEREOF (THE "**UNITED STATES**" OR "**U.S.**"), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND UNITS REFERRED TO IN THIS DRAFT LETTER OF OFFER ARE BEING OFFERED AND SOLD IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT ("**REGULATION S**") TO EXISTING UNITHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE RIGHTS ENTITLEMENTS AND UNITS IS PERMITTED UNDER LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THE LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY UNITS OR RIGHTS ENTITLEMENT FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS DRAFT LETTER OF OFFER OR THE LETTER OF OFFER IN OR INTO THE UNITED STATES AT ANY TIME. THE UNITS AND THE RIGHTS ENTITLEMENTS ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED IN THE SECTION ENTITLED "*RESTRICTIONS ON PURCHASES AND RESALES*" ON PAGE 297.

Neither the Trust, nor any person acting on behalf of the Trust, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who the Trust, or any person acting on behalf of the Trust, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States or from any other jurisdiction where it would be illegal to make an offer of securities under the Letter of Offer. The Trust is making this Issue on a rights basis to the Eligible Unitholders and will dispatch the Letter of Offer or the Abridged Letter of Offer, the Rights Entitlements Letter and Application Form primarily to the e-mail addresses of the Eligible Unitholders who have provided an Indian address to the Trust. Any person who acquires Rights Entitlements or Units will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Units or the Rights Entitlements, it will not be, in the United States and is authorized to acquire the Rights Entitlements and the Units in compliance with all applicable laws and regulations.

The Trust and the Lead Manager are not making, and will not make, and will not participate or otherwise be involved in any offers or sales of the Rights Entitlements, the Units or any other security with respect to this Issue in the United States.

The Rights Entitlements and the Units have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "**SEC**"), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Units or the accuracy or adequacy of this Draft Letter of Offer and the Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

The above information is given for the benefit of the Applicants/Investors. The Trust and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Units applied for do not exceed the applicable limits under applicable laws.

The Investment Manager, IndiGrid, the Sponsors, the Lead Manager and their Associates take on no responsibility or liability in relation to the completeness or accuracy of such independent investigations conducted by Eligible Investors, including external/third party information relied on by them for this purpose

NOTICE TO BIDDERS IN THE EUROPEAN ECONOMIC AREA

The Units are not being marketed to investors who are domiciled or have a registered office in member states of the European Economic Area ("EEA Member States"), other than in Ireland and Luxembourg. Where this Draft Letter of Offer or the Letter of Offer can be provided lawfully to prospective investors in EEA Member States (including in response to an express unsolicited request with regard to a potential offer to acquire Units), it is restricted to professional investors and qualified investors. A "**professional investor**" is an investor which is considered to be a professional client, or who may, on request, be treated as a professional client within the meaning of Annex II of Directive (2014/65/EU), as amended ("**MiFID II**"). A "**qualified investor**" is an investor falling within the meaning of Article 2(e) of Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**").

Alternative Investment Fund Managers Directive

The Trust described in this Draft Letter of Offer is an alternative investment fund or 'AIF' as defined by the European Union Directive 2011/61/EU on Alternative Investment Fund Managers (together with Commission Delegated Regulation (EU) No 231/2013, as implemented in any relevant jurisdiction, in all cases as amended from time to time, together, as applicable, the "**AIFMD**"). The Investment Manager has been identified as the alternative investment fund manager or 'AIFM' of IndiGrid.

Article 42 of the AIFMD permits EEA Member States to allow the marketing of an AIF by a non-EEA AIFM, provided that the non-EEA complies with the minimum requirements specified under Article 42. The Investment Manager has submitted a written notification to each of the national competent authorities in Ireland and Luxembourg for the purposes of marketing Units in the Trust and, subject to compliance with the conditions set out in Article 42, its entitlement to market IndiGrid in Ireland and Luxembourg following submission of such notices has not been revoked. Pre-investment disclosures required under Article 23 of the AIFMD are set out in Annexure C.

Prohibition of Sales to EEA Retail Investors

Where this Draft Letter of Offer and the Letter of Offer can be provided lawfully to prospective investors in EEA Member States, the Units shall not be offered, sold or otherwise made available to any retail investor. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97, as amended (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a "**qualified investor**" within the meaning of Article 2(e) of the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the "**PRIIPs Regulation**") has been prepared and therefore offering or selling the Units or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prospectus Exemption

This Draft Letter of Offer and the Letter of Offer have been prepared on the basis that any offer of the Units will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Units. Accordingly, any person making or intending to make an offer in an EEA Member State of Units which are the subject of the offering contemplated in the Letter of Offer may only do so to qualified investors as defined under Article 2 of the Prospectus Regulation, provided that no such offer of Units shall require IndiGrid, the Investment Manager, the Sponsors or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case in relation to such offer. None of IndiGrid or the Lead Manager has authorized, nor do they authorize, the making of any offer of the Units through any financial intermediary, other than the offers made by the Lead Manager which constitute the final placement of the Units contemplated in the Letter of Offer. This Draft Letter of Offer and the Letter of Offer are not a prospectus for the purpose of the Prospectus Regulation.

Deemed Representation of EEA Investors

Each person in an EEA Member State who receives any communication in respect of, or who acquires any Units, will be deemed to have represented, warranted, acknowledged and agreed to and with IndiGrid, the Investment Manager, the Sponsors and the Lead Manager that it and any person on whose behalf it acquires Units is (1) a professional investor (2) a qualified investor and (3) not a retail investor.

NOTICE TO BIDDERS IN THE UNITED KINGDOM

Where this Draft Letter of Offer and the Letter of Offer can be provided lawfully to prospective investors in the United Kingdom ("**UK**") (including in response to an express unsolicited request with regard to a potential offer to acquire Units), it is restricted to professional investors and qualified investors. For these purposes, a "**professional investor**" is an investor as defined in regulation 2 of the United Kingdom Alternative Investment Fund Managers Regulations 2013 (as amended, the "**UK AIFMR**"); a "**qualified investor**" is an investor falling within the meaning of Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended ("**EUWA**") (the law as retained is referred to as the "**UK Prospectus Regulation**").

United Kingdom Alternative Investment Fund Managers Regulations

The AIFMD has been retained and transposed within the domestic law of the UK by virtue of the EUWA (the body of law so retained is referred to as the "**UK AIFMR**"). The Trust described in this Draft Letter of Offer is an alternative investment fund or "**AIF**" as defined by the UK AIFMR. The Investment Manager has been identified as the alternative investment fund manager or "**AIFM**" of Indigrid. The UK AIFMR permits the marketing of an AIF by a non-UK AIFM in accordance with the UK's national private placement regime. The Investment Manager has submitted a written notification to the national competent authority in the UK in accordance with Regulation 59 of the UK AIFMR for the purposes of marketing Units in the Trust and, subject to compliance with the conditions set out in the UK AIFMR, its entitlement to market IndiGrid in the UK following submission of such notification has not been revoked. Pre-investment disclosures required under the UK AIFMR are set out in Annexure C.

Promotion of an Unregulated Collective Investment Scheme and Financial Promotion Restriction

The Trust described in this Draft Letter of Offer may be a collective investment scheme as defined by Section 235 of the Financial Services and Markets Act 2000 (as amended, the "**FSMA**"). It has not been authorized, or otherwise recognized or approved pursuant to the FSMA and, as an unregulated collective investment scheme, it cannot be promoted to the general public.

Section 21 of the FSMA restricts a person who is not authorised under the FSMA, such as the Investment Manager (an "unauthorised person"), from communicating any invitation or inducement to engage in investment activity in the course of business (the "financial promotion restriction"), but this is subject to specified exemptions. For the purposes of the financial promotion restriction, the Draft Letter of Offer and the Letter of Offer will only be communicated to persons to whom a financial promotion can be made lawfully by an unauthorised person (without prior approval of an authorised person) pursuant to the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "**Financial Promotion Order**"). Accordingly, the communication of this Draft Letter of Offer and the Letter of Offer is being made by or on behalf of the Investment Manager only to and directed only at:

(A) where the communication is received within the United Kingdom, to persons who are professional investors (as defined in regulation 2 of the AIFMD UK Regulation) and who:

   (i) receive the communication at a time when the Units can be marketed lawfully in the UK in accordance with the conditions specified in Article 29 of the FPO; or
   (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Promotion Order, or
   (iii) fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, or
   (iv) fall within another category of person to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated;

or

(B) persons outside the United Kingdom.

This Draft Letter of Offer and the Letter of Offer and its contents are directed only at such persons and in such circumstances as set out above, and must not be acted on or relied on by persons except by such persons and in such circumstances as set out above. Any investment or investment activity to which this Draft Letter of Offer and the Letter of Offer relates is available to, and will be engaged in only with, such persons and in such circumstance. Since this Trust is not a recognized collective investment scheme under the FSMA, investors in Units will not benefit from certain rules and regulations made under the FSMA for the protection of retail investors, nor from the financial services compensation scheme in the United Kingdom.

THE CONTENT OF THIS DRAFT LETTTER OF OFFER AND THE LETTER OF OFFER HAVE NOTE AND WILL NOT BEEN APPROVED BY AN AUTHORISED PERSON WITHIN THE MEANING OF THE FSMA. RELIANCE ON THIS PROMOTION FOR THE PURPOSE OF ENGAGING IN ANY INVESTMENT ACTIVITY MAY EXPOSE AN INDIVIDUAL TO A SIGNIFICANT RISK OF LOSING ALL OF THE PROPERTY OR OTHER ASSETS INVESTED.

Prohibition of Sales to United Kingdom Retail Investors

The Units are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client who is defined in point (8) of Article 2(1) of Commission Delegated Regulation (EU) 2017/565, as it forms part of the laws of the UK by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the FSMA, and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in regulation 2 of the UK AIFMR or (iii) not a qualified investor. Consequently, no key information document required by Regulation (EU) No 1286/2014, as it forms part of the laws of the United Kingdom by virtue of the EUWA (the "UK PRIIPs Regulation"), for offering or selling the Units or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Units or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

UK Prospectus Exemption

This Draft Letter of Offer and the Letter of Offer haave been prepared on the basis that any offer of the Units in the United Kingdom will be made pursuant to an exemption under section 86 of the FSMA and the UK Prospectus Regulation from the requirement to publish a prospectus for offers of Units. Accordingly, any person making or intending to make an offer in the UK of Units which are the subject of the offering contemplated in the Letter of Offer may only do so to legal entities which are qualified investors as defined in Article 2 of the UK Prospectus Regulation, provided that no such offer of Units shall require IndiGrid, the Investment Manager, the Sponsors or the Lead Manager to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation, in each case in relation to such offer. None of IndiGrid or the Lead Manager has authorized, nor do they authorize, the making of any offer of the Units through any financial intermediary, other than the offers made by the Lead Manager which constitute the final placement of the Units contemplated in the Letter of Offer. This Draft Letter of Offer and the Letter of Offer are not a prospectus for the purpose of the UK Prospectus Regulation

Deemed Representation of UK Investors

Each person in the United Kingdom who receives any communication in respect of, or who acquires any Units will be deemed to have represented, warranted, acknowledged and agreed to and with each agreed to and with IndiGrid, the Investment Manager, the Sponsors and the Lead Manager that it and any person on whose behalf it acquires Units is (1) a professional investor (2) a qualified investor and (3) not a retail investor.

Notice to Investors in certain other jurisdictions

The distribution of this Draft Letter of Offer and the Letter of Offer and the issue of the Units in certain jurisdictions may be restricted by law. As such, this Draft Letter of Offer and the Letter of Offer do not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by the Investment Manager or the Lead Manager which would permit an Issue of the Units or distribution of this Draft Letter of Offer and the Letter of Offer in any jurisdiction, other than India. Accordingly, the Units may not be offered or sold, directly or indirectly, and neither this Draft Letter of Offer and the Letter of Offer nor any Issue materials in connection with the Units may be distributed or published in or from any country or jurisdiction that would require registration of the Units in such country or jurisdiction.

PRESENTATION OF FINANCIAL DATA AND OTHER INFORMATION

Certain Conventions

In this Draft Letter of Offer, unless otherwise specified or context otherwise requires, references to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to 'India' are to the Republic of India and its territories and possessions and the references herein to 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

Unless stated otherwise, all references to page numbers in this Draft Letter of Offer are to the page numbers of this Draft Letter of Offer.

Financial Data

Unless the context requires otherwise, the financial information in this Draft Letter of Offer in relation to IndiGrid, is derived from the audited Ind AS consolidated financial statements of IGT together with its subsidiaries at the end of various periods relating to fiscals 2020, 2019, 2018 prepared in accordance with the Companies Act and the InvIT Regulations. The financial information in relation to IndiGrid is also derived from the Unaudited Interim Condensed Consolidated Ind AS Financial Statements for the nine-month period ended December 31, 2020, prepared as per the requirements of Ind AS 34 and also in accordance with the Companies Act and the InvIT Regulations. The financial information for the nine-month period ended December 31, 2019 has been derived from the comparatives presented in the Unaudited Interim Condensed Consolidated Ind AS Financial Statements for the nine-month period ended December 31, 2020.The Proforma Financial Information has been prepared in accordance with the principles of "Guide to Reporting on Proforma Financial Statements" issued by ICAI and as required by the SEBI Rights Issue Guidelines, to reflect the material acquisition of an asset (PrKTCL) by the Trust after December 31, 2020. For the purpose of the proforma balance sheet as at March 31, 2020, it is assumed that PrKTCL has been acquired as at March 31, 2020 and for the proforma balance sheet as at December 31, 2020, it is assumed that PrKTCL has been acquired as at December 31, 2020. Similarly, and for the purpose of proforma statement of profit and loss for the year ended March 31, 2020, it is assumed that PrKTCL has been acquired at the beginning of the year and for the purpose of the proforma statement of profit and loss for the nine-month period ended December 31, 2020, it is assumed that PrKTCL has been acquired at the beginning of the period.

The Unaudited Interim Condensed Consolidated Ind AS Financial Statements for nine month period ended December 31 2020, is not indicative of the full year results of IndiGrid and is not comparable with the annual consolidated financial statements of IndiGrid presented for the year ended March 31, 2020.

Further, this Draft Letter of Offer includes summary financial statements of (i) the KKR Sponsor as of, and for the calendar year ended December 31, 2020 and the calendar year ended December 31, 2019, prepared in accordance with IFRS, derived respectively from the financial statements of the KKR Sponsor as of such date and such period, prepared in accordance with IFRS, (ii) the Sterlite Sponsor, on a consolidated basis, as of, and for the financial years ended, March 31, 2020, and March 31, 2019, derived respectively from the consolidated financial statements of the Sterlite Sponsor as of such dates and such periods, prepared in accordance with IndAS and the Companies Act. The consolidated financial statements of the Sterlite Sponsor for the year ended March 31, 2018 have been restated while preparing the consolidated financial statements for the year ended March 31, 2019 and accordingly, the financial information for financial year ended March 31, 2018 has been derived from the comparative financial information as available in the financial statements of March 31, 2019, prepared in accordance with Ind AS and the Companies Act, and (iii) Investment Manager, on a standalone basis as of, and for the financial years ended, March 31, 2020, March 31, 2019 and March 31, 2018, derived from the standalone financial statements of the Investment Manager as of such dates and such periods, which were prepared in accordance with Ind AS and the Companies Act. The Draft Letter of Offer also includes financial statements of the Target Asset for the fiscals 2020, 2018 and 2019 and the financial statements of PrKTCL for fiscal 2020 and the nine-month period ended December 31, 2020. For further details, please see the sections entitled "*Summary Financial Information of the KKR Sponsor*", "*Summary Financial Information of the Sterlite Sponsor*", "*Summary Financial Information of the Investment Manager*" and "*Financial Statements*" on pages 34, 38, 45 and 306, respectively.

The degree to which the financial information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, Ind AS, Indian GAAP, IFRS and the InvIT Regulations. Any reliance by persons not familiar with Indian accounting policies and practices and/or IFRS on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

The financial year for IndiGrid, the Sterlite Sponsor, the Project Manager and the Investment Manager commences on April 1 and ends on March 31 of the next year and accordingly, all references to a particular financial or fiscal year for each of IndiGrid, the Sterlite Sponsor, the Project Manager and the Investment Manager, unless stated otherwise, are to the 12 months ended on March 31 of that year. The financial year for the KKR Sponsor commences on January 1 and ends on December 31 of that year and accordingly, all references to a particular financial year or fiscal year for the KKR Sponsor, unless stated otherwise, are to the calendar year ended December 31.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals and all percentage figures have been rounded off to two decimal places. Certain other operational data, including route length of transmission lines in ckms and the number of years under the term of a TSA, have been rounded off to whole numbers.

Currency and Units of Presentation

All references to:

- "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India; and

- "USD" or "US$" are to United States Dollar, the official currency of the United States.

Except otherwise specified, certain numerical information in this Draft Letter of Offer have been presented in "million" units. One million represents 1,000,000 and one billion represents 1,000,000,000.

Unless the context requires otherwise, any percentage amounts, as set forth in this Draft Letter of Offer, have been derived from the summary financial statements of the Sponsors on a consolidated basis and the Investment Manager on a standalone basis, as applicable, the Consolidated Financial Statements of the InvIT for the fiscals 2020, 2019 and 2018 and unaudited interim condensed Ind AS consolidated financial statement for nine month ended December 31, 2020. The financial information for the nine-month period ended December 31, 2019 has been derived from the comparatives presented in the Unaudited Interim Condensed Consolidated Ind AS Financial Statements for the nine-month period ended December 31, 2020. The limited review report on the Unaudited Interim Condensed standalone Ind AS Financial Statements of the Trust for nine months ended December 31, 2019, in other matters indicated that the figures for the corresponding nine months period ended December 31, 2018 have been prepared solely based on the information compiled by the management.

Exchange Rates

This Draft Letter of Offer contains conversion of certain other currency amounts into Indian Rupees. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

The following table provides, for the dates indicated, information with respect to the exchange rate between the Rupee and the US$ (in Rupees per US$):

Currency	December 31, 2020	March 31, 2020	March 31, 2019	March 31, 2018
1 US$	73.05	75.39	69.17	65.04

Source: www.rbi.org.in and www.fbil.org.in
In the event that March 31 of any of the respective years is a public holiday, the previous calendar day not being a public holiday has been considered.

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Letter of Offer has been obtained or derived from the report entitled "Market Assessment of Indian Power Transmission Sector" issued by CRISIL Research (the "**CRISIL Report**"), publicly available information as well as industry publications and other sources. For details, please see the section entitled "*Industry Overview*" on page 136.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents and from various sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be based on such information. Although the Investment Manager and the Sponsors believe that the industry and market data used in this Draft Letter of Offer is reliable, it has not been independently verified by the Investment Manager, the Sponsors, the Trustee or the Lead Manager, or any of their affiliates or advisors. The data from these sources may have been re-classified by us in certain cases for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in the section entitled "*Risk Factors*" on page 56. Accordingly, investment decisions should not be based on undue reliance on such information.

The extent to which the market and industry data used in this Draft Letter of Offer is meaningful, depends on the readers' familiarity with, and understanding of, the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of IndiGrid is conducted, and methodologies and assumptions may vary widely among different industry sources.

Disclaimer of CRISIL Limited

Please see below the disclaimer of CRISIL Limited:

"CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have

the necessary permission and/or registration to carry out its business activities in this regard. IndiGrid Investment Managers Limited (formerly, Sterlite Investment Managers Limited) will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval."

NON-GAAP MEASURES EBITDA

(Earnings before interest, taxes, depreciation, and amortization) and EBITDA as a percentage of total income (together, "Non-GAAP Measures"), presented in this Letter of Offer is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with Ind AS. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS. Other organizations may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, we believe that they are useful to an investor in evaluating us as they are widely used measures to evaluate an organization's operating performance.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Draft Letter of Offer that are not statements of historical fact constitute "forward-looking statements". Bidders can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "can", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "propose", "project", "pursue", "seek to", "shall", "should", "will", "would", or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of IndiGrid are also forward-looking statements and accordingly, should be read together with such assumptions and notes thereto. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding IndiGrid's expected financial condition, results of operations and cash flows, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to IndiGrid's business strategy, planned projects, acquisition or investment revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Draft Letter of Offer that are not historical facts.

The Valuation Report included in this Draft Letter of Offer, is based on certain projections and accordingly, should be read together with assumptions and notes thereto. For further details, please see the "*Valuation Report*" attached as Annexure A.

Actual results may differ materially from those suggested by the forward-looking statements due to certain known or unknown risks or uncertainties associated with the Investment Manager's expectations with respect to, but not limited to, the actual growth in the power transmission sector, the Investment Manager's ability to successfully implement the strategy, growth and expansion plans, cash flow projections, the outcome of any legal, regulatory or tax changes, the future impact of new accounting standards, regulatory changes pertaining to the power transmission sector in India and our ability to respond to them, and general economic and political conditions in India which have an impact on our business activities or investments, changes in competition and the Project Manager's ability to operate and maintain the Portfolio Assets and successfully implement any technological changes. By their nature, certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated.

Factors that could cause actual results, performance or achievements of IndiGrid to differ materially include, but are not limited to, those discussed in the sections entitled "*Risk Factors*", "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Factors by the Directors of the Investment Manager affecting the Financial Condition, Results of Operations and Cash Flows*", on pages 56, 136, 176 and 226, respectively. Some of the factors that could cause IndiGrid's actual results, performance or achievements to differ materially from those in the forward-looking statements and financial information include, but are not limited to, the following:

- We may be unable to operate and maintain our power transmission projects to achieve the prescribed availability.
- We may lose tariff revenues or fail to receive payments and incur significant repair and replacement costs in the event our power transmission projects or Proposed Solar Projects are rendered inoperable due to force majeure events.
- Most of our revenues are derived from tariff payments received from LTTCs and a delay in payments of PoC charges to the CTU by users and customers may adversely affect our cash flows and results of operations. Further, our customers in relation to our Proposed Solar Projects may not be able to fulfil their contractual obligations as a result of their poor financial health or for other reasons, which may have an adverse effect on our business, cash flows, financial condition, results of operations and prospects.
- As the terms and conditions, including the tariff structure under our TSAs are generally fixed, we may not be able to offset increases in costs, including operation and maintenance costs, solely from tariffs payable to us under the TSAs;
- We intend to acquire the Target Asset with the proceeds of this Issue and any failure to acquire this asset could have a material adverse effect on our business, financial condition and results of operations.
- We may be unable to operate and maintain the Proposed Solar Projects that we propose to acquire in a satisfactory manner or at all;
- The acquisition of the Target Asset and other future acquisitions may expose us to risks and have an adverse impact on our operations;
- The ability of our Project Manager to ensure that our power transmission systems and Proposed Solar Projects are fully operational at all times may be subject to the limitations of the power grid, existing equipment or operational risks outside of their control.
- We may not be able to make distributions to our Unitholders comparable to our Unitholders' estimated or anticipated distributions or the level of distributions may fall; and
- Any changes to current tariff policies or modifications of tariffs standards by regulatory authorities could have a

material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Forward-looking statements reflect current views as of the date of this Draft Letter of Offer and are not a guarantee of future performance or returns to Bidders. These statements are based on certain beliefs and assumptions, which in turn are based on currently available information. Although the Sponsors and Investment Manager believe that the expectations and the assumptions upon which such forward-looking statements are based, are reasonable at this time, they cannot assure Bidders that such expectations will prove to be correct or accurate. In any event, these statements speak only as of the date of this Draft Letter of Offer or the respective dates indicated in this Draft Letter of Offer and none of the Investment Manager, the Sponsors or the Lead Manager undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of the underlying assumptions prove to be incorrect, the actual results of operations or financial condition of IndiGrid could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to IndiGrid, the Investment Manager or the Sponsors are expressly qualified in their entirety by reference to these cautionary statements.

THE ISSUE

The following is a general summary of the terms of this Issue which is in compliance with InvIT Regulations and the SEBI Rights Issue Guidelines. This summary should be read in conjunction with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Draft Letter of Offer:

Issue	Issue of up to [●] units of IndiGrid aggregating to approximately ₹ 15,000 million*
Issue Price	₹ [●]
Issue Opening Date	[●]
Issue Closing Date	[●]
Rights Entitlements**	[●] Lot for every [●] Lots held on the Record Date
Sponsors	Esoteric II Pte. Ltd. and Sterlite Power Transmission Limited, severally# *#The National Company Law Tribunal at Mumbai, by its order dated May 22, 2020, approved the scheme of amalgamation between SPGVL, SPTL and their respective shareholders and the effective date of such Scheme is November 15, 2020. SPTL is one of the Sponsors of IndiGrid with effect from November 15, 2020.*
Trustee	Axis Trustee Services Limited
Investment Manager	IndiGrid Investment Managers Limited (formerly, Sterlite Investment Managers Limited)
Project Manager	For all Portfolio Assets (other than JKTPL and PrKTCL), Sterlite Power Transmission Limited# For JKTPL and PrKTCL, IndiGrid Limited *#The National Company Law Tribunal at Mumbai, by its order dated May 22, 2020, approved the scheme of amalgamation between SPGVL, SPTL and their respective shareholders and the effective date of such Scheme is November 15, 2020. SPTL is one of the Sponsors of IndiGrid with effect from November 15, 2020.*
Authority for this Issue	This Issue was authorised, and approved by the board of directors of the Investment Manager on January 22, 2021
Tenure of IndiGrid	IndiGrid shall remain in force perpetually until it is dissolved or terminated in accordance with the Amended and Restated Trust Deed. For details, please see the section entitled "*Parties to IndiGrid*" on page 96
Units issued and outstanding as of the date of the Draft Letter of Offer	583,483,081
Units issued and outstanding immediately after this Issue	[●]
Distribution	Please see the section entitled "*Distribution*" on page 224
Indian Taxation	Please see the section entitled "*Taxation*" on page 298
Listing	In-principle approvals for listing of the Units have been received from BSE and NSE on March [●], 2021 and March [●], 2021, respectively. The Investment Manager shall apply to the Stock Exchanges for the final listing and trading approvals, after the Allotment
Closing Date	The date on which Allotment of the Units pursuant to this Issue shall be made, being on or about [●]
Ranking	The Units being issued shall rank *pari passu* in all respects with the existing Units, including rights in respect of distribution from the date of Allotment. Please see the section entitled "*Rights of Unitholders*" on page 270
Lock-in and Rights of Unitholders	For details, please see the sections entitled "*Information Concerning the Units*" and "*Rights of Unitholders*" on pages 214 and 270, respectively
Risk Factors	Prior to making an investment decision, Bidders should consider carefully the matters discussed in the section entitled "*Risk Factors*" on page 56
ISIN	INE219X23014
ISIN for Rights Entitlements	[●]

* *The size of the Issue is the amount approved by the board of directors of the Investment Manager on January 22, 2021 and is subject to the final decision of the board of directors of the Investment Manager.*

** *For Units being offered on a rights basis under this Issue, if the Unitholding of any of the Eligible Unitholders is less than 1,701 Units or is not in multiples of 1,701 Units, the fractional entitlement of such Eligible Unitholders shall be ignored for computation of the Rights Entitlements. However, Eligible Unitholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Unit each if such Eligible Unitholder have applied for additional Units in the Issue, over and above their Rights Entitlements, as per the procedure mentioned in the section entitled "Issue Information" on page 273.*

The Units, upon Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

In accordance with the InvIT Regulations, no Unitholder shall enjoy superior voting or any other rights over another Unitholder. Further, there shall not be multiple classes of Units.

For further details in relation to this Issue, including the method of application, please see the section entitled "*Issue Information*" on page 273.

Use of Proceeds

Subject to compliance with applicable law, the Net Proceeds will be utilised, at the discretion of the Investment Manager and the Trustee, towards the following objects:

(i) Acquisition of 26% of the issued, subscribed and paid-up equity share capital of NER, either directly or indirectly from the Sterlite Sponsor;

(ii) Partial repayment of the outstanding external debt of OGPTL and GPTL and debt proposed to be availed by IndiGrid; and

(iii) General purposes.

For further details, please see the section entitled *"Use of Proceeds"* on page 216.

Intention and extent of participation by the Sponsors and its Associates

The KKR Sponsor by way of its letters dated [●], 2021 has confirmed that it and/or its respective Associates, to the extent applicable will fully subscribe to the extent of their Rights Entitlement in accordance with the SEBI Rights Issue Guidelines. Further, the KKR Sponsor will subscribe to any additional Units in the Issue in the event of under-subscription of the Issue, subject to applicable laws. The Sterlite Sponsor by way of its letter dated [●], 2021 has confirmed that it will fully subscribe to the extent of its Rights Entitlement in accordance with the SEBI Rights Issue Guidelines.

OVERVIEW OF INDIGRID

The following overview is qualified in its entirety by, and is subject to, the more detailed information contained in, or referred to elsewhere, in this Draft Letter of Offer. Statements contained in this summary that are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions that could cause actual results of IndiGrid to differ materially from those forecasted or projected in this Draft Letter of Offer. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction of the accuracy of the underlying assumptions by IndiGrid, the Parties to IndiGrid or the Lead Manager or any other person or that these results will be achieved or are likely to be achieved. Investment in Units involves risks. Bidders are advised not to rely solely on this overview and should read this Draft Letter of Offer in its entirety and, in particular, the section entitled "Risk Factors" on page 56.

Structure and description of IndiGrid

The Sterlite Sponsor settled IndiGrid on October 21, 2016, as an irrevocable trust, pursuant to the Original Trust Deed, under the provisions of the Indian Trusts Act, 1882. IndiGrid was registered with SEBI on November 28, 2016 as an infrastructure investment trust under Regulation 3(1) of the InvIT Regulations having registration number IN/InvIT/16-17/0005. The Sterlite Sponsor settled IndiGrid for an initial sum of ₹ 10,000.

For details of the registered office and contact person of the Sterlite Sponsor, please see the section entitled "*General Information*" on page 91.

Further, IIML has been appointed as the Investment Manager, and SPTL has been appointed as the Project Manager to IndiGrid for all Portfolio Assets (other than JKTPL and PrKTCL). IGL is the Project Manager for JKTPL and PrKTCL. For further details, please see the section entitled "*Parties to IndiGrid*" and "*Description of Portfolio Assets – IndiGrid Limited*" on pages 96 and 23.

Investment Objectives

In terms of the Amended and Restated Trust Deed, the investment objectives and strategy of IndiGrid is to make investments as an infrastructure investment trust as permissible in terms of the InvIT Regulations, in such special purpose vehicles or holding entities, infrastructure projects, schemes, arrangements or securities in India as permitted under the InvIT Regulations, charter documents of respective undertaking and other applicable laws. Further, the investment objectives and strategy of IndiGrid includes investment in power transmission and renewable energy generated through hydel, solar, wind, biomass, geothermal, tidal, wave and other renewable natural resources.

Any investment by IndiGrid shall only be in infrastructure special purpose vehicles or infrastructure projects or securities of Indian companies in accordance with the provisions of the InvIT Regulations and the investment strategy as detailed in the section entitled "*Our Business*" on page 176. Investments by IndiGrid shall be in compliance with the provisions of the InvIT Regulations.

As on the date of this Draft Letter of Offer, IndiGrid is not permitted to undertake any activity which is prohibited under the InvIT Regulations.

Subject to the restrictions prescribed under, and requirements of, applicable law, IndiGrid may not carry on any other principal activity.

Fee and expenses

Annual Expenses

The expenses in relation to IndiGrid, other than such expenses incurred in relation to operations of Portfolio Assets, broadly include fee payable to: (i) the Trustee; (ii) the Investment Manager; (iii) the Project Manager; (iv) the Auditor; (v) the Valuer; and (iv) other intermediaries, advisors and consultants.

Further, in relation to the fees payable to the Trustee, Investment Manager and Project Manager, please see below.

Fee to the Trustee

The Trustee is entitled to an annual fee of ₹ 2.00 million and any out of pocket expenses, exclusive of any taxes. The annual fee is subject to revision every two years from the date of the Amended and Restated Trust Deed, subject to a cap of 10%. The fee paid to the Trustee for the Fiscal 2020 amounted to ₹ 2.36 million.

Fee to the Investment Manager

The Investment Manager is entitled to a fee aggregating to 1.75% of the difference between revenue from operations and operating expenses (other than the fee of the Investment Manager) of each Portfolio Asset, per annum. For this purpose, the operating expenses do not include depreciation, finance cost and income tax expense. This fee is exclusive of all taxes. For each Financial Year, such fee shall be payable every three months, based on actuals, within a period of 15 days from the date of declaration of financial results by IndiGrid (being the period ended March 31, June 30, September 30 and December 31, respectively, of each financial year). The fee paid to the Investment Manager for Fiscal 2020 amounted to ₹ 238.79 million.

Fee to the Project Manager

The Project Manager for all Portfolio Assets (other than JKTPL and PrKTCL) is entitled to a fee amounting to 10% of the gross expenditure incurred by each Portfolio Asset (other than JKTPL and PrKTCL) in relation to operation and maintenance costs, per annum. IndiGrid, or any or all of the Portfolio Assets, as the case may be, shall bear any service tax and other applicable taxes payable on the fee and any other payments made to the Project Manager in terms of the Project Implementation and Management Agreement, provided that the Project Manager shall be liable to pay income tax on such fee and payments. For each Financial Year, the fee shall be payable every six months, based on actuals, within a period of 15 days from the date of declaration of financial results by IndiGrid (being the periods ending March 30 and September 30, respectively, of each financial year). The fee paid to the Project Manager for Fiscal 2020 amounted to ₹ 63.66 million. IGL, as the Project Manager for JKTPL and PrKTCL is entitled to a fee as specified in the IGL O&M Contract and the IGL Work Order, respectively. For further details, please see the section entitled "*Parties to the IndiGrid – Project Manager – IndiGrid Limited*" on page 122.

Issue Expenses

The total expenses of this Issue are estimated to be approximately ₹ [●]. For details in relation to the issue expenses for this Issue, please see the section entitled "*Use of Proceeds*" on page 216.

Details of credit ratings

IndiGrid has been assigned the 'CRISIL AAA/Stable' for the ₹ 5,000 million non-convertible debentures on July 1, 2019 and 'CRISIL PP-MLD AAAr/Stable' for the ₹ 2,000 million long term principal protected marked linked debentures on July 3, 2019. IndiGrid has been assigned 'CRISIL AAA/Stable' for the ₹ 14,000 million non-convertible debentures on May 29, 2019. IndiGrid has been assigned 'CRISIL PP-MLD AAAr/Stable' for the ₹ 1,750 million long term principal protected marked linked debentures on January 22, 2020 and March 12, 2020. Further, IndiGrid has been assigned 'CRISIL AAA/Stable' for the ₹ 3,500 million non-convertible debentures on June 4, 2020, while reaffirming its long-term rating 'CRISIL AAA/Stable' for the ₹ 1,150 million bank facilities June 4, 2020. IndiGrid has been assigned 'CRISIL AAA/Stable' for the ₹ 3,500 million non-convertible debentures on June 4, 2020, 'CRISIL AAA/Stable' for the ₹ 5,000 million non- convertible debentures on June 18, 2020 (and re-affirmed on August 28, 2020) and 'CRISIL AAA/Stable' for the ₹ 2,500 million non-convertible debentures on November 6, 2020.

Further, IndiGrid has been assigned a short-term rating of [ICRA]A1+ for its commercial paper programme by ICRA. India Ratings & Research Private Limited has assigned 'IND AAA/Stable' for the bank loan availed by IndiGrid, IND A1+ for the commercial papers of IndiGrid and has affirmed 'IND AAA/Stable' rating for each of the market-linked debentures, long-term senior debt, non-convertible debentures and bank loan of IndiGrid.

IndiGrid has been assigned Corporate Credit Rating 'CCR AAA/Stable' on May 29, 2019, while reaffirming its Corporate Credit Rating as 'CCR AAA/Stable' by CRISIL on April 16, 2020, assigned 'Provisional IND AAA/Stable' to market linked debentures and reaffirmed 'IND AAA/Stable' for non-convertible debentures and bank loan by India Ratings on April 3, 2020 and reaffirmed '[ICRA] AAA (Stable)' by ICRA on April 27, 2020, the rationale for which will be available on their respective websites.

DESCRIPTION OF PORTFOLIO ASSETS

Details of Portfolio Assets

IndiGrid's assets comprise (i) BDTCL, JTCL, MTL, RTCL and PKTCL, which are held by IGL and PTCL, which is held by IndiGrid; (ii) ENICL, which was acquired from the Sterlite Sponsor; (iii) GPTL, which was acquired from SGL4; (iv) JKTPL, which was acquired from Kalpataru Power Transmission Limited and Techno Electric and Engineering Company Limited; (v) NTL and OGPTL, which are held by IGL1 and IGL2, respectively; and (vi) PrKTCL, which was acquired from Reliance Infrastructure Limited. The details of the Portfolio Assets are provided below:

1. ***IndiGrid Limited (formerly, Sterlite Grid 1 Limited)***

IGL was incorporated on March 30, 2010 under the Companies Act, 1956. The name of Sterlite Grid 1 Limited was changed to IndiGrid Limited and a new certificate of incorporation was issued by the Registrar of Companies, Maharashtra at Pune on June 22, 2020. Its registered office is situated at Unit No. 101, First Floor, Windsor, Village KoleKalyan, off CST Road, Vidyanagari Marg, Kalina, Santacruz East, Mumbai 400 098.

Capital structure of IGL

Particulars	Number of equity shares of ₹ 10 each on a pre-Issue and post-Issue basis as on December 31, 2020	Number of preference shares of ₹ 10 each on a pre-Issue and post-Issue basis as on December 31, 2020
Authorised capital	17,673,250	27,066,750
Issued, subscribed and paid-up capital	17,673,250	27,062,475

Pursuant to the Securities Purchase Agreement, IndiGrid holds 100% of the issued, subscribed and paid-up share capital of IGL as on the date of this Draft Letter of Offer.

2. ***Bhopal Dhule Transmission Company Limited***

BDTCL was incorporated on September 8, 2009 under the Companies Act, 1956 as a special purpose vehicle. Its registered office is situated at F-1, The Mira Corporate Suites, 1 & 2 Ishwar Nagar, Mathura Road, New Delhi 110 065.

Capital structure of BDTCL

Particulars	Number of equity shares of ₹ 10 each on a pre-Issue and post-Issue basis as on December 31, 2020
Authorised capital	2,000,000
Issued, subscribed and paid-up capital	600,000*

**51% of the equity shares of BDTCL have been pledged by IGL in favour of lenders of BDTCL and shall continue to be pledged in favour of SBICAP Trustee Limited and in relation to the NCDs issued and ECBs availed by BDTCL.*

Pursuant to the Securities Purchase Agreement, IndiGrid indirectly holds 100% of the issued, subscribed and paid-up share capital of BDTCL as on the date of this Draft Letter of Offer.

3. ***Jabalpur Transmission Company Limited***

JTCL was incorporated on September 8, 2009 under the Companies Act, 1956 as a special purpose vehicle. Its registered office is situated at F-1, The Mira Corporate Suites, 1 & 2 Ishwar Nagar, Mathura Road, New Delhi 110 065.

Capital structure of JTCL

Particulars	Number of equity shares of ₹ 10 each on a pre-Issue and post-Issue basis as on December 31, 2020
Authorised capital	2,000,000
Issued, subscribed and paid-up capital	550,000*

**76% of the equity shares of JTCL have been pledged by IGL in favour of lenders of IndiGrid.*

Pursuant to the Securities Purchase Agreement, IndiGrid indirectly holds 100% of the issued, subscribed and paid-up share capital of JTCL as on the date of this Draft Letter of Offer.

4. ***Maheshwaram Transmission Limited***

MTL was incorporated on August 14, 2014 under the Companies Act, 2013. Its registered office is situated at F-1, The Mira Corporate Suites, 1 & 2 Ishwar Nagar, Mathura Road, New Delhi 110 065.

Capital structure of MTL

Particulars	Number of equity shares of ₹ 10 each on a pre-Issue and post-Issue basis as on December 31, 2020
Authorised capital	1,000,000
Issued, subscribed and paid-up capital	470,000*

** 51% of the equity shares of MTL have been pledged by IGL2 in favour of lenders of IndiGrid.*

Pursuant to the MTL Share Purchase Agreement, IndiGrid indirectly holds 100% of the issued, subscribed and paid-up share capital of MTL as on the date of this Draft Letter of Offer.

5. ***RAPP Transmission Company Limited***

RTCL was incorporated on December 20, 2012 under the Companies Act, 1956. Its registered office is F-1, The Mira Corporate Suites, 1 & 2 Ishwar Nagar, Mathura Road, New Delhi 110 065.

Capital structure of RTCL

Particulars	Number of equity shares of ₹ 10 each on a pre-Issue and post-Issue basis as on December 31, 2020
Authorised capital	5,000,000
Issued, subscribed and paid-up capital	4,771,110*

** 51% of the equity shares of RTCL have been pledged by IGL in favour of lenders of IndiGrid and 26% of the equity shares of RTCL have been pledged by IGL1 in favour of the lenders of IndiGrid.*

Pursuant to the RTCL Share Purchase Agreement, IndiGrid indirectly holds 100% of the issued, subscribed and paid-up share capital of RTCL as on the date of this Draft Letter of Offer.

6. ***Purulia & Kharagpur Transmission Company Limited***

PKTCL was incorporated on December 15, 2012 under the Companies Act, 1956. Its registered office is situated at F-1, The Mira Corporate Suites, 1 & 2 Ishwar Nagar, Mathura Road, New Delhi 110 065.

Capital structure of PKTCL

Particulars	Number of equity shares of ₹ each on a pre-Issue and post-Issue basis as on December 31, 2020
Authorised capital	7,000,000
Issued, subscribed and paid-up capital	6,754,300*

** 51% of the equity shares of PKTCL have been pledged by IGL in favour of lenders of IndiGrid.*

Pursuant to the PKTCL Share Purchase Agreement, IndiGrid indirectly holds 100% of the issued, subscribed and paid-up share capital of PKTCL as on the date of this Draft Letter of Offer.

7. ***Patran Transmission Company Limited***

PTCL was incorporated on December 19, 2012 under the Companies Act, 1956. Its registered office is situated at F-1, The Mira Corporate Suites, 1 & 2 Ishwar Nagar, Mathura Road, New Delhi 110 065.

Capital structure of PTCL

Particulars	Number of equity shares of ₹ 10 each on a pre-Issue and post-Issue basis as on December 31, 2020
Authorised capital	50,000,000
Issued, subscribed and paid-up capital	50,000,000*

** 73% of the equity shares of PTCL have been pledged by IndiGrid in favour of lenders of IndiGrid.*

Pursuant to the PTCL Share Purchase Agreement, IndiGrid directly holds 74% of the issued, subscribed and paid-up share capital of PTCL (with 100% economic ownership), as on the date of this Draft Letter of Offer.

8. ***East – North Interconnection Company Limited***

ENICL was incorporated on February 1, 2007 under the Companies Act, 1956. Its registered office is situated at F-1, The Mira Corporate Suites, 1 & 2 Ishwar Nagar, Mathura Road, New Delhi 110 065.

Capital structure of ENICL

Particulars	Number of equity shares of ₹ 10 each on a pre-Issue and post-Issue basis as on December 31, 2020	Number of preference shares of ₹ 10 each on a pre-Issue and post-Issue basis as on December 31, 2020
Authorised capital	1,050,000	1,000,000

Particulars	Number of equity shares of ₹ 10 each on a pre-Issue and post-Issue basis as on December 31, 2020	Number of preference shares of ₹ 10 each on a pre-Issue and post-Issue basis as on December 31, 2020
Issued, subscribed and paid-up capital	1,050,000*	NIL

**51% of the equity shares of ENICL have been pledged by IndiGrid in favour of lenders of ENICL for the term loan facility availed by ENICL.*

Pursuant to the ENICL Share Purchase Agreement, IndiGrid holds 100% of the issued, subscribed and paid-up share capital of ENICL as on the date of this Draft Letter of Offer.

9. ***Gurgaon – Palwal Transmission Limited***

GPTL was incorporated on October 26, 2015 under the Companies Act, 2013. Its registered office is situated at F-1, The Mira Corporate Suites, 1 & 2 Ishwar Nagar, Mathura Road, New Delhi 110 065.

Capital structure of GPTL

Particulars	Number of equity shares of ₹ 10 each on a pre-Issue and post-Issue basis as on December 31, 2020
Authorised capital	800,000
Issued, subscribed and paid-up capital	688,600*

**In respect of lenders of GPTL, 48.91% of the equity shares of GPTL held by IndiGrid have been pledged by IndiGrid and 2.09% of the equity shares of GPTL have been pledged by SGL4 in favour of such lenders of GPTL for the term loan facility availed by GPTL.*.

Pursuant to the GPTL Share Purchase Agreement, IndiGrid holds 49% of the issued, subscribed and paid-up share capital (with 100% economic ownership) of GPTL as on the date of this Draft Letter of Offer.

10. ***Jhajjar KT Transco Private Limited***

JKTPL was incorporated on May 19, 2010 under the Companies Act, 1956. Its registered office is situated at 101, Part III, GIDC Estate, Sector 28, Gandhinagar 382 028, Gujarat.

Capital structure of JKTPL

Particulars	Number of equity shares of ₹ 10 each on a pre-Issue and post-Issue basis as on December 31, 2020
Authorised capital	23,000,000
Issued, subscribed and paid-up capital	22,657,143*

**99% of the equity shares of JKTPL have been pledged by IndiGrid in favour of lenders of IndiGrid.*

Pursuant to the JKTPL Share Purchase Agreement, IndiGrid holds 100% of the issued, subscribed and paid-up share capital of JKTPL as on the date of this Draft Letter of Offer. In terms of the JKTPL Share Purchase Agreement, 74% of the issued, subscribed and paid-up share capital of JKTPL was acquired in September, 2020 and the remaining 26% of the issued, subscribed and paid-up share capital of JKTPL was acquired in October, 2020.

11. ***IndiGrid1 Limited (formerly, Sterlite Grid 2 Limited)***

IGL1 was incorporated on May 11, 2005 under the Companies Act, 1956. The name of Sterlite Grid 2 Limited was changed to IndiGrid 1 Limited and a new certificate of incorporation was issued by the Registrar of Companies, Maharashtra at Mumbai on July 31, 2020. Its registered office is situated at Unit No. 101, First Floor, Windsor, Village KoleKalyan, off CST Road, Vidyanagari Marg, Kalina, Santacruz East, Mumbai 400 098.

Capital structure of IGL1

Particulars	Number of equity shares of ₹ 10 each on a pre-Issue and post-Issue basis as on December 31, 2020
Authorised capital	90,000,000
Issued, subscribed and paid-up capital	87,300,000*

**99% of the equity shares of IGL1 have been pledged by IndiGrid in favour of lenders of IndiGrid.*

Pursuant to the 2019 Securities Purchase Agreement, IndiGrid holds 100% of the issued, subscribed and paid-up share capital of IGL1 as on the date of this Draft Letter of Offer.

12. ***NRSS XXIX Transmission Limited***

NTL was incorporated on July 29, 2013 under the Companies Act, 2013. Its registered office is situated at F-1, The Mira Corporate Suites, 1 & 2 Ishwar Nagar, Mathura Road, New Delhi 110 065.

Capital structure of NTL

Particulars	Number of equity shares of ₹ 10 each on a pre-Issue and post-Issue basis as on December 31, 2020
Authorised capital	25,000,000
Issued, subscribed and paid-up capital	21,387,144*

**99% of the equity shares of NTL have been pledged by IGL1 in favour of lenders of IndiGrid.*

Pursuant to the NTL Share Purchase Agreement, IndiGrid indirectly holds 100% of the issued, subscribed and paid-up share capital of BDTCL as on the date of this Draft Letter of Offer.

13. ***IndiGrid2 Limited (formerly, Sterlite Grid 3 Limited)***

IGL2 was originally incorporated on August 14, 2014 under the Companies Act, 2013 as Sterlite Grid 3 Limited. Subsequently, the name of Sterlite Grid 3 Limited was changed to IndiGrid 2 Limited and a new certificate of incorporation was issued by the Registrar of Companies, Maharashtra at Mumbai on July 31, 2020. Its registered office is situated at Unit No. 101, First Floor, Windsor, Village KoleKalyan, off CST Road, Vidyanagari Marg, Kalina, Santacruz East, Mumbai 400 098.

Capital structure of IGL2

Particulars	Number of equity shares of ₹ 10 each on a pre-Issue and post-Issue basis as on December 31, 2020
Authorised capital	26,050,000
Issued, subscribed and paid-up capital	26,050,000

Pursuant to the 2019 Securities Purchase Agreement, IndiGrid holds 100% of the issued, subscribed and paid-up share capital of IGL2 as on the date of this Draft Letter of Offer.

14. ***Odisha Generation Phase - II Transmission Limited***

OGPTL was incorporated on April 17, 2015 under the Companies Act, 2013. Its registered office is situated at F-1, The Mira Corporate Suites, 1 & 2 Ishwar Nagar, Mathura Road, New Delhi 110 065.

Capital structure of OGPTL

Particulars	Number of equity shares of ₹ 10 each on a pre-Issue and post-Issue basis as on December 31, 2020
Authorised capital	1,500,000*
Issued, subscribed and paid-up capital	1,403,510#

**The authorised share capital of OGPTL was increased on July 25, 2018 from ₹ 13,200,000 divided into 1,320,000 equity shares of ₹ 10 each to ₹ 15,000,000 divided into 1,500,000 equity shares of ₹ 10 each.*

#30% of the equity shares of OGPTL have been pledged by IGL2 in favour of lenders of OGPTL for the term loan facility availed by OGPTL.

#NDU is given to the extent of 21% of the equity shares of OGPTL by IGL2 in favour of lenders of OGPTL for the term loan facility availed by OGPTL.

Pursuant to the OGPTL Share Purchase Agreement, IndiGrid indirectly holds 100% of the issued, subscribed and paid-up share capital of OGPTL as on the date of this Draft Letter of Offer.

15. ***Parbati Koldam Transmission Company Limited***

PrKTCL was originally incorporated as Bina Dehgam Transmission Company Limited on September 2, 2002 under the Companies Act, 1956. Subsequently, its name was changed from Bina Dehgam Transmission Company Limited to Parbati Koldam Transmission Company Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, National Capital Territory of Delhi & Haryana at New Delhi on December 13, 2005. Further, the Registrar of Companies, National Capital Territory of Delhi & Haryana at New Delhi issued a certificate for commencement of business on May 14, 2008. Subsequently, PrKTCL amended its Memorandum of Association by way of a special resolution dated September 6, 2016 and changed the place of its registered office from the state of Delhi to Haryana. The Regional Director by way of its order dated October 23, 2017 confirmed the change in the state of the registered office. Consequently, the Registrar of Companies at Delhi issued a certificate of registration of the order of the Regional Director dated October 23, 2017 on November 13, 2017. Its registered office is situated at 5th Floor, FF-1A JMD Galleria, Sector 48, Sohna Road, Gurgaon, Haryana 122 018.

Capital structure of PrKTCL

Particulars	Number of equity shares of ₹ 10 each on a pre-Issue and post-Issue basis as on December 31, 2020
Authorised capital	331,000,000
Issued, subscribed and paid-up capital	272,837,000*

**51% of the equity shares of PrKTCL have been pledged by IndiGrid in favour of lenders of PrKTCL.*

Pursuant to the PrKTCL Share Purchase Agreement, IndiGrid holds 74% of the issued, subscribed and paid-up share capital of PrKTCL as on the date of this Draft Letter of Offer.

Except as disclosed in the section entitled "*Our Business - Insurance*", the Trustee confirms that adequate insurance for the Portfolio Assets has been obtained. For further details in relation to the Portfolio Assets, please see the section entitled "*Our Business*" on page 176.

IndiGrid, acting through the Trustee, proposes to utilize the Issue Proceeds for, amongst others, (i) acquiring 26% of the issued, subscribed and paid-up equity share capital of NER, either directly or indirectly from the Sterlite Sponsor; and (ii) partially repaying the outstanding external debt of OGPTL, and GPTL and debt proposed to be availed by IndiGrid. For further details, please see the section entitled "*Use of Proceeds*" on page 216. Details of NER are provided below.

16. ***NER – II Transmission Limited***

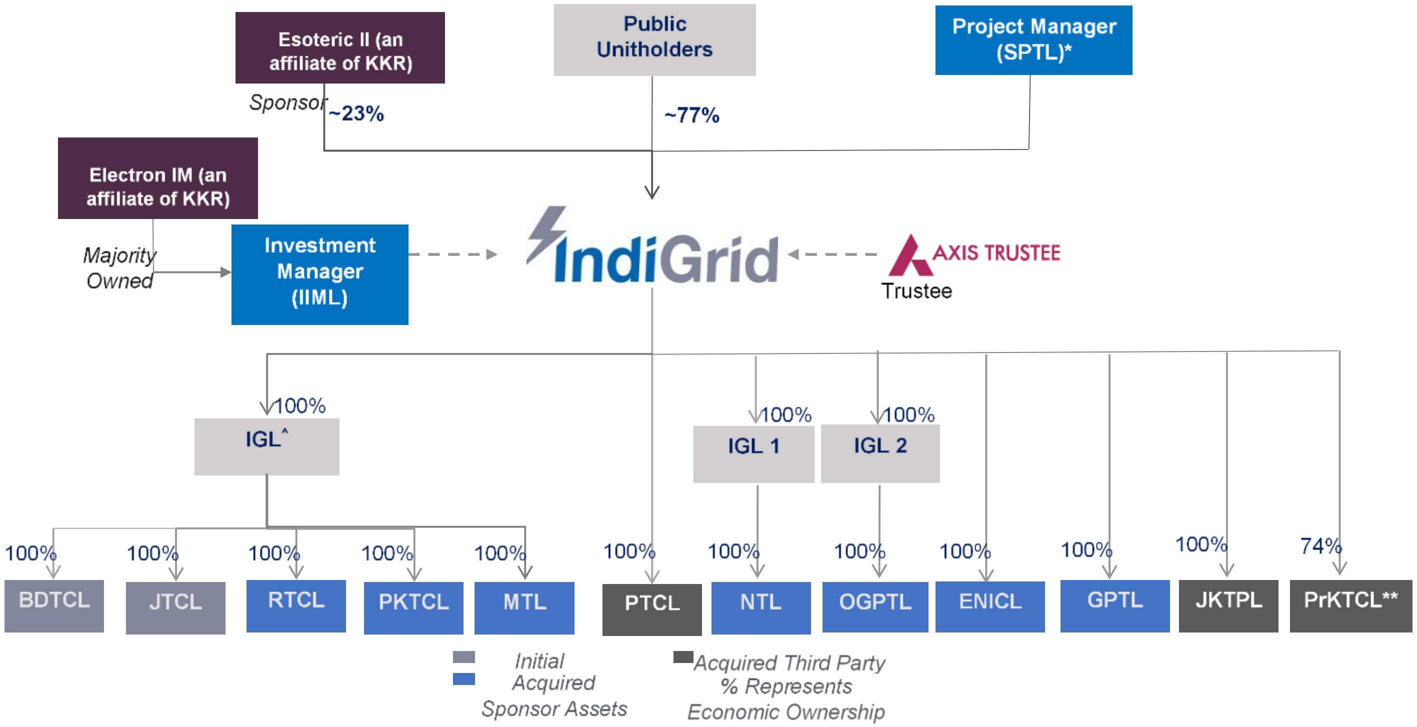
NER was incorporated on April 21, 2015 under the Companies Act, 2013. Its registered office is situated at F-1,The Mira Corporate Suites, 1 & 2 Ishwar Nagar, Mathura Road, New Delhi 110 065 .

Capital structure of NER

Particulars	Number of equity shares of ₹ 10 each on a pre-Issue and post-Issue basis as on December 31, 2020
Authorised capital	3,000,000
Issued, subscribed and paid-up capital	2,322,420

Structure of IndiGrid

The following structure chart illustrates the relationship between IndiGrid, the Trustee, the Sponsors, the Investment Manager, the Project Manager and the Unitholders as on the date of this Draft Letter of Offer:



IGL= IndiGrid Limited,, IGL1 = IndiGrid 1 Limited , IGL2 = IndiGrid 2 Limited, BDTCL = Bhopal Dhule Transmission Company Limited, JTCL = Jabalpur Transmission Company Limited, RTCL = RAPP Transmission Company Limited, PKTCL = Purulia & Kharagpur Transmission Company Limited, MTL = Maheshwaram Transmission Limited, PTCL = Patran Transmission Company Limited, NTL = NRSS XXIX Transmission Limited, OGPTL = Odisha Generation Phase II Transmission Limited, ENICL = East-North Interconnection Company Limited , GPTL = Gurgaon Palwal Transmission Limited, JKTPL = Jhajjar KT Transco Private Limited, PrKTCL = Parbati Koldam Transmission Company Limited, IIML = IndiGrid Investment Managers Limited, SPTL = Sterlite Power Transmission Limited.

**SPTL continues to be a sponsor with ~0.3% equity stake. SPTL is the Project Manager for all Portfolio Assets (other than JKTPL and PrKTCL).*

^Except for JKTPL and PrKTCL (IGL is the Project Manager for JKTPL and PrKTCL)

*** PrKTCL held in a joint venture with Power Grid holding 26% stake*

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the consolidated audited financial statements of IGT and its subsidiaries which were prepared in accordance with Ind AS read with the InvIT Regulations, as of and for the Fiscals 2020, 2019 and 2018.

The degree to which the summary financial information included herein below will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Ind AS, the Companies Act and the InvIT Regulations. Accordingly, any reliance by persons not familiar with Indian accounting practices, Ind AS, the Companies Act and the InvIT Regulations on the summary financial information presented below should be limited.

The summary financial information derived from the Consolidated Financial Statements, as presented below, should be read together with the section entitled "Management's discussion and analysis of factors by the Directors of the Investment Manager affecting the financial condition, results of operations and cash flows" on pages 226 in conjunction with the section entitled "Financial Statements" on page 306.

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INDIA GRID TRUST
SUMMARY OF CONSOLIDATED ASSETS AND LIABILITIES

(All amounts in Rs. million unless otherwise stated)

	31 March 2020	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	1,08,163.16	49,827.62	50,264.53
Financial assets			
i. Other financial assets	9.86	3.57	12.79
Other assets	382.34	192.25	150.21
	1,08,555.36	**50,023.44**	**50,427.53**
Current assets			
Financial assets			
i. Investments	-	75.72	-
ii. Trade receivables	2,458.33	1,140.61	1,061.89
iii. Cash and cash equivalents	4,088.41	1,603.66	1,672.92
iv. Bank balances other than (iii) above	1,299.74	19.66	10.50
v. Other financial assets	1,282.63	553.26	498.85
Other current assets	235.72	45.91	115.25
	9,364.83	**3,438.82**	**3,359.41**
Total assets	**1,17,920.19**	**53,462.26**	**53,786.94**
EQUITY AND LIABILITIES			
Equity			
Unit capital	53,145.69	28,380.00	28,380.00
Other equity			
Retained earnings/ (accumulated deficit)	(2,659.44)	(1,613.89)	252.56
Total Unit holders' equity	**50,486.25**	**26,766.11**	**28,632.56**
Non-current liabilities			
Financial liabilities			
i. Borrowings	62,637.00	25,902.00	19,112.50
ii. Other financial liabilities	-	156.72	579.50
Deferred tax liabilities (net)	602.06	-	-
	63,239.06	**26,058.72**	**19,692.00**
Current liabilities			
Financial liabilities			
i. Borrowings	-	-	4,230.00
ii. Trade payables	332.91	161.96	130.17
iii. Other financial liabilities	3,617.60	462.98	1,088.51
Other current liabilities	240.27	12.42	13.70
Current tax liability / Provision for Income tax	4.10	0.07	-
	4,194.88	**637.43**	**5,462.38**
Total liabilities	**67,433.94**	**26,696.15**	**25,154.38**
Total equity and liabilities	**1,17,920.19**	**53,462.26**	**53,786.94**

INDIA GRID TRUST
SUMMARY OF CONSOLIDATED PROFIT AND LOSS

(All amounts in Rs. million unless otherwise stated)

	31 March 2020	31 March 2019	31 March 2018
INCOME			
Revenue from contracts with customers	12,427.13	6,655.70	4,475.69
Income from investment in mutual funds	190.89	48.64	49.94
Interest income on investment in fixed deposits	102.09	22.63	0.86
Other finance income	0.32	-	-
Other income	65.51	12.08	78.51
Total income (I)	**12,785.94**	**6,739.05**	**4,605.00**
EXPENSES			
Transmission infrastructure maintenance charges	240.38	175.57	107.58
Insurance expenses	147.02	87.00	65.92
Investment manager fees	238.79	130.53	87.54
Project manager fees	63.66	39.54	26.44
Legal and professional fees	117.85	82.34	41.55
Valuation expenses	4.89	3.70	4.06
Trustee fee	3.60	2.16	2.94
Vehicle hire charges	13.51	7.26	-
Travelling and conveyance expenses	-	-	5.20
Rates & taxes	37.76	34.68	33.43
Payment to auditors (including for subsidiaries)	11.00	9.52	4.69
Other expenses	110.07	59.24	19.99
Depreciation expense	3,101.12	1,809.22	1,157.41
Impairment / (reversal of impairment) of property, plant and equipment	(456.96)	456.96	-
Finance costs	4,153.38	2,295.83	1,012.57
Total expenses (II)	**7,786.07**	**5,193.55**	**2,569.33**
Profit before tax (I-II)	**4,999.87**	**1,545.50**	**2,035.68**
Tax expense			
Current tax (a)	56.96	6.08	-
Deferred tax (b)	(114.29)	-	-
Income tax for earlier years (c)	-	0.28	(67.82)
Total tax expense (a + b + c)	**(57.33)**	**6.36**	**(67.82)**
Total comprehensive income for the year	**5,057.20**	**1,539.14**	**2,103.50**

INDIA GRID TRUST
SUMMARY OF CONSOLIDATED CASH FLOWS

(All amounts in Rs. million unless otherwise stated)

	31 March 2020	31 March 2019	31 March 2018
A. Cash flow from operating activities			
Profit before tax	**4,999.87**	**1,545.50**	**2,035.68**
Non-cash adjustment to reconcile profit before tax to net cash flows			
Depreciation expenses	3,101.12	1,809.22	1,157.41
Impairment /(reversal of impairment) of property plant & equipment	(456.96)	456.96	-
Reversal of prepayment charges	-	(2.37)	(63.85)
Foreign exchange loss on borrowing	62.85	-	-
Finance costs	4,090.53	2,295.83	1,012.57
Income from investment in mutual funds	(190.89)	(48.64)	(49.94)
Interest income on investment in fixed deposits	(102.09)	(22.63)	(0.86)
Gain on sale of property, plant and equipment	-	(7.00)	-
Operating profit before working capital changes	**11,504.43**	**6,026.87**	**4,091.01**
Movements in working capital:			
- Increase/(decrease) in trade payables	3.08	31.83	106.32
- Increase/(decrease) in other current financial liabilities	194.12	5.10	72.99
- Increase/(decrease) in other current liabilities	(378.88)	(9.41)	13.71
- Decrease/(increase) in trade receivables	31.07	(236.38)	101.45
- Decrease/(increase) in other non current financial asset	(5.82)	9.45	(7.90)
- Decrease/(increase) in other non current asset	(10.72)	6.79	-
- Decrease/(increase) in other current financial asset	49.71	(50.54)	(49.40)
- Decrease/(increase) in other current assets	(12.03)	22.73	4.37
Changes in working capital	**(129.47)**	**(220.43)**	**241.54**
Cash generated from operations	**11,374.96**	**5,806.44**	**4,332.55**
Direct taxes paid (net of refunds)	(125.92)	(6.29)	-
Net cash flow from operating activities (A)	**11,249.04**	**5,800.15**	**4,332.55**
B. Cash flow from investing activities			
Acquisition of property, plant and equipment	(59,156.47)	(2,252.05)	(44,740.74)
Acquisition of other assets (net of other liabilities)	(779.36)	(51.69)	(1,551.21)
Proceeds from sale of property plant and equipment	-	8.40	-
Acquisition of mutual fund investments	(2,604.21)	-	(7,904.77)
Interest income on investment in fixed deposits	41.91	18.76	3.27
Income from investment in mutual funds	190.89	48.64	49.94
Purchase of mutual fund investments	(28,774.82)	(11,309.26)	(11,636.16)

INDIA GRID TRUST
SUMMARY OF CONSOLIDATED CASH FLOWS

(All amounts in Rs. million unless otherwise stated)

	31 March 2020	31 March 2019	31 March 2018
Redemption of mutual fund investments	31,454.75	11,233.54	19,540.93
Investment in fixed deposits (net)	(1,280.08)	-	-
Net cash flow used in investing activities (B)	**(60,907.39)**	**(2,303.67)**	**(46,238.74)**
C. Cash flow from financing activities			
Proceeds from issue of unit capital	25,140.48	-	22,500.00
Unit issue expenses	(374.79)	-	-
Proceeds from issue of debentures / long term borrowings	28,248.58	6,850.00	14,230.00
Repayment of long term borrowings	(273.91)	-	-
Repayment of borrowings	-	(6,520.21)	(32,546.46)
Acquisition of borrowings	9,600.00	1,675.00	42,345.56
Payment of upfront fees of long term borrowings	(272.91)	-	-
Finance costs	(3,823.19)	(2,170.70)	(1,099.05)
Distributions to unitholders	(6,101.16)	(3,399.84)	(1,850.94)
Net cash flow from / (used in) financing activities (C)	**52,143.10**	**(3,565.75)**	**43,579.11**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**2,484.75**	**(69.26)**	**1,672.92**
Cash and cash equivalents as at beginning of year	1,603.66	1,672.92	-
Cash and cash equivalents as at year end	**4,088.41**	**1,603.66**	**1,672.92**
Components of cash and cash equivalents:			
Balances with banks:			
- On current accounts	3,467.87	519.10	1,672.92
- Deposit with original maturity of less than 3 months	620.54	1,084.56	-
Total cash and cash equivalents	**4,088.41**	**1,603.66**	**1,672.92**

SUMMARY FINANCIAL INFORMATION OF THE KKR SPONSOR

The following tables set forth the summary financial information derived from the consolidated audited financial statements of the KKR Sponsor which were prepared in accordance with IFRS, as of and for the calendar years ended December 31, 2020 and December 31, 2019.

The summary financial information of the KKR Sponsor is included in this Draft Letter of Offer as per the requirements of the InvIT Regulations.

The degree to which the summary financial information included herein below will provide meaningful information is entirely dependent on the reader's level of familiarity with IFRS. Accordingly, any reliance by persons not familiar with IFRS on the summary financial information presented below should be limited.

S R B C & CO LLP, Chartered Accountants have not audited the consolidated audited financial statements of the KKR Sponsor and have not performed any service with respect to the summary financial information of the KKR Sponsor presented below, which has been derived from the consolidated audited financial statements of the KKR Sponsor.

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ESOTERIC II PTE. LTD.

SUMMARY OF STATEMENT OF FINANCIAL POSITION
December 31, 2020

	Note	2020	2019
		US$	US$
ASSETS			
Current assets			
Cash and cash equivalents		503,229.00	4,032,788.00
Other receivables		12,761.00	1,049,794.00
Amount due from immediate holding company		20,921,982.00	58,750.00
Total current assets		21,437,972.00	5,141,332.00
Non-current asset			
Investment		222,997,358.00	181,867,149.00
Total assets		244,435,330.00	187,008,481.00
LIABILITY AND EQUITY			
Current liability			
Other payables		91,514.00	16,151.00
Capital and reserves			
Share capital		17,146,687.00	17,146,687.00
Capital reserves		145,249,559.00	149,149,559.00
Retained earnings		81,947,570.00	20,696,084.00
Total equity		244,343,816.00	186,992,330.00
Total liability and equity		244,435,330.00	187,008,481.00

ESOTERIC II PTE. LTD.

SUMMARY OF STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2020

	Note	2020 US$	For the period from March 27, 2019 (date of incorporation) to December 31, 2019 US$
Change in fair value on financial assets at fair value through profit or loss		41,130,209.00	17,694,223.00
Dividend income		22,056,744.00	10,908,084.00
Investment transaction fee		–	(3,235,947.00)
Management fee		(72,000.00)	(54,000.00)
Operating expenses		(1,863,467.00)	(4,616,276.00)
Profit before income tax		61,251,486.00	20,696,084.00
Income tax		–	–
Profit for the year, representing total comprehensive income for the year/period		61,251,486.00	20,696,084.00

ESOTERIC II PTE. LTD.

SUMMARY OF STATEMENT OF CASH FLOWS
For the year ended December 31, 2020

	Note	2020	For the period from March 27, 2019 (date of incorporation) to December 31, 2019
		US$	US$
Operating activities			
Profit before income tax		61,251,486.00	20,696,084.00
Adjustments for:			
Change in fair value on financial assets at fair value through profit or loss		(41,130,209.00)	(17,694,223.00)
Withholding tax expense		1,192,111.00	583,834.00
Dividend income		(22,056,744.00)	(10,908,084.00)
Operating cash flows before movements in working capital		(743,356.00)	(7,322,389.00)
Other receivable		1,037,033.00	(1,049,794.00)
Amount due from immediate holding company		(20,863,232.00)	(58,750.00)
Other payables		75,363.00	16,151.00
Cash used in operations, representing net cash used in operating activities		(20,494,192.00)	(8,414,782.00)
Investing activities			
Acquisition of financial asset at fair value through profit or loss		–	(164,391,191.00)
Proceeds from return of investment		–	218,265.00
Withholding tax paid		(1,192,111.00)	(583,834.00)
Dividend income received		22,056,744.00	10,908,084.00
Net cash generated from (used in) investing activities		20,864,633.00	(153,848,676.00)
Financing activities			
Proceeds from issue of shares		–	17,146,687.00
Repayment of loan to immediate holding companies		(3,900,000.00)	(5,170,618.00)
Loan received from immediate holding companies		–	154,320,177.00
Net cash (used in) generated from financing activities		(3,900,000.00)	166,296,246.00
Net (decrease) increase in cash and cash equivalents		(3,529,559.00)	4,032,788.00
Cash and cash equivalents at beginning of the year/period		4,032,788.00	–
Cash and cash equivalents at end of the year/period		503,229.00	4,032,788.00

SUMMARY FINANCIAL INFORMATION OF THE STERLITE SPONSOR

The following tables set forth the summary financial information derived from the consolidated audited financial statements of the Sterlite Sponsor which were prepared in accordance with Ind AS, as defined in Rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015, as amended, prescribed under the Section 133 of the Companies Act, as of and for the fiscals 2020, 2019 and 2018.

The consolidated financial statements for the year ended March 31, 2018 have been restated while preparing the consolidated financial statements for the year ended March 31, 2019 and accordingly, the financial information for financial year ended March 31, 2018 has been derived from the comparative financial information as available in the financial statements of March 31, 2019, prepared in accordance with Ind AS and the Companies Act.

The summary financial information of the Sterlite Sponsor is included in this Draft Letter of Offer as per the requirements of the InvIT Regulations.

The degree to which the summary financial information included herein below will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Ind AS and the Companies Act. Accordingly, any reliance by persons not familiar with Indian accounting practices, Ind AS and the Companies Act on the summary financial information presented below should be limited.

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STERLITE POWER TRANSMISSION LIMITED
SUMMARY OF CONSOLIDATED ASSETS AND LIABILITIES

(All amounts in Rs. million unless otherwise stated)

	March 31, 2020	March 31, 2019	March 31, 2018*
ASSETS			
Non-current assets			
Property, plant and equipment	19,828.37	13,927.29	16,513.58
Capital work-in-progress	25,220.05	28,915.24	35,329.14
Goodwill	-	601.85	1,202.05
Other intangible assets	480.58	129.16	62.49
Intangible assets under development	65.53	225.05	-
Investment in associate	47.81	8.26	5,932.66
Financial assets			
i. Investments	120.83	112.45	112.45
ii. Other financial assets	636.16	76.09	34.54
Other non-current assets	8,170.53	12,535.04	3,836.26
Deferred tax assets (net)	1,475.77	2,882.92	2,078.52
Assets classified as held for sale	21.01	129.55	-
Total non-current assets	**56,066.64**	**59,542.90**	**65,101.69**
Current assets			
Inventories	3,922.79	1,992.03	2,093.48
Financial assets			
i. Investments	299.40	802.25	555.81
ii. Loans	282.84	260.65	180.22
iii. Trade receivables	5,539.54	6,911.57	8,016.12
iv. Cash and cash equivalents	2,946.34	4,264.43	959.91
v. Other bank balances	8,022.89	554.28	368.49
vi. Other financial assets	2,010.62	966.75	901.27
Other current assets	5,048.31	5,229.70	3,039.85
Non-current assets classified as held for sale	7,325.63	41,970.04	-
Total current assets	**35,398.36**	**62,951.70**	**16,115.15**
TOTAL ASSETS	**91,464.99**	**1,22,494.60**	**81,216.84**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	122.36	122.36	122.36
Other equity			
i. Securities premium	4,536.80	4,536.80	4,536.80
ii. Retained earnings	(5,629.78)	(10,405.74)	(5,281.65)
iii. Other reserves	1,578.21	(1,008.86)	65.56
Total equity	**607.59**	**(6,755.44)**	**(556.93)**
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	39,560.78	46,957.17	53,272.10
ii. Other financial liabilities	89.62	45.89	213.29
Provisions	680.00	278.83	-
Employee benefit obligations	74.96	94.08	52.95
Deferred tax liabilities (net)	1,208.47	175.29	239.59
Total non-current liabilities	**41,613.83**	**47,551.26**	**53,777.93**

STERLITE POWER TRANSMISSION LIMITED
SUMMARY OF CONSOLIDATED ASSETS AND LIABILITIES

(All amounts in Rs. million unless otherwise stated)

	March 31, 2020	March 31, 2019	March 31, 2018
Current liabilities			
Financial liabilities			
i. Borrowings	13,769.43	11,241.98	8,158.87
ii. Trade payables	7,797.83	8,341.70	7,565.95
iii. Other financial liabilities	24,546.38	16,006.19	9,630.65
Employee benefit obligations	76.52	47.63	46.99
Other current liabilities	2,136.70	2,797.49	2,585.81
Current tax liabilities (net)	916.71	147.42	7.57
Liabilities directly associated with assets classified as held for sale	-	43,116.37	-
Total current liabilities	**49,243.57**	**81,698.78**	**27,995.84**
Total liabilities	**90,857.40**	**1,29,250.04**	**81,773.77**
TOTAL EQUITY AND LIABILITIES	**91,464.99**	**1,22,494.60**	**81,216.84**

** During the year ended March 31, 2018, Sterlite Power Transmission Limited (SPTL) inadvertently recognised deferred tax asset of INR 339.16 million on accumulated tax losses which has been rectified by SPTL in the year ended March 31. 2019 by restating previous year's figures. As a result profit after tax for the year ended 31 March 2018 is lower by INR 339.16 million and retained earnings as at 31 March 2018 are lower by INR 339.16 million.*

STERLITE POWER TRANSMISSION LIMITED
SUMMARY OF CONSOLIDATED PROFIT AND LOSS

(All amounts in Rs. million unless otherwise stated)

	March 31, 2020	March 31, 2019	March 31, 2018*
INCOME			
Revenue from operations	30,043.19	35,550.06	25,424.91
Other income	21,539.97	164.54	4,299.39
Total income (I)	**51,583.16**	**35,714.60**	**29,724.30**
EXPENSES			
Cost of raw material and components consumed	10,360.19	13,271.57	14,078.41
Construction material and contract expense	9,061.15	11,242.25	1,737.83
Purchase of traded goods and subcontracting charges	1,896.40	-	-
(Increase) /Decrease in inventories of finished goods, work-in-progress and traded goods	(1,514.94)	(264.15)	343.40
Excise duty on sale of goods	-	-	218.88
Employee benefits expense	2,445.68	1,654.85	885.72
Other expenses	5,278.40	5,309.11	3,963.69
Total expenses (II)	**27,526.88**	**31,213.63**	**21,227.93**
Earning before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)	**24,056.28**	**4,500.97**	**8,496.37**
Depreciation and amortisation expense	1,751.91	1,951.90	1,955.87
Impairment expense	669.40	1,873.65	-
Finance costs	7,648.71	6,011.47	4,342.83
Finance income	(300.34)	(185.00)	(172.93)
Profit/(loss) before exceptional items, share of profit of an associate and tax expense	**14,286.60**	**(5,151.05)**	**2,370.60**
Share of profit of an associate	**8.74**	**325.99**	**435.85**
Exceptional item	**925.87**	**-**	**-**
Profit/(loss) before tax	**13,369.47**	**(4,825.06)**	**2,806.45**
Tax expense:			
Current tax (a)	2,157.44	1,198.92	1,270.03
Less: MAT credit entitlement (b)	-	(154.23)	(216.54)
Deferred tax (c)	2,479.53	(611.19)	(636.19)
Income tax for earlier years (d)	(684.11)	(21.50)	5.49
Income tax expense (a + b + c + d)	**3,952.86**	**412.00**	**422.79**
Profit/(loss) for the year	**9,416.61**	**(5,237.06)**	**2,383.66**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(1,519.82)	(523.67)	0.04
Income tax effect	-	183.25	-
	(1,519.82)	**(340.42)**	**0.04**
Net movement on cash flow hedges	(3,497.46)	(475.83)	(520.47)
Income tax effect	105.66	(131.16)	146.13
	(3,391.80)	**(606.99)**	**(374.34)**

STERLITE POWER TRANSMISSION LIMITED
SUMMARY OF CONSOLIDATED PROFIT AND LOSS

(All amounts in Rs. million unless otherwise stated)

	March 31, 2020	March 31, 2019	March 31, 2018*
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:	**(4,911.62)**	**(947.41)**	**(374.30)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement loss/(gain) on defined benefit plans (a)	(1.09)	(8.68)	4.63
Income tax effect (b)	0.31	0.68	(1.04)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods: (a + b)	**(0.78)**	**(8.00)**	**3.59**
Other comprehensive income for the year	**(4,912.40)**	**(955.41)**	**(370.71)**
Total comprehensive income for the year	**4,504.21**	**(6,192.47)**	**2,012.95**

* *During the year ended March 31, 2018, Sterlite Power Transmission Limited (SPTL) inadvertently recognised deferred tax asset of INR 339.16 million on accumulated tax losses which has been rectified by SPTL in the year ended March 31. 2019 by restating previous year's figures. As a result profit after tax for the year ended 31 March 2018 is lower by INR 339.16 million and retained earnings as at 31 March 2018 are lower by INR 339.16 million.*

STERLITE POWER TRANSMISSION LIMITED
SUMMARY OF CONSOLIDATED CASH FLOWS

(All amounts in Rs. million unless otherwise stated)

	31 March 2020	31 March 2019	31 March 2018*
A. Cash flow from operating activities			
Net Profit/ (Loss) as per consolidated statement of profit and loss	9,416.61	(5,237.06)	2,383.66
Adjustment for taxation	3,952.86	412.00	422.79
Profit/(Loss) before tax	**13,369.47**	**(4,825.06)**	**2,806.45**
Non-cash adjustment to reconcile profit/(loss) before tax to net cash flows			
Depreciation and amortisation expense	1,751.91	1,951.91	1,955.87
Provision for doubtful debts and advances	94.72	41.71	4.61
Loss/(gain) on sale of property, plant and equipment	(5.74)	43.77	(43.42)
Loss on sale of stake in subsidiary (loss of control)	38.51	-	-
Insurance claim written off	4.31	65.44	-
Unrealized exchange difference (net)	(194.52)	519.32	57.82
Provision (net of reversal) for estimated loss in a contract	406.65	-	-
Impairment expense	669.40	1,873.65	-
Provision for employees stock appreciation rights	-	50.60	53.75
Provision for onerous contracts	-	278.83	-
Provision for diminution in value of investment in units of India Grid Trust	-	624.27	-
Bad debts / advances written off	23.80	0.61	-
Finance costs	7,648.71	6,011.47	4,342.83
Finance income	(300.34)	(185.00)	(172.93)
Share in profit of an associate	(8.74)	(325.99)	(435.85)
Dividend income on investment in units of India Grid Trust	(957.82)	-	-
Net gain on sale of power transmission assets	(20,535.16)	(156.72)	(4,250.16)
	(11,364.31)	**10,793.87**	**1,512.52**
Operating profit before working capital changes	**2,005.16**	**5,968.81**	**4,318.97**
Movements in working capital:			
Increase in trade payables	353.66	981.17	3,996.56
Increase in employee benefit obligations	8.67	31.45	12.93
Increase/(decrease) in other liabilities	(1,156.00)	(53.43)	903.20
Increase/(decrease) in other financial liabilities	1,283.07	(1,272.37)	473.34
Decrease/(increase) in trade receivables	650.67	1,364.44	(4,160.91)
Decrease/(increase) in inventories	(1,896.00)	101.46	(355.07)
Increase in other financial assets	(706.61)	-	-
Decrease/(increase) in other current financial assets	-	(291.06)	(714.12)
Decrease/(increase) in other non current financial assets	-	95.11	1.90
Increase in other assets	(6,319.52)	-	-
Decrease/(increase) in other current assets	-	(2,424.36)	(2,077.51)
Decrease/(increase) in other non current assets	-	(9,647.16)	(14.05)
Change in working capital	**(7,782.06)**	**(11,114.75)**	**(1,933.73)**
Cash generated from/ (used in) operations	**(5,776.90)**	**(5,145.94)**	**2,385.24**
Direct taxes paid (net of refunds)	(1,493.87)	(1,157.01)	(1,355.98)
Net cash flow generated from/ (used in) operating activities	**(7,270.77)**	**(6,302.95)**	**1,029.26**

STERLITE POWER TRANSMISSION LIMITED
SUMMARY OF CONSOLIDATED CASH FLOWS

(All amounts in Rs. million unless otherwise stated)

	31 March 2020	31 March 2019	31 March 2018*
B. Cash flow from investing activities			
Purchase of property, plant and equipment, including capital work-in-progress and capital advances	(12,192.83)	(19,220.98)	(20,710.20)
Proceeds from sale of tangible assets	20.32	22.49	49.92
Purchase of current investments (net)	(701.25)	(1,594.65)	(7,204.69)
Investment in units of India Grid Trust	(2,289.77)	(119.06)	-
Proceeds from sale of investments in subsidiaries	24,283.08	-	11,426.46
Purchase of equity shares of subsidiaries	-	-	(1.00)
Investment in bank deposits (having original maturity of more than three months)	(7,468.62)	(239.82)	(100.99)
Redemption of bank deposits	-	-	83.69
Purchase of Optionally Convertible Preference Shares (OCRPS)	-	-	(10,098.55)
Dividend income on investment in units of India Grid Trust	957.82	-	-
Loans given to related parties, net of repayment	(23.79)	(71.68)	-
Loans repayment received	-	2.30	12.92
Interest/dividend received	265.04	858.88	549.29
Net cash flow from / (used in) investing activities	**2,850.00**	**(20,362.52)**	**(25,993.15)**
C. Cash flow from financing activities			
Repayment of non cumulative redeemable preference shares	-	-	(2,247.36)
Proceeds from issue of cumulative redeemable preference shares	-	-	34.74
Proceeds from Sterlite Interlinks Limited	6,200.00	-	-
Proceeds of long term borrowings	26,846.78	71,368.45	37,038.50
Repayment of long term borrowings	(12,543.43)	(34,293.40)	(3,790.00)
Proceeds/(repayment) of short term borrowings (net)	(3,530.51)	2,043.69	1,385.87
Repayment of lease obligation	(120.78)	-	-
Finance costs paid	(8,740.69)	(8,994.51)	(7,524.02)
Net cash flow from financing activities	**8,111.37**	**30,124.23**	**24,897.73**
Net increase/(decrease) in cash and cash equivalents	**3,690.60**	**3,458.76**	**(66.16)**
Cash and cash equivalents as at beginning of year	4,264.43	959.91	1,026.07
Cash and cash equivalents classified under assets held for sale	(5,008.69)	(154.24)	-
Cash and cash equivalents as at year end	**2,946.34**	**4,264.43**	**959.91**
Components of cash and cash equivalents:			
Balances with banks:			
On current accounts	1,190.24	3,907.16	959.48
Deposit with original maturity of less than 3 months	1,755.93	357.14	-
Cash in hand	0.17	0.13	0.43
Total cash and cash equivalents	**2,946.34**	**4,264.43**	**959.91**

** During the year ended March 31, 2018, Sterlite Power Transmission Limited (SPTL) inadvertently recognised deferred tax asset of INR 339.16 million on accumulated tax losses which has been rectified by SPTL in the year ended March 31. 2019 by restating previous year's figures. As a result profit after tax for the year ended 31 March 2018 is lower by INR 339.16 million and retained earnings as at 31 March 2018 are lower by INR 339.16 million.*

SUMMARY FINANCIAL INFORMATION OF THE INVESTMENT MANAGER

The following tables set forth the summary financial information derived from the audited financial statements of the Investment Manager, which was prepared in accordance with Ind AS, as defined in Rule 2(1)(a) of Companies (Indian Accounting Standards) Rules, 2015, as amended, prescribed under the Section 133 of the Companies Act, as of and for the fiscals 2020, 2019 and 2018.

The degree to which the summary financial information included herein below will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Ind AS, the Companies Act and the InvIT Regulations. Accordingly, any reliance by persons not familiar with Indian accounting practices, Ind AS, the Companies Act and the InvIT Regulations on the summary financial information presented below should be limited.

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INDIGRID INVESTMENT MANAGERS LIMITED ***(Formerly known as Sterlite Investment Managers Limited)***
SUMMARY OF ASSETS AND LIABILITIES

(All amounts in Rs. million unless otherwise stated)

	31 March 2020	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Property, plant & equipment	41.38	1.71	-
Financial assets			
i. Other financial assets	3.34	-	-
Other non current assets	27.49	19.79	-
	72.21	**21.50**	**-**
Current assets			
Financial assets			
i. Investments	2.56	108.38	100.56
ii. Trade receivables	105.11	51.19	41.01
iii. Cash and cash equivalents	36.88	0.66	14.52
iv. Other financial assets	4.08	2.68	0.01
Other current assets	5.86	5.19	21.41
Total current assets	**154.49**	**168.10**	**177.51**
TOTAL ASSETS	**226.70**	**189.60**	**177.51**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12.50	28.13	28.13
Other equity			
Capital reserve	28.13	-	-
Equity component of redeemable preference shares	-	27.17	21.22
Securities premium	117.50	-	-
Retained earnings	(16.16)	(32.74)	(32.58)
Total equity	**141.98**	**22.56**	**16.77**
Non-current liabilities			
Financial liabilities			
i. Borrowings	30.58	85.54	84.42
Employee benefit obligations	6.15	-	-
Deferred tax liabilities (net)	-	4.24	4.54
Total non-current liabilities	**36.73**	**89.78**	**88.96**
Current liabilities			
Financial liabilities			
i. Trade payables	14.56	61.79	58.55
ii. Other financial liabilities	23.91	7.64	4.88
Employee benefit obligations	4.42	-	-
Other current liabilities	5.11	7.83	8.35
Total current liabilities	**48.00**	**77.26**	**71.78**
Total liabilities	**84.73**	**167.04**	**160.75**
TOTAL EQUITY AND LIABILITIES	**226.71**	**189.60**	**177.51**

INDIGRID INVESTMENT MANAGERS LIMITED ***(Formerly known as Sterlite Investment Managers Limited)***
SUMMARY OF PROFIT AND LOSS

(All amounts in Rs. million unless otherwise stated)

	31 March 2020	31 March 2019	31 March 2018
INCOME			
Revenue from contracts with customers	202.36	110.62	74.19
Income (I)	**202.36**	**110.62**	**74.19**
EXPENSES			
Employee benefits expense	108.78	-	-
Other expenses	94.98	109.69	70.51
Total expenses (II)	**203.76**	**109.69**	**70.51**
Earning before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)	**(1.39)**	**0.93**	**3.68**
Depreciation expense	3.27	0.00*	-
Finance costs	15.28	9.17	9.80
Finance income	(5.32)	(5.94)	(3.92)
Loss before tax	**(14.63)**	**(2.30)**	**(2.20)**
Tax expenses			
Current tax (a)	0.20	0.24	0.12
Deferred tax (b)	(4.24)	(2.38)	(2.85)
Total tax expense (a + b)	**(4.04)**	**(2.14)**	**(2.73)**
Profit/ (loss) for the year	**(10.58)**	**(0.16)**	**0.53**

** Amounts less than Rs. 0.01 million.*

INDIGRID INVESTMENT MANAGERS LIMITED ***(Formerly known as Sterlite Investment Managers Limited)***
SUMMARY OF CASH FLOWS

(All amounts in Rs. million unless otherwise stated)

	31 March 2020	31 March 2019	31 March 2018
A. Cash flow from operating activities			
Net Profit/ (loss) as per the statement of profit and loss	(10.58)	(0.16)	0.53
Adjustment for taxation	(4.04)	(2.14)	(2.73)
Loss before tax	**(14.63)**	**(2.30)**	**(2.20)**
Non-cash adjustments to reconcile loss before tax to net cash flows:			
Depreciation expense	3.27	0.00	-
Finance cost	15.28	9.17	9.80
Finance income	(5.32)	(5.94)	(3.92)
	13.23	**3.23**	**5.88**
Operating profit / (loss) before working capital changes	**(1.39)**	**0.93**	**3.68**
Change in assets and liabilities :			
-Decrease/(increase) in other non-current financial assets	(4.31)	-	-
-Decrease/(increase) in other current assets	(0.67)	7.25	(12.43)
-Decrease/(increase) in other current financial assets	(1.40)	(2.68)	(0.01)
-Decrease/(increase) in trade receivables	(53.93)	(10.17)	(41.01)
-Increase/(decrease) in trade payables	(47.28)	3.24	58.22
-Increase/(decrease) in other current financial liability	11.29	2.76	3.41
-Increase/(decrease) in employee benefit obligations	10.56	-	-
-Increase/(decrease) in other current liability	(2.72)	(0.52)	8.34
Changes in working capital	**(88.46)**	**(0.12)**	**16.51**
Direct taxes paid	(7.90)	(11.08)	(9.03)
Net cash flow used in operating activities (A)	**(97.75)**	**(10.27)**	**11.16**
B. Cash flow from investing activities			
Interest received on bank deposit/ Dividend income on Mutual Fund	5.32	5.94	3.92
Investment in mutual fund	(571.73)	(7.82)	(100.56)
Proceeds from mutual fund	677.55	-	-
Purchase of property, plant and equipment	(7.16)	(1.71)	-
Net cash flow from/ (used in) investing activities (B)	**103.98**	**(3.59)**	**(96.64)**
C. Cash flow from financing activities			
Proceeds from issue of share capital	30.00	-	-
Net cash flow from financing activities (C)	**30.00**	**-**	**-**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**36.22**	**(13.86)**	**(85.48)**
Cash and cash equivalents as at beginning of the year	0.66	14.52	100.00
Cash and cash equivalents as at end of the year	**36.88**	**0.66**	**14.52**
Components of cash and cash equivalents:			
Balances with banks:			
- On current accounts	36.88	0.66	14.52
Total cash and cash equivalents	**36.88**	**0.66**	**14.52**

SUMMARY OF INDUSTRY

The Indian Power Sector

Overview

Electricity consumption in India (1201 TWh) was the third highest after China (6010 TWh) and the US (~3900 TWh), with a 5.4% global share in 2018. In line with this, India was also the third largest producer of electricity, after China and the US, with 5.92% global share in electricity generation in 2018. The total installed generation capacity at the end of March 2020 was 370 GW, of which approximately 130 GW of capacity was added over fiscals 2013-19. Coal and lignite-based installed power generation capacity has maintained its dominant position over the years and accounts for 54% as on March 2020. However, renewable energy installations have more than tripled to ~86.7 GW capacity as on March 2020, compared with 25 GW as on March 2012 (Source: MNRE), constituting ~23% of total installed generation capacity as of date. In particular, this growth has been led by solar power, which grew at breakneck speed to ~34.4 GW from 0.9 GW over the period.

The total installed generation capacity at the end of March 2020 was 370 GW, of which approximately 130 GW of capacity was added over fiscals 2013-19. Coal and lignite-based installed power generation capacity has maintained its dominant position over the years and accounts for 54% as on March 2020. However, renewable energy installations have more than tripled to ~86.7 GW capacity as on March 2020, compared with 25 GW as on March 2012 (Source: MNRE), constituting ~23% of total installed generation capacity as of date. In particular, this growth has been led by solar power, which grew at breakneck speed to ~34.4 GW from 0.9 GW over the period.

Power Transmission and Distribution Sector in India

The transmission segment plays a key role in transmitting power continuously to various distribution entities across the country. The transmission sector needs concomitant capacity addition, in line with generation capacity addition, in order to enable seamless flow of power. In India, the T&D system is a three-tier structure comprising distribution networks, state grids, and regional grids. The distribution networks and state grids are owned and operated by the respective state transmission utilities or state governments (through state electricity departments). Most inter-state and inter-regional transmission links are owned and operated by the Power Grid Corporation of India Ltd (PGCIL) which facilitates the transfer of power from a surplus region to one with deficit. The T&D system in India operates at several voltage levels:

- Extra high voltage (EHV): 765 kV, 400 kV and 220 kV
- High voltage: 132 kV and 66 kV
- Medium voltage: 33 kV, 11 kV, 6.6 kV and 3.3 kV
- Low voltage: 1.1 kV, 220 volts and below

There has been strong growth in the transmission system at higher voltage levels and substation capacities. This is a result of increased requirement of the transmission network to carry bulk power over longer distances and at the same time optimise the right of way, minimise losses and improve grid reliability.

Tariff Structure

Overview

Being a critical link in the power sector value chain, the transmission sector needed more attention to cater to the growing power demand and the increasing generation capacity. Investments in the form of budgetary allocations, internal accruals and PSU borrowings were unable to fund this growing need. Keeping this in mind, the Electricity Act permitted private sector participation through the tariff based competitive bidding or TBCB route in the power transmission sector. Guidelines for the TBCB process were laid down in the National Tariff Policy, 2006.

Indian Solar Power Market

Evolution of Solar Power in India

In the renewable energy basket as of September 2020, solar energy accounted for a share of 40.4%. Growth in the solar power sector over the last five years has been robust. As much as 31.5 GW capacity was added in the segment over fiscals 2016-2020 registering a CAGR of ~80%, although on a low base. However, in fiscal 2020 the solar capacity added was lower at 6,447 MW (6,529 MW in fiscal 2019) as the second half saw a 9% on-year decline. The slowdown was mainly due to several policy issues – additional taxation in the form of imposition of a safeguard duty, higher GST rate, and other policy issues such as cancellations / renegotiation that adversely impacted the developer sentiment.

SUMMARY OF BUSINESS

Overview

We are India's first listed power sector infrastructure investment trust, sponsored by the KKR Sponsor and the Sterlite Sponsor. IndiGrid was established on October 21, 2016 and is registered with SEBI pursuant to the InvIT Regulations. IndiGrid was established to own and operate power transmission and renewable energy assets in India. We own twelve operating projects, consisting of 34 EHV overhead power transmission lines, comprising 7, 765 kV transmission lines and 27, 400 kV transmission lines, with a total circuit length of approximately 6,740 ckms and 9 substations with approximately 12,290 MVA of transformation capacity, across 15 states and 1 union territory, in India. IndiGrid has assets under management worth of approximately ₹ 142,000 million as on December 31, 2020. IndiGrid Investment Managers Limited (formerly known as Sterlite Investment Managers Limited), is the investment manager of the InvIT and is majority owned by Electron IM Pte. Ltd., an affiliate of KKR. We have consistently been given a corporate credit rating of 'CCA AAA/Stable' by CRISIL, 'IND AAA'/Stable by India Ratings and 'ICRA AAA (Stable)' by ICRA.

We are focused on providing stable and sustainable distributions to our Unitholders. We believe that we are well positioned to take advantage of the growth potential of India's power industry given the quality of our power transmission assets and our financial position, support from our Sponsors and the robust regulatory framework for power transmission and solar projects in India. We believe the infrastructure necessary to transmit and deliver electricity is vital to India's continued economic advancement, given the inter-regional power deficit in India resulting from a mismatch between power generation and load centers and the demand-supply deficit which is expected to result from India's projected GDP growth.

Private investment in transmission and renewable energy sectors is a key focus area for India's Ministry of Power. Our diversification into solar assets will result in significant synergies with our existing business model. Our continued focus and strategy will be on accretive acquisition of power transmission and solar projects with annuity profile in their respective TSAs and long terms PPAs yielding stable cash flows, operational track record, good quality equipment and financially strong and creditworthy counterparties. For further details, please see the section entitled "*Industry Overview*" on page 136.

We own twelve fully commissioned projects, (i) BDTCL, JTCL, PKTCL, 49% of RTCL (and 74% as of date), 49% of MTL, NTL, OGPTL and ENICL, that we acquired from the Sterlite Sponsor in May 2017, May 2017, February 2018, February 2018, February 2018, June 2019, July 2019, May 2020, respectively and 49% of GPTL (with 100% economic ownership) that we acquired from SGL4 in August 2020; (ii) 46% of PTCL (74% as of date), that we acquired from TEECL and TPGCL in August 2018; (iii) JKTPL that we acquired from KPTL and TEECL in October 2020; and (iv) 74% of PrKTCL that we acquired from Reliance Infrastructure Limited in January 2021 (together the "**Portfolio Assets**").

Esoteric II Pte. Ltd. is one of the Sponsors of IndiGrid. Esoteric II Pte. Ltd. is a company affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR. Founded in 1976, KKR is a leading global investment firm with approximately US$252 billion of assets under management as of December 31, 2020. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. Esoteric II Pte. Ltd. had invested ₹ 10,840 million in IndiGrid in May 2019 and currently owns over 23% stake in IndiGrid. Separately, Electron IM Pte. Ltd., an affiliate of KKR currently owns 60% of the issued, paid-up and subscribed capital of the Investment Manager and has further agreed to acquire another 14% in the Investment Manager, subject to the terms and conditions of the IM SSPA.

The Sterlite Sponsor is one of the leading independent power transmission companies operating in the private sector in India. Sterlite Sponsor generated consolidated total income of ₹ 51,583.16 million as of March 31, 2020 and had total consolidated assets of ₹ 91,464.99 million as of March 31, 2020. The Sterlite Sponsor also serves as the Project Manager for our Portfolio Assets (other than JKTPL and PrKTCL) with the responsibility of operating and managing all our power transmission assets and has extensive experience in bidding, designing, financing, constructing and maintaining power transmission projects across India and Brazil. IndiGrid Limited serves as the Project Manager for JKTPL and PrKTCL.

Pursuant to the Framework Agreement among the Sterlite Sponsor, the Trustee and the Investment Manager, IndiGrid had agreed to acquire three projects, GPTL, KTL and NER from the Sterlite Sponsor, out of which 49% of GPTL (with 100% economic ownership) has already been acquired from SGL4 (GPTL, KTL and NER, collectively referred to as the "**Framework Assets**"). Pursuant to the ROFO Deed, as amended, we had a 'right of first offer' to acquire one project, ENICL from the Sterlite Sponsor, which we acquired in May 2020. Further, we have acquired, two projects, NTL and OGPTL, which were part of the ROFO Deed from the Sterlite Sponsor, in June 2019 and July 2019, respectively. IndiGrid intends to acquire NER from the proceeds of this Issue (the "**Target Asset**"). For further details, please see the section entitled "*Use of Proceeds*" on page 216. For further details on the Framework Agreement, the ROFO Deed and the share purchase agreements, please see the section entitled "*Related Party Transactions*" on page 243.

The Portfolio Assets, other than PTCL, JKTPL and PrKTCL, were originally awarded to the Sterlite Sponsor under the TBCB mechanism on a BOOM basis. The power transmission projects earn revenue pursuant to long-term TSAs and tariff orders passed by CERC in accordance with the Electricity Act. These projects receive availability-based tariffs under the TSAs irrespective of the actual quantum of power transmitted through the line. The tariff for inter-state power transmission projects in India, including our power transmission projects, is contracted for the period of the TSA, which is up to 35 years from the scheduled commission date of the asset (other than ENICL, which is 25 years), which may be renewed in accordance with the

TSA and the Electricity Act. The revenues generated by intra-state transmission assets (being, JKTPL) are not dependent on a regulatory order and are dependent on tariffs as determined in terms of the relevant TSA, and such intra-state transmission assets recover tariffs equivalent to a base unitary charge which is subject to annual revisions. The transmission line business enjoys a longer asset life of 50 years as compared to other infrastructure projects, such as roads, according to CRISIL. For further details on the TBCB mechanism and the Indian electricity transmission industry, please see the section entitled "*Industry Overview*" on page 136.

Tariffs under these TSAs are billed and collected pursuant to the PoC mechanism, a regulatory payment pooling system offered to ISTS such as the systems operated by majority of our Portfolio Assets. Under the PoC mechanism, payments are made to a central payment pool and the proceeds are distributed proportionately to all transmission services providers, such as the Portfolio Assets. The availability-based tariffs and PoC payment mechanism enable a stable and certain cash flow stream. For further details, please see the section entitled "*Industry Overview*" on page 136.

While infrastructure investment trusts are required to distribute at least 90% of their net distributable cash flows to unitholders once at least every six months in every financial year, according to the InvIT Regulations, we have adopted a quarterly distribution policy. For further details on our distribution policy, please see the section entitled "*Distribution*" on page 224. We believe our assets, financial position and business model will enable us to offer stable distributions to our Unitholders.

Following the utilization of the Issue Proceeds, our aggregate consolidated borrowings and deferred payments (net of cash and cash equivalents) will not exceed 70% of the total value of our assets. The inter-state transmission projects are largely debt financed with a standard debt to equity ratio of 70:30, according to CRISIL.

Our consolidated total income was ₹ 12,785.94 million in fiscal 2020. EBITDA on a consolidated basis was ₹ 11,504.11 million in fiscal 2020. Further, our consolidated total income was ₹ 12,000.56 million for the nine month period ended December 31, 2020. EBITDA on a consolidated basis was ₹ 10,610.13 million for the nine month period ended December 31, 2020.

On the basis of our strengths and through the implementation of our strategies, we believe that we are well-positioned to capitalize on the growth potential of India's power transmission and renewable energy industry.

Competitive Strengths

Stable cash flows from assets with minimal counterparty risks

- Our revenues are derived out of contracted tariffs under long-term contracts (up to 35 years or (25 years for ENICL and JKTPL, unless extended)) from the majority of our Portfolio Assets with relatively low operating and maintenance costs.

- Inter-state power transmission projects receive tariffs on the basis of availability, irrespective of the actual quantum of power transmitted through the line.

- Power transmission projects are characterized by low levels of operating risk. The Portfolio Assets are operational power transmission projects. All our Portfolio Assets have an operating history of at least one year. The Portfolio Assets have minimal construction risks and are not subject to any major capital expenditure.

- We have maintained an annual availability for the majority of our Portfolio Assets in excess of 98% since commissioning for which we have earned maximum incentive revenues under the respective TSAs. Maintaining availability of such Portfolio Assets in excess of 98% gives us the right to claim incentives under the TSA, ensuring an adequate upside to maximize availability. The amount of incentive revenue earned increases as our availability levels increase, with a maximum incentive revenue earned for maintaining 99.75% (or ranging between 98% to 100% in case of JKTPL and between 98.5% and 99.75% in case of PrKTCL) availability.

Tariffs under the ISTS project TSAs, which contribute to the majority of our Portfolio Assets, are billed and collected pursuant to the PoC mechanism. Under the PoC mechanism, payments are made to a central payment pool and the proceeds are distributed proportionately to all transmission services providers, such as the Portfolio Assets. Any shortfall in collection of transmission charges by the CTU is shared on a *pro rata* basis by all transmission service providers. Payment securities in the form of a revolving letter of credit, a late payment surcharge of 1.25% per month for delay in payment beyond 60 days from the date of billing, pursuant to provisions of the project TSAs (and a late payment surcharge of 1.50% per month pursuant to the Sharing of Charges and Losses Regulations)and lack of alternate power infrastructure, deter beneficiaries from defaulting. This mechanism diversifies counterparty risk, ensures a stable cash flow independent of asset utilization and provides payment security.

Strong financial position

- We have consistently been given a corporate credit rating of 'CCA AAA/Stable' by CRISIL, 'IND AAA'/Stable by India Ratings and 'ICRA AAA (Stable)' by ICRA. Following the utilization of the Issue Proceeds, our aggregate consolidated borrowings and deferred payments (net of cash and cash equivalents) will not exceed 70% of the total value of our assets. The inter-state transmission projects are largely debt financed with a standard debt to equity ratio of 70:30, according to CRISIL. We have also made continuous distributions for the past three years.

Ownership and location of assets

- All our Portfolio Assets are located in strategically important areas for electricity transmission connectivity, delivering power from generating centers to load centers to meet inter-regional power deficits. Once a transmission project has been commissioned, it requires relatively low levels of expenditure to operate and maintain, which means that the assets will have the benefit of owning a critical asset without incurring significant operational costs. The transmission line business enjoys a longer asset life of 50 years as compared to other infrastructure projects, such as roads, according to CRISIL.

- The transmission lines of the Portfolio Assets are predominantly located in areas where developing alternate lines may be challenging due to the terrain, challenges in obtaining rights of way, limited corridors and high construction costs. This puts us in an advantageous position to capitalize the opportunities to increase our power transmission capacity through the same corridor by upgrading our existing systems.

Strong lineage and support from the Sponsors

- Esoteric II Pte. Ltd. is one of the Sponsors of IndiGrid. Esoteric II Pte. Ltd. is a company affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR. Founded in 1976, KKR is a leading global investment firm with approximately US$252 billion of assets under management as of December 31, 2020. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities.

- In 2008, KKR established a dedicated infrastructure team and strategy focused on global investment opportunities. KKR has been one of the more active infrastructure investor globally over the past several years, having deployed more than $26 billion across over 40 infrastructure assets.

- Today, KKR's infrastructure platform has expanded to include approximately 52 dedicated investment professionals across 10 offices covering a broad spectrum of investment opportunities in various infrastructure subsectors, including: midstream energy, renewables, power & utilities, water and wastewater, waste, telecommunications and transportation, among others. KKR continually monitors infrastructure sectors and infrastructure-related investments for emerging trends, and may identify and prioritize investments in other sectors as conditions change or cycles evolve.

- We have leveraged and continue to leverage the experience and expertise of the Sterlite Sponsor, to gain a competitive advantage within the Indian power transmission industry. Sterlite Sponsor is one of the leading power transmission companies in the private sector, with extensive experience in identifying, successfully bidding, designing, financing, constructing, operating and maintaining power transmission projects across India.

- The Sterlite Sponsor is one of the leading independent power transmission companies operating in the private sector in India.

- Sterlite Sponsor is the leading player for the transmission projects commissioned or awarded through TBCB route, among the private developers, with a market share of 29% (in terms of project portfolio), according to CRISIL. For further details, please see the section entitled "*Industry Overview*" on page 136.

Rights to the Sterlite Sponsor's pipeline of power transmission projects

Pursuant to the Framework Agreement, among the Sterlite Sponsor, the Trustee and the Investment Manager, IndiGrid had agreed to acquire GPTL, KTL and NER from Sterlite Sponsor through separate share purchase agreements, out of which 49% of GPTL (along with 100% economic ownership) has already been acquired from SGL4. KTL and NER have a transmission network of 9 power transmission lines of approximately 1,458 ckms and 3 substations, with a transformation capacity of 4,260 MVA. KTL and NER are under various stages of development.

Any potential acquisitions of power transmission projects are assessed for their suitability with our investment objective and are subject to mutual agreement between the Sterlite Sponsor, KKR Sponsor and the Investment Manager on behalf of us.

In addition, we intend to (i) acquire 26% of the issued, subscribed and paid-up equity share capital of NER, either directly or indirectly from the Sterlite Sponsor, and (ii) partially repay the outstanding external debt of OGPTL and GPTL. For further details, please see the section entitled "*Use of Proceeds*" on page 216.

Strong corporate governance and skilled and experienced Investment Manager

We benefit from the skills and experience of the board of directors and the management teams of our investment manager, IndiGrid Investment Managers Limited (formerly, Sterlite Investment Managers Limited), in investing and financially managing our power transmission and renewable energy assets for the beneficial interest of our Unitholders. Some of the members of our Investment Manager's board of directors and management teams have extensive experience in the power transmission sector and have established track records in negotiating, structuring and financing investments in power transmission assets and financially managing these assets as well as governing similar trusts internationally. For further details, please see the section entitled "*Parties to IndiGrid*" on page 96.

The InvIT Regulations set out the statutory requirements for, among other things, the board composition of an investment manager, which promotes strong corporate governance in IndiGrid. The key features of our corporate governance structure are as follows:

- The chairman of the board of our Investment Manager is an independent director with experience in governing international infrastructure trusts.
- The Investment Manager has constituted crucial committees of the board, including, the stakeholders' relationship committee, the audit committee, the investment committee and the risk management committee. All these committees are chaired by independent directors.
- All related party transactions with each of our Sponsors are required to be approved by the investment committee and the audit committee of the Investment Manager, which is comprised of a majority of independent directors.
- All related party acquisitions made by IndiGrid with respect to the Framework Assets or any other proposed acquisition from the Sterlite Sponsor must be approved by a majority of our Unitholders excluding the Sterlite Sponsor. For further details, please see the section entitled "*Corporate Governance – Investment Manager*" on page 130.
- Electron IM Pte. Ltd., an affiliate of KKR, owns 60% of the issued, paid-up and subscribed capital of the Investment Manager and has further agreed to acquire another 14% in the Investment Manager, subject to the terms and conditions set out in the IM SSPA.
- Esoteric II Pte. Ltd. was inducted as a sponsor of IndiGrid at the annual general meeting of IndiGrid held on September 28, 2020.

Business Strategy

Focused and diversified Portfolio Assets

We focus on owning power transmission and renewable energy assets with long-term contracts, low operating risks and stable cash flows consistent with the characteristics of our Portfolio Assets as well as other assets which we intend to acquire in the future. We believe that by focusing on this asset class and leveraging our Investment Manager's industry knowledge and experience, we will maximize our strategic opportunities and overall financial performance.

We are focused on the Indian market, where we believe that private participation in the power transmission sector will continue to grow significantly. This also allows us to leverage our Sponsors' existing relationships and proven track record of identifying, developing, constructing and acquiring critical infrastructure assets.

We believe that IndiGrid is suitably placed to diversify into other similar infrastructure asset class and further increase the returns for its Unitholders without diluting the risk profile. We believe that renewable energy sector in India has matured and our proposed diversification in solar energy projects would result in improved returns to Unitholders. We believe there is an attractive opportunity to aggregate good quality power transmission and solar projects, (i) having TSAs and an annuity profile in their respective long terms PPAs, respectively, which is also consistent with our investment philosophy of long term cash yielding stable projects; (ii) with operational track record for a well-capitalized platform like ours; (iii) with good quality equipment; and (iv) financially strong and creditworthy counterparties.

Pursue additional transmission revenue

We aim to achieve high availability to earn incentive revenue on a sustainable basis through a Reliability Centered Maintenance approach by deploying prudent asset management practices, conducting routine and predictive maintenance and using advanced technology, such as drones to monitor and maintain lines, thermo-vision scanning, puncture insulator detectors and corona measurement devices for preventive maintenance. We also intend to continue following prudent maintenance practices, which improve business performance, reduce our costs and increase revenues generated by the Portfolio Assets by maintaining high transmission availability. Maintenance of high availability rates entitle our projects to receive incentive revenues under the applicable TSA and tariff regulations. We have signed a multi-year collaboration agreement to build an artificial intelligence (AI)-enabled asset management platform to increase the efficiency of our assets. We intend to continue applying advanced technology to better manage and operate our Portfolio Assets.

We also intend to capitalize on such capacity enhancement opportunities, once the framework for compensating existing transmission lines is crystalized by the government.

Institute and maintain optimal capital structure

We intend to maintain a balanced capital structure and consolidated leverage to provide for a stable and predictable cash flow. Following the utilization of the Issue Proceeds, our consolidated borrowings and deferred payments net of cash and cash equivalents will be below 70% of the total value of our assets, as prescribed by the InvIT Regulations. If such borrowings and payments exceed 49%, we are required to obtain a credit rating of "AAA" or equivalent for the consolidated borrowing and proposed borrowing under the InvIT Regulations. The inter-state transmission projects are largely debt financed with a standard debt to equity ratio of 70:30, according to CRISIL.

We intend to consider both private and public markets for debt capital to provide the most balanced and optimal capital structure to acquire additional power transmission and renewable energy projects. We also intend to maintain appropriate risk policies to help mitigate foreign exchange and market risks.

Value accretive growth through acquisitions

Our future growth is intended to be derived mainly from our Investment Manager's value accretive acquisition strategy, which will be focused primarily on acquiring power transmission projects, which provide long-term, regular and predictable cash flows, demonstrate potential to maintain or enhance returns to Unitholders and the potential for long-term capital growth in accordance with our investment objectives. In addition, for potentially acquiring any future assets from the Sterlite Sponsor, we may also acquire power transmission and renewable energy projects from other parties. We own twelve fully commissioned projects, (i) BDTCL, JTCL, PKTCL, 49% of RTCL (and 74% as of date), 49% of MTL, NTL, OGPTL and ENICL, that we acquired from the Sterlite Sponsor in May 2017, May 2017, February 2018, February 2018, February 2018, June 2019, July 2019, May 2020, respectively and 49% of GPTL (with 100% economic ownership) that we acquired from SGL4 in August 2020; (ii) 46% of PTCL (74% as of date), that we acquired from TEECL and TPGCL in August 2018; (iii) JKTPL that we acquired from KPTL and TEECL in October 2020; and (iv) 74% of PrKTCL that we acquired from Reliance Infrastructure Limited in January 2021.With these acquisitions, we own 34 power transmission lines of approximately 6,470 ckms and 9 substations having approximately 12,290 MVA of transformation capacity across 15 states and 1 union territory, in India.

We may also acquire other power transmission projects that may be at an early stage where they have not yet generated regular and predictable cash flows and through the TBCB mechanism. We expect that the experience of our Investment Manager and our financial position will competitively position us to acquire power transmission assets.

IndiGrid intends to acquire renewable energy projects with robust power purchase agreements, operational track record and financially strong counterparties or off-takers. In addition to long contract life and low risk cash flows, solar projects complement transmission portfolio with synergies on operations and regulatory establishments. With the operational and financial synergies, such diversification will result in additional accretion for Unitholders while maintaining AAA rated cash flows to Unitholders.

We consider that the fragmented nature of the Indian renewable energy industry and the growth of the renewable energy market will continue to offer consolidation opportunities. We have also signed definitive agreements for acquisition of the Proposed Solar Projects: (i) FRV I; and (ii) FRV II from FRV Solar Holdings XI B.V., operating solar photovoltaic power plants in the state of Andhra Pradesh.

We intend to continue our expansion through an active evaluation of inorganic opportunities and may also consider organic opportunities in accordance with InvIT Regulations. We will evaluate acquisition opportunities based on our targeted returns, operational scale and diversification criteria and on whether we consider these opportunities to be available at reasonable prices. We believe that our experienced operational and management teams will enable us to identify, structure, execute and integrate acquisitions effectively based on our demonstrated ability to acquire high quality renewable energy projects.

Distribution Policy

We intend to distribute at least 90% of our net distributable cashflows available to Unitholders once in every quarter. For further details, please see the section entitled "*Distribution*" on page 224.

We aim to pursue additional transmission and non-transmission revenues for the Portfolio Assets as well as acquire additional assets under the Framework Agreement, ROFO Deed or otherwise, in order to increase the cash available for distribution and, as a result, increase our distribution per Unit.

Our ability to grow the revenues from our asset portfolio and thereby increase the cash available for distribution and distributions per Unit, is subject to a number of factors and other risks described under the section entitled "*Risk Factors*" on page 56.

Pursue non-transmission revenues

We believe that transmission assets provide potential for non-transmission revenues, including as follows:

- ***Optical ground wire leasing***: Given the rapid growth in internet usage in India, there is a need to install optical fiber lines to improve speed of communication, and we have incurred necessary capital expenditures to use our transmission lines as high-speed optical power ground wires. However, for commercial viability, optical power ground wires need to have extensive connectivity and leasing of optical fiber networks also requires certain government approvals. We intend to enter into licensing arrangements with companies (including the Sterlite Sponsor and its affiliates) having wider networks and requisite approvals, in compliance with applicable law.

  Tower leasing: Given the rapidly increasing smartphone penetration and expanding data usage in India, telecommunications companies are required to incur significant capital expenditures to expand their tower network. Transmission towers provide ready-made installation sites for base transceiver station equipment, and can be leased by telecommunication companies as a cost-efficient alternative to constructing new towers. We intend to enter into licensing arrangements with companies (including the Sterlite Sponsor and its affiliates), in compliance with applicable law.

  BDTCL and JTCL have agreed to license optical power ground wire use and tower use to Sterlite Power Transmission Limited. We intend to pursue similar arrangements for the other Portfolio Assets and for each new power transmission project that we acquire, including each of the other Framework Assets and ENICL, which have optical power ground wires.

RISK FACTORS

An investment in the Units involves a high degree of risk. Before investing in the Units, you should pay particular attention to the fact that IndiGrid, the Trustee, our Portfolio Assets, the Target Asset, our Sponsors, the Project Manager, the Investment Manager and each of their activities are governed by the legal, regulatory and business environment in India and other relevant jurisdictions, which differs from that which prevails in other countries. You should carefully consider the risks described below and other information as disclosed in this Draft Letter of Offer before making an investment in the Units or subscribing to your Rights Entitlements. The risks described in this section are those that IndiGrid, our Sponsors and the Investment Manager consider to be the most significant to our business, prospects, financial condition, results of operations and cash flows and are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to IndiGrid, our Sponsors or the Investment Manager or that they currently believe to be immaterial may also have an adverse effect on our business, prospects, financial condition, results of operations and cash flows. If any or a combination of the following events occur, or if other risks that are not currently known or are now deemed immaterial give rise to similar events, our business, prospects, financial condition, results of operations and cash flows could materially suffer, the value of the Units could decline and you may lose all or part of your investment. Unless specified or quantified in the relevant risk factors below, IndiGrid, our Sponsors and the Investment Manager are not in a position to quantify the financial or other implication of any of the risks mentioned herein.

This Draft Letter of Offer contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Letter of Offer.

To obtain a complete understanding, prospective investors should read this section together with the sections entitled "Our Business" and "Management's Discussion and Analysis of Factors by the Directors of the Investment Manager affecting the Financial Condition, Results of Operations and Cash Flows" on pages 176 and 226, as well as the other financial and statistical information contained in this Draft Letter of Offer.

In making an investment decision, you must rely upon your own examination and the terms of the Issue, including the merits and the risks involved. You should consult your tax, financial and legal advisors about the particular consequences of investing in the Issue.

In this section, unless the context otherwise requires, a reference to "we", "us" and "our" refers to IndiGrid or to the Portfolio Assets and the Target Asset and may be interchangeably used.

RISKS RELATED TO OUR BUSINESS

1. *We may be unable to operate and maintain our power transmission projects to achieve the prescribed availability.*

We operate our power transmission projects under an availability-based tariff regime. The Tariff Regulations provide specific guidance on the calculation of availability, and take into account the elements in the transmission system (including transmission lines and substations) as well as the reason for any outages, with force majeure outages being excluded from such calculation. If our availability falls below the required minimum threshold (ranging between 95% to 98%) for a particular line, we are subject to a penalty, which reduces the annual transmission charge we receive for the relevant period.

We may be unable to operate and maintain our power transmission projects to achieve prescribed availability due to a number of factors, including, but not limited to:

- failure to meet licensing requirements or to obtain, maintain or renew approvals and licenses;
- operator error, improper installation or mishandling of equipment;
- breakdown or failure of power transmission systems;
- flaws in equipment design or construction of power lines or substations;
- work stoppages or labor disturbances or disputes;
- performance of equipment below expected levels of output or efficiency;
- non- availability of the required spare parts and required labor force;
- environmental issues affecting the operations of transmission systems;
- planned or unplanned power outages;
- theft of equipment and lines;

- claims on completed projects and litigations, proceedings, judgments or awards arising therefrom; and
- force majeure and catastrophic events, including fires, explosions, landslides, storms, floods, social unrest, earthquakes and terrorist acts, to the extent such events are not excluded from the calculation of availability under the TSAs and the Tariff Regulations.

Accidents or malfunctions involving transmission lines or substations including failure of transmission towers, power conductors or insulators, may disrupt transmission of electricity and result in availability being below expected levels.

In addition, power transmission projects rely on equipment that is built by third parties, and which is subject to malfunction. Although, in certain cases, manufacturers provide warranties and performance guarantees, and may be required to compensate us for certain equipment failures, engineering and design defects, such arrangements are subject to time limits, fixed liability caps and may not fully compensate us for the damage incurred or for penalty payments which may be imposed on us due to any reduced availability below required levels. Warranties under certain supplier contracts for certain of our Portfolio Assets have expired, as a result of which we may not be compensated for equipment failures, engineering and design defects from such suppliers.

The power transmission projects operated by us are generally in geographically remote areas with difficult terrain, which poses particular challenges for their operation and maintenance, including security and accessibility.

If any of these risks or any similar risks materialize, our ability to operate and maintain power transmission projects to achieve prescribed availability thresholds could be adversely affected. We may also face reputational risks which could affect our ability to bid for future power transmission projects and we may face potential claims for loss of business or for damages if we are unable to transmit power as agreed under our TSAs. A Portfolio Asset or the Target Asset may have its license cancelled by CERC or its TSA terminated by either a LTTC or the CTU for failure to operate and maintain the power transmission projects in accordance with prescribed requirements. Any of these circumstances could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

2. ***We may lose tariff revenues or fail to receive payments and incur significant repair and replacement costs in the event our power transmission projects or Proposed Solar Projects are rendered inoperable due to force majeure events.***

In the event that any of our power transmission projects or Proposed Solar Projects are rendered inoperable due to force majeure events, there can be no assurance that we will be able to successfully apply to obtain a deemed availability certificate to receive tariffs under the force majeure provisions under the applicable TSA or receive payments under the relevant PPAs, or that our insurance will reimburse us for repair and replacement costs, either partially or fully for the period of such force majeure event, which could materially affect our business, prospects, financial condition, results of operations and cash flows.

One of the Portfolio Assets, BDTCL, had its 765 KV S/C Bhopal – Indore transmission line rendered inoperable for approximately 51 days in Fiscal 2015 when gale force winds damaged a tower. BDTCL received a deemed availability certificate for the same period. Additionally, there was a delay in the construction of the OGPTL transmission lines due to heavy rainfall and flood in Jharsuguda and Sundargarh districts of Odisha, among other factors. The OGPTL project received energization approval on August 23, 2017. However, due to non-availability of bays at the PGCIL substation at Sundargarh (Jharsuguda), the said line was deemed to be commissioned with effect from August 30, 2017. ENICL, another Portfolio Asset, has had its 400 KV D/C Purulia – Bihar Sharif transmission line rendered inoperable twice. It was rendered inoperable in August 2016 until July 2017 and was rendered inoperable again in August 2018. In both instances, flooding and heavy rainfall damaged the transmission towers. Further, in 2016, an agitation in Haryana by the Jat community, wherein a mob attacked the sub-stations of JKTPL resulted in complete breakdown of the transmission system of JKTPL. Further, another portfolio asset, JTCL, had its 400 kV Jabalpur-Bina transmission line rendered inoperable because of tower collapse caused by heavy wind and squall like conditions for approximately 50 days in Fiscal 2020. We cannot assure you that such instances will not occur in the future and that any future force majeure events will not have an adverse effect on our business, prospects, financial condition, results of operations and cash flows.

3. ***Most of our revenues are derived from tariff payments received from LTTCs and a delay in payments of PoC charges to the CTU by users and customers may adversely affect our cash flows and results of operations. Further, our customers in relation to our Proposed Solar Projects may not be able to fulfil their contractual obligations as a result of their poor financial health or for other reasons, which may have an adverse effect on our business, cash flows, financial condition, results of operations and prospects.***

In accordance with the Sharing of Charges and Losses Regulations and the CERC's PoC payment system, transmission licensees, such as our Portfolio Assets and the Target Asset, are entitled to recover their approved tariffs from ISTS charges collected by the CTU. The CTU collects transmission charges from customers, including our

LTTCs on a regular basis and pays such transmission charges to the transmission licensees, including the Portfolio Assets and the Target Asset. The payment mechanism is structured, in accordance with the Tariff Regulations to incentivize the end consumers to make timely payments through rebates, and a surcharge that is levied on untimely payments by LTTCs.

The LTTCs under the PoC mechanism include various state utilities, other distribution licensees and TSUs. These LTTCs have experienced periods of financial weakness in the past. A failure or delay on the part of any LTTCs to make timely payments or on the part of distribution licensees or TSUs to make the requisite payments to the CTU could affect the capability of the CTU to make the corresponding payments to transmission licensees, including our Portfolio Assets. As a result, factors beyond our control that affect the business, prospects, financial condition, results of operations or cash flows of the LTTCs could result in the delay or failure of our Portfolio Assets or the Target Asset to receive tariff payments.

PGCIL serves as a CTU and is responsible for the planning, development and operation of inter-state transmission of electricity and the national grid. PGCIL also undertakes high capacity transmission corridor and grid strengthening projects. Its dual roles as a CTU and power transmission project developer and operator may give rise to conflicts of interest that could result in delays in tariff payments to us. As a result of these and similar factors that may be beyond our control, our business, prospects, financial condition, results of operations and cash flows may be adversely affected.

In relation to our Proposed Solar Projects, since the distribution of electricity is controlled in India by central agencies and state utilities, there is a concentrated pool of potential buyers for grid connected, utility scale electricity generated by our projects, which may restrict our ability to find new customers for the electricity generated by our Proposed Solar Projects. If, for any reason, any of our customers under such PPAs become unable or unwilling to fulfil their contractual obligations under the relevant PPA or if they refuse to accept delivery of power pursuant to the relevant PPA our business, financial condition, results of operations and prospects may be adversely affected as we may not be able to find other purchasers for such contracted capacities or replace the PPA on equivalent terms and conditions.

In addition, external events, such as an economic downturn, could impair the ability of some customers under our PPAs to pay for electricity received. Certain of our customers may also become subject to insolvency or liquidation proceedings during the term of the relevant PPAs. Bringing action against our customers to enforce their contractual obligations is often difficult and there can be no assurance that if we initiate any legal proceedings against any such entities, we will receive a judgment in our favour or on a timely basis. A failure by any of our customers to meet its contractual commitments, or an insolvency or liquidation of any of our customers, could have an adverse effect on our financial condition and results of operations.

4. ***As the terms and conditions, including the tariff structure under our TSAs are generally fixed, we may not be able to offset increases in costs, including operation and maintenance costs, solely from tariffs payable to us under the TSAs.***

The tariff structure under our TSAs is largely fixed for the entire term of the TSAs. Operation and maintenance costs of our power transmission projects may increase due to factors beyond our control, including the following:

- Increase in the cost of labor, materials and insurance;
- Restoration costs in case of events such as, floods, natural disasters and accidents;
- Increase in raw material costs;
- Adverse weather conditions;
- Unforeseen legal, tax and accounting liabilities; and
- Other unforeseen operational and maintenance costs.

We may not be able to offset increased operation and maintenance costs as the tariff is generally fixed under our TSAs, and given the escalable component forms only a small portion of the overall tariff payable to us, it may be insufficient to offset such cost increases. Additionally as the escalable portion of our tariff is linked to inflation, there can be no assurance that adjustments of the escalable tariff will be sufficient to cover increased costs resulting from inflation. Significant increases in operation and maintenance costs may reduce our profits, could expose us to penalties under the TSAs.

Any increased volatility or rate of inflation of global commodity prices, in particular oil and steel prices, could adversely affect our customers, contractual counterparties and end users. Although the RBI periodically imposes certain policy measures designed to curb inflation, these policies may not be successful. Any slowdown in India's growth, inflation volatility or fluctuation or sustained periods of hyperinflation adversely impact our business, prospects, financial condition, results of operations and cash flows.

5. ***We intend to acquire 26% of the issued, subscribed and paid-up share capital of the Target Asset with the proceeds of this Issue and any failure to acquire such percentage of the Target Asset could have a material adverse effect on our business, financial condition and results of operations.***

We intend to acquire 26% of the issued, subscribed and paid-up equity share capital of the Target Asset, directly or indirectly, from the Sterlite Sponsor. For further details please see section entitled "*Use of Proceeds*" on 216. If we are unable to raise the expected proceeds from this Issue, we may not be able to acquire 26% of the issued, subscribed and paid-up equity share capital of the Target Asset and may not be able to realize the anticipated benefits of the acquisition of the Target Asset. If we are unable to obtain any required approvals to complete the acquisitions of the Target Asset, we may not be able to complete such acquisition. This could have a material adverse impact on our business, financial condition and results of operations and prospects. In addition, the proposed acquisition of the Target Asset, as specified above, may result in material transaction expenses, increased interest and amortization expense, increased depreciation expense and increased operating expense and financing costs, any of which could have an adverse effect on our results of operations.

6. ***We may be unable to operate and maintain the Proposed Solar Projects in a satisfactory manner or at all.***

The investment objectives and strategy of IndiGrid includes, amongst others, investment in renewable energy generated through hydel, solar, wind, biomass, geothermal, tidal, wave and other renewable natural resources. Accordingly, IndiGrid has entered into definitive agreements dated December 18, 2020 to acquire FRV I and FRV II from FRV Solar Holdings XI B.V., which operate solar photovoltaic power plants in the state of Andhra Pradesh.

IndiGrid has no experience of acquiring or investing in the renewable energy sector, including in the solar projects for which we have entered into definitive agreements, being FRV I and FRV II, or any other solar assets that we may acquire in the future. Additionally, we may face competition from established players and competitors who have a strong operating history in the renewable energy sector. There can no assurance that we will be able to operate these assets in a satisfactory manner or at all and supply the contracted capacities in accordance with the relevant PPAs. Further, there can be no assurance that any these Proposed Solar Projects will perform as expected or that the returns from such Proposed Solar Projects will support the financing utilized to acquire or maintain them. If any of these risks or any similar risks materialize, it may result in a breach of the relevant PPAs in relation to such Proposed Solar Projects and we may face potential claims for loss of business or for damages if we are unable to generate renewable power as agreed. We may also face reputational risks which could affect our ability to bid for future projects. Any of these circumstances could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

7. ***The acquisition of the Target Asset and other future acquisitions may expose us to risks and have an adverse impact on our operations.***

The acquisition of the Target Asset and other future acquisitions may entail integration and management of these future assets to realize economies of scale and control costs, as well as other risks, including diversion of management resources otherwise available for ongoing development of our business. The acquisition may cause disruptions to our operations and divert management's attention away from day-to-day operations. Newly acquired assets may require significant management attention that would otherwise be devoted to our ongoing business. Our management may have to spend a considerable amount of time to ensure a smooth handover of the Target Asset and other future assets and align the operating philosophy of the Target Asset and other future assets with ours. Despite pre-acquisition due diligence, we do not believe that it is possible to fully understand an asset before it is owned and operated for an extended time. Further, the expected benefit, synergies or efficiencies from such acquisitions may take longer than expected to achieve or may not be achieved at all.

Further, the acquisition of the Target Asset and any other acquisitions or alliances in the future may expose us to the risk of unanticipated business uncertainties or legal liabilities including defects in title and lack of appropriate approvals/ licenses in place for which the relevant parties in relation to such future assets may or may not indemnify us.

8. ***The ability of our Project Manager to ensure that our power transmission systems and Proposed Solar Projects are fully operational at all times may be subject to the limitations of the power grid, existing equipment or operational risks outside of their control.***

Power grid outages at the state, regional or national level disrupt the transmission of electricity and could result in performance being below expected levels. For example, there could be failure in the transmission towers, power conductors or insulators. In addition, power transmission projects and our Proposed Solar Projects rely on sophisticated machinery that is built by third parties, which may malfunction. Injuries to people or property may also occur in the ordinary course of carrying on our business, which could subject us to significant disruptions in our business and legal and regulatory actions. For example, a fatal accident along the transmission lines set up by BDTCL at the time of construction, resulted in the death of eight laborers. In September 2020, a contractor employee died due to anaphylactic shock caused by honeybee swarm attack while working on the 400 kV D/C Purulia-Ranchi transmission line of PKTCL. The operation of our projects also involves many operational risks, some of which are outside our control, including explosions, fires, damages due to earthquakes and other natural disasters, the breakdown or failure of transmission or generation equipment or other equipment or processes, operating below expected levels, labor disputes, civil unrest, terrorism and war. For example, the construction of the OGPTL transmission lines was delayed due to, amongst other factors, unseasonal and heavy rainfall and flood in Odisha and delay in the grant of forest clearance to OGPTL in respect of the forest land acquired for the construction of the said transmission lines. Any disruption in the operations of our projects could negatively impact the reputation of IndiGrid, the Project Manager, the Investment Manager or the Sponsors among our customers, stakeholders, regulators or within our industry. The occurrence of any of the above events could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

9. We may not be able to make distributions to our Unitholders comparable to our Unitholders' estimated or anticipated distributions or the level of distributions may fall.

While we have had a stable track-record of distributions since listing, future distributions will be based on the net distributable cash flows. The InvIT Regulations provide that not less than 90% of our net distributable cash flows should be distributed to the Unitholders. Under the InvIT Regulations, distributions must be declared and made not less than once every six months in each financial year and will be made not later than fifteen days from the date of such declaration and pursuant to its distribution policy. IndiGrid declares its distributions once every quarter in accordance with the InvIT Regulations and our Distribution Policy. The amount of cash available for distribution to Unitholders principally depends upon the amount of cash that we receive as dividends or the interest and principal payments from our Portfolio Assets and the Target Asset that we acquire from the proceeds of this Issue, which in turn depends on the amount of cash that the relevant Portfolio Assets and the Target Asset generate from operations and may fluctuate based on, among other things:

- insufficient cash flows received from our Portfolio Assets and the Target Asset;
- debt service requirements and other liabilities of our Portfolio Assets and the Target Asset;
- fluctuations in the working capital needs of our Portfolio Assets and the Target Asset;
- ability of our Portfolio Assets and the Target Asset to borrow funds and access capital markets;
- restrictions contained in any agreements entered into by our Portfolio Assets and the Target Asset, including financing agreements;
- respective businesses and financial positions of our Portfolio Assets and the Target Asset;
- applicable laws and regulations, which may restrict the payment of dividends by the Portfolio Assets and the Target Asset;
- operating losses incurred by the Portfolio Assets or the Target Asset in any financial year;
- changes in accounting standards, taxation laws and regulations, laws and regulations in respect of foreign exchange repatriation of funds, corporation laws and regulations relating thereto;
- amount and timing of capital expenditures on our Portfolio Assets and the Target Asset;
- amount of management fees we pay to the Investment Manager and the Project Manager; and
- nature of cash flows received from our Portfolio Assets and the Target Asset.

Our Investment Manager will be liable to pay interest to our Unitholders if distributions are not paid within fifteen days of declaration in accordance with the InvIT Regulations.

Further, the method of calculation of the net distributable cash flows may change subsequently due to regulatory changes. Any change in applicable laws in India or elsewhere (including, for example, tax laws and foreign exchange controls) may limit our ability to pay or maintain distributions to our Unitholders. For example, under the extant provisions of the current laws and regulations, dividends that may be paid by the Portfolio Assets to IndiGrid would be exempt from the dividend distribution tax and any distribution of income, in the nature of dividends received from the special purpose vehicle, by IndiGrid to the Unitholders are exempt from the payment of tax. Recently, the Finance Act, 2020 amended the IT Act and consequently, the taxability of dividends distributed by IndiGrid will depend on the taxation regime opted by the Portfolio Assets and the Target Asset. For further details, please see section entitled "*Risk Factors - Unitholders may be subject to Indian taxes arising out of capital gains on the sale of the Units and on any dividend or interest component of any returns from the Units*."

Furthermore, no assurance can be given that we will be able to pay or maintain the levels of distributions or that the level of distributions will increase over time, or that future acquisitions will increase our distributable cash flow to our Unitholders. Distributions that the Unitholders have received in the past may not be reflective of the distributions that may be paid in the future. Any reduction in, or delay/default of, payments of distributions could materially and adversely affect the market price of our Units. As a result of all these factors, we cannot guarantee that we will have sufficient cash generated from operations to achieve distributable or realized profits or surplus in any future period in order to make distributions every three months or at all.

For further details on our distributions, please see section entitled "*Distributions*" on page 224.

10. Any changes to current tariff policies or modifications of tariffs standards by regulatory authorities could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Tariffs determined by regulatory order and charged to customers comprise virtually all of the revenues generated by the power transmission projects operated by us. Such tariffs are collected by the CTU, under a payment pooling mechanism and subject to periodic reviews by the CERC. The Portfolio Assets and the Target Asset have no ability or flexibility to charge more for regulated services than is provided for under the relevant tariff.

With respect to potential impacts on statutory payment pooling bodies, in accordance with the Sharing of Charges and Losses Regulations, transmission licensees such as the Portfolio Assets and the Target Asset are entitled to recover their approved tariffs from ISTS charges collected by the CTU. The CTU collects transmission charges from distribution licensees and TSUs on a regular basis and pays such charges to transmission licensees, including us. In the event of any change in the operating statutory parameters of the CTU, or a failure or delay on the part of the CTU to make the corresponding payments to the Portfolio Assets or the Target Asset, the counterparty risk may increase significantly and our business, prospects, financial condition, results of operations and cash flows may be materially and adversely affected. Further, we are subject to an incentive based penalty mechanism for all our Portfolio Assets and may be subject penalties if the availability rate falls below the limits as may be prescribed under the applicable provisions in the project documents and tariff regulations.

The revenues generated by JKTPL are not dependent on a regulatory order and are dependent on tariffs as determined in terms of the relevant TSA. JKTPL operates an intra-state transmission asset and in terms of the TSA, JKTPL may recover tariffs equivalent to a base unitary charge which is subject to annual revisions. For instance, the rate of inflation, based on monthly Wholesale Price Index stood at (2.03%) (provisional) for the month of January, 2021 (over January, 2020) as compared to 3.52% during the corresponding month of the previous year, resulting in lower escalations in tariff as against projections. We cannot assure you that future revisions to the base unit charge will be aligned with the tariff expected to be recovered by JKTPL.

With respect to potential impacts on statutory dispatch bodies, in accordance with the Electricity Act, the operators of the national or state transmission grids, the NLDC, the RLDCs and the SLDCs, operate the grids as independent operators. Any negative change in the operating statutory parameters of the NLDC, the RLDCs or the SLDCs, as applicable, may negatively affect the corresponding availability of the transmission assets of the Portfolio Assets and the Target Asset and in turn materially and adversely affect the business, prospects, financial condition, and results of operations and cash flows of the Portfolio Assets and the Target Asset. Any such unfavorable changes, particularly to tariff, payment pooling and dispatch regulations, could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

11. Our businesses could be adversely affected if we are unable to maintain or renew our existing regulatory approvals due to changes to the regulatory environment and the laws, rules and directives of the GoI.

The power industry in India is regulated by a wide variety of laws, rules and directives issued by government and relevant regulatory authorities. The timing and content of any new law or regulation is not within the control of the Portfolio Assets and the Target Asset and any changes to current regulatory bodies or the existing regulatory regime could have an impact on our ability to obtain the requisite regulatory approvals in a timely manner or at all. Our inability to obtain and maintain regulatory approvals in a timely manner or at all could adversely effect on the business, prospects, financial condition, results of operations and cash flows of the Portfolio Assets and the Target Asset. For example, the construction of the 400 kV D/C Agra-Prithala line, 400/220 GIS Prithala Substation, Prithala-Kadarpur 400 kV D/C HTLS line and 400/220 kV substation at Kadarpur by GPTL was adversely affected due to amongst others, delay in obtaining the required forest approval for diversion of forest along the Agra canal on account of lack of administrative clarity and failure of HPVL in sharing the Control and Relay Protection System in a timely manner.

The laws and regulations governing the power industry have become increasingly complex and govern a wide variety of issues, including billing and collections, allocation of transmission charges among LTTCs, rights of way, land acquisitions, calculations of availability and forest clearances. Any change in policy for such issues may result in our inability to meet such increased or changed requirements and the operation of the Portfolio Assets may be adversely affected. Further, there can be no assurance that the GoI or any state government in India will not implement new regulations and policies which will require us to obtain additional approvals and licences from the government and other regulatory bodies or impose onerous requirements and conditions on their operations, which could result in increased compliance costs as well as divert significant management time and other resources. Future changes in laws and regulations and the failure or apparent failure to address any regulatory changes or enforcement initiatives could have an adverse impact on the business and future financial performance of our Portfolio Assets and the Target Asset, impair their ability to declare dividends to IndiGrid, harm our reputation, subject us to penalties, fines, disciplinary actions or suspensions or increase the risk of litigation and have an adverse effect on the price of the Units.

12. ***Any project that we acquire, which is still under construction and development, may be subject to cost overruns or delays.***

We may acquire power transmission projects, renewable energy projects and other projects, including the Future Assets, which are still under construction and development, in accordance with the InvIT Regulations and subject to Unitholders' approval in certain cases. The development of such projects is subject to substantial risks, including various planning, engineering and construction risks. Power transmission projects typically require substantial capital outlays and a long gestation period of between three to four years before the commencement of commercial operation. The owner of a power transmission project generally begins generating a return on investment after the commencement of commercial operation, which may be delayed due to various reasons. Additionally, the development and construction of renewable energy projects involve numerous risks and uncertainties and require extensive research, planning and due diligence. Before we can determine whether a renewable energy project is economically, technologically or otherwise feasible, we may be required to incur significant capital expenditure for land and interconnection rights, regulatory approvals, preliminary engineering, equipment procurement, legal and other work.

Under the InvIT Regulations, we can only acquire a project which has received all requisites approvals and certifications for commencing operations. Several key steps must be taken before power transmission and renewable energy projects start to operate, recover costs and generate revenue, including:

- conducting surveys and investigations for the proposed route;
- entering into construction contracts and long-term service agreements with contractors with sufficient expertise;
- purchasing necessary transmission equipment;
- acquiring land with satisfactory land use permissions from land owners and local authorities;
- securing necessary project approvals, licences and permits in a timely manner;
- procuring sufficient equity, debt, mezzanine and other necessary financing on competitive terms;
- entering into or securing transmission and tariff-related arrangements including, TSAs, RSAs and tariff orders and PPAs or other arrangements on acceptable terms; and
- completing transmission on identified lines or construction on schedule.

During the construction and development phases of a project we may also suffer from the unavailability of equipment or supply, work stoppages, labor or social unrest, adverse weather conditions, natural calamities, delays in construction, delays in clearances, unforeseen construction-related and/or operational delays and defects, delivery failures by contractors, increased cost of raw materials, unavailability of adequate funding, inability to secure rights of way for certain portions of the transmission line, failure to complete projects within budget and in accordance with the required specifications, additional interest costs incurred due to project delays, legal actions brought by third parties, changes in government, regulatory and tax policies, foreign exchange movements, adverse trends in the power transmission industry or general economic conditions in India. For example, the construction of the transmission lines of the BDTCL and JTCL was delayed by more than a year due to delays in obtaining approvals and clearances from relevant authorities. The commissioning of the PKTCL was delayed due to among other things delay in obtaining forest clearances, strikes and other *force majeure* events. Additionally, the construction of the OGPTL transmission lines was delayed due to, amongst other factors, unseasonal and heavy rainfall and flood in Odisha and delay in the grant of forest clearance to OGPTL in respect of the forest land acquired for the construction of the said transmission lines. Similarly, the construction of the 400 kV D/C Agra-Prithala line, 400/220 GIS Prithala Substation, Prithala-Kadarpur 400 kV D/C HTLS line and 400/220 kV substation at Kadarpur by GPTL was adversely affected due to amongst others, delay in obtaining the required forest approval for diversion of forest along the Agra canal on account of lack of administrative clarity and failure of HPVL in sharing the Control and Relay Protection System in a timely manner. Any delays in procuring approvals and permits for the transmission assets that we acquire in the future could impact construction timelines, which in turn could affect our ability to operate them.

The Sterlite Sponsor has limited control over the land acquisition process, both in terms of timing and ability to obtain the land on commercially acceptable terms, since the Sterlite Sponsor needs to acquire land through the state governments or from private landowners. Similarly, the Sterlite Sponsor has limited control over obtaining forest clearances that block its projects. The Sterlite Sponsor may not be able to acquire the land required for substations, obtain forest clearances for diversion of forest land or secure the required rights of way in a timely manner or at all. Delay in constructing infrastructure, such as bay ends at connecting substations, which are not within the scope of the project, but are critical for the operation of the project may also delay the construction of the project. Certain Portfolio Assets have also filed petitions in this regard. For details, please see the section entitled "*Litigation*" on page 252. Such delays in the development of the Sterlite Sponsor's power transmission projects could in turn delay the Trustee's exercise of our right of first offer with respect to such projects.

The foregoing factors may also give rise to risks in the building and construction phase of power transmission projections and create delays in the completion of such projects. Construction disruptions or delays could impede our ability to exercise our right of first refusal in respect of assets owned by the Sterlite Sponsor, and in turn materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

13. If environmental conditions at our Proposed Solar Projects are unfavourable, our electricity production, and therefore our revenue from operations, may be substantially below expectations.

The revenues that will be generated by our Proposed Solar Projects are proportional to the amount of electricity generated, which in turn is dependent upon prevailing environmental conditions. Operating results for solar energy projects vary significantly depending on natural variations from season to season and from year to year and may also change permanently because of climate change or other factors. In some periods, the solar conditions may fall within our long-term estimates but not within the averages expected for such period. In addition, the amount of electricity our Proposed Solar Projects produce is dependent in part on the amount of sunlight or irradiation.

Unfavourable weather and atmospheric conditions could impair the effectiveness of our Proposed Solar Projects or reduce their output to levels below their rated capacity. Furthermore, components of our systems, such as solar panels and inverters, could be damaged by severe weather conditions, such as hailstorms, tornadoes or lightning strikes or certain levels of pollution, dust and humidity. The operational performance of a particular solar energy project also depends on the contour of the land on which the project is situated. In case of a highly variable contour, the output of the solar farm situated on such a surface may be sub-optimal. Our Proposed Solar Projects will also be affected by the monsoon season.

A sustained decline in environmental and other conditions at our solar energy projects could lead to a material adverse change in the volume of electricity generated. As a consequence, our business, cash flows, financial condition, results of operations and prospects may be materially and adversely affected.

14. Some of our business is dependent on the regulatory and policy environment affecting the renewable energy sector in India.

The regulatory and policy environment in which we operate is evolving and subject to change and we will depend in part on government policies that support renewable energy and enhance the economic feasibility of developing renewable energy projects. The GoI provides incentives that support the generation and sale of renewable energy, and additional legislation is regularly being considered that could enhance the demand for renewable energy and obligations to use renewable energy sources. If any of these incentives or policies are adversely amended, eliminated or not extended beyond their current expiration dates, or if funding for these incentives is reduced, or if governmental support of renewable energy development, particularly solar energy, is discontinued or reduced, it could have an adverse effect on our ability to obtain financing or impact the profitability of our Proposed Solar Projects. The GoI has accorded renewable energy "must-run" status, which means that any renewable power that is generated must always be accepted by the grid. However, certain state electricity boards may order the curtailment of renewable energy generation despite this status and there have been instances of such orders citing grid safety and stability issues being introduced in the past. This may occur as a result of the state electricity boards purchasing cheaper power from other sources or transmission congestion owing to a mismatch between generation and transmission capacities. There can be no assurance that the GoI will continue to maintain the "must-run" status for renewable energy or that the state electricity boards will not make any orders to curtail the generation of renewable energy.

There is no assurance that the GoI will continue to provide incentives and allow favourable policies to be applicable to our Proposed Solar Projects. The GoI may reduce or eliminate these economic incentives for political, financial or other reasons. In addition, policy incentives may be available for a limited period, and there can be no assurance that the validity of such schemes will be extended.

Any change in policy that results in the curtailment of renewable energy generation may have an adverse effect on our business. If governmental authorities do not continue supporting, or reduce or eliminate their support for, the development of renewable energy projects, it may become more difficult to obtain financing, our economic return on certain projects may be reduced and our financing costs may increase. A delay or failure by governmental authorities to administer incentive programmes in a timely and efficient manner could also have an adverse effect on obtaining financing for our Proposed Solar Projects. These may, in turn, have a material and adverse effect on our business, financial condition, results of operations and prospects.

15. ***The Investment Manager may not be able to execute our growth strategy successfully, including in respect of acquisitions of the Future Assets.***

Under the terms of the Framework Agreement, we are not able to acquire the Unacquired Framework Assets until such projects meet the eligibility criteria specified in the InvIT Regulations. Our growth therefore depends, in part, on the ability of the Sterlite Sponsor to manage the development and construction of new projects in a timely and cost-effective manner. If the Sterlite Sponsor determines that any one or more of the Unacquired Framework Assets which have been awarded to it are based on bids that it later determines to be unviable or if the Sterlite Sponsor's expenses required for the completion of such projects are not on commercial terms favorable to it, the Sterlite Sponsor's ability to complete awarded projects profitably or at all may be adversely affected, which could materially and adversely affect our ability to realize the anticipated benefits from the Framework Agreement.

In addition, the projected yields which the Sterlite Sponsor anticipates at the point of bidding may not materialize and the Sterlite Sponsor may have to apply to the CERC for tariff enhancements. While, tariff enhancement applications in respect of the ENICL, JTCL, MTL and BDTCL projects have been approved by CERC previously, there can be no assurances that future tariff enhancements applications for any of the Portfolio Assets or Future Assets will be granted.

Our growth strategy includes expanding our portfolio of project companies through acquisitions in order to maximize distributions for our Unitholders, improve portfolio diversification and enhance flexibility. The Investment Manager undertakes the management and control of our business and growth strategy. Except in respect of transactions equal to or greater than 25% of the InvIT Assets which require prior Unitholders' approval, or an issuance of Units to fund the future acquisitions, no Unitholder may have the opportunity to evaluate the Investment Manager's decisions regarding specific strategies used or the acquisitions made on our behalf, or the terms of any such acquisitions, including in respect of the Future Assets.

The primary component of our current growth strategy is to acquire (i) additional infrastructure projects within the power transmission sector, and (ii) the Proposed Solar Projects, namely FRV I and FRV II from FRV Solar Holdings XI B.V. There can be no assurance that the Investment Manager will be able to implement this strategy successfully due to amongst other things, non-receipt of required approvals, non-availability of funding and breach of obligations by counterparties to the relevant definitive agreements. Further, there can be no assurance that it will be able to expand our portfolio at all, or at any specified rate or to any specified size. The Investment Manager may not be able to make acquisitions or investments or divestments of power transmission projects or renewable energy projects on favorable terms or at all. Even if the Investment Manager was able to successfully make additional acquisitions or investments, there can be no assurance that such acquisitions or investments will produce incremental distributions to our Unitholders and improve our prospects or overall financial condition. We may also be exposed to liability with the acquisition of additional power transmission projects and renewable energy projects.

In addition, as power transmission projects are illiquid in nature, it also may make it difficult for us to sell our Portfolio Assets. Further, pursuant to the InvIT Regulations, we are required to hold an infrastructure asset for a minimum period of three years from the date of purchase.

The Investment Manager expects to face competition for acquisition opportunities, and competitors for these opportunities may have greater financial resources or access to financing on more favorable terms than us. Further, it may be that the types of investments sought by the Investment Manager are small in number. This competition, and possible limits in the number of available opportunities, may limit acquisition opportunities, lead to higher acquisition prices, or both.

In general, acquisitions involve a number of risks, including the inability to secure or repay the financing required to acquire large power transmission projects and renewable energy projects, the failure to retain key personnel of the acquired business and the failure of the acquired business to achieve expected results. Our Investment Manager may fail to identify material risks or liabilities associated with the acquired business prior to its acquisition, such as repayment or default risks related to existing debt of assets that we may acquire. The execution of our acquisition growth strategy may also divert the Investment Manager's attention from the profitable management of IndiGrid.

Additionally, acquisition of power transmission and renewable energy assets is subject to substantial risks, including the failure to identify material problems during due diligence (for which we may not be indemnified), the risk of over-paying for assets or not making acquisitions on an accretive basis, the ability to collect revenues and, if the projects are in new markets, the risk of entering markets and technologies where the Investment Manager has limited or no experience. In addition, any control deficiencies in the accounting systems of the assets that we acquire may make it more difficult to integrate them into our existing accounting systems. While the Investment Manager will perform due diligence on our prospective acquisitions, we may not be able to discover all potential operational deficiencies in such projects. The integration and consolidation of acquisitions requires substantial human, financial and other resources and may divert the Investment Manager's attention from our existing business concerns, disrupt our ongoing business or otherwise fail to be successfully integrated. There can be no assurance that any future acquisitions will perform as expected or that the returns from such acquisitions will support the financing utilized to acquire them or maintain them. As a result, the consummation of acquisitions may have a material adverse effect on the Investment Manager's ability to execute our growth strategy, which could have a material adverse effect on our business, cash flow and ability to make distributions to our Unitholders.

16. IndiGrid has a limited operating history, which will make it difficult for our future performance to be assessed.

IndiGrid was settled as a trust on October 21, 2016 and was registered with SEBI as an infrastructure investment trust or InvIT on November 28, 2016. IndiGrid acquired its interests in BDTCL and JTCL immediately prior to listing pursuant to the initial public offer of its Units on June 6, 2017. We own twelve fully commissioned projects, (i) BDTCL, JTCL, PKTCL, 49% of RTCL (and 74% as of date), 49% of MTL, NTL, OGPTL and ENICL, that we acquired from the Sterlite Sponsor in May 2017, May 2017, February 2018, February 2018, February 2018, June 2019, July 2019, May 2020, respectively and 49% of GPTL (with 100% economic ownership) that we acquired from SGL4 in August 2020; (ii) 46% of PTCL (74% as of date), that we acquired from TEECL and TPGCL in August 2018; (iii) JKTPL that we acquired from KPTL and TEECL in October 2020; and (iv) 74% of PrKTCL that we acquired from Reliance Infrastructure Limited in January 2021. Accordingly, IndiGrid, as an infrastructure investment trust, has a limited operating history by which our past performance may be judged. This will make it difficult for investors to assess our future performance. There can be no assurance that we will be able to generate sufficient revenue from our operations to service our borrowings. Historical financial data has been included elsewhere in this Draft Letter of Offer, and there are estimates and judgments inherent in the preparation of such data. There can be no assurance that our future performance will be consistent with the estimates of past financial performance included elsewhere in this Draft Letter of Offer.

17. We may not be able to successfully fund future acquisitions of new projects due to the unavailability of debt or equity financing on acceptable terms or at all, which could impede the implementation of our acquisition strategy and negatively impact our business.

We will rely on debt and equity financing to expand our portfolio of projects through acquisitions in the future, including in respect of the Future Assets, which may not be available on favorable terms or at all.

Debt financing to fund the acquisition of a project may not be available on short notice or may not be available on acceptable terms. Since the timing and size of acquisitions cannot be readily predicted, we may need to be able to obtain funding on short notice to benefit fully from opportunities. However, under applicable law, the aggregate consolidated borrowings and deferred payments net of cash and cash equivalents of IndiGrid cannot exceed 70% of the value of our assets. As our borrowings and payments have exceeded 49%, we have obtained a credit rating of "AAA" or equivalent for the consolidated borrowing and proposed borrowing under the InvIT Regulations. In addition, such level of indebtedness of IGL, IGL1, IGL2 and the InvIT Assets may impact our ability to borrow without prior approval of our Unitholders.

Restrictions imposed by the Reserve Bank of India may limit our ability to borrow overseas for projects under development and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, there can be no assurance that any required regulatory approvals or borrowing in foreign currencies will be granted to us without onerous conditions, or at all.

Debt financing may increase our vulnerability to general adverse economic and industry conditions by limiting our flexibility in planning for or reacting to changes in our business and our industry. We will also be subject to the risk that certain covenants in connection with any future borrowings may limit or otherwise adversely affect our operations and our ability to acquire additional projects or undertake other capital expenditure by requiring us to dedicate a substantial portion of our cash flows from operations to payments on our debt.

We may also fund the consideration (in whole or in part) for future acquisitions through the issuance of additional Units. Such issuances may result in the dilution of the interests held by existing Unitholders. IndiGrid may not be able to complete the issuance of the required number of Units on short notice or at all due to a lack of investor demand for the Units at prices that it considers to be in the interests of then-existing Unitholders. As a result of a lack of funding, we may not be able to pursue our acquisition strategy successfully. Potential vendors may also view the prolonged time frame and lack of certainty generally associated with the raising of equity capital to fund any such purchase negatively and may prefer other potential purchasers.

18. We operate in a highly competitive environment, and increased competitive pressure could adversely affect our business and the ability of the Investment Manager to execute our growth strategy.

The market for investing in power transmission projects, and energy infrastructure generally, is highly competitive and fragmented, and the number and variety of investors for energy infrastructure assets has been increasing. Some of our competitors are, or may be supported by, large companies that have greater financial, managerial and other resources than us. Our competitors may also have established relationships with other stakeholders that may place them in a better position to take advantage of certain opportunities. The competitive environment may make it difficult for the Investment Manager to successfully acquire power transmission and renewable energy projects. Our ability to execute our growth strategy could be adversely affected by the activities of our competitors and other stakeholders. These competitive pressures could have a material adverse effect on our business, expected capital expenditures, results of operations, cash flows and financial condition and our distributions to our Unitholders.

19. We may not be able to acquire the Unacquired Framework Assets from the Sterlite Sponsor within the timelines stipulated in the Framework Agreement entered into with the Sterlite Sponsor, or at all.

On April 30, 2019, we entered into the Framework Agreement which was further amended on August 28, 2020 with the Sterlite Sponsor through which we agreed to acquire the Unacquired Framework Assets from the Sterlite Sponsor, subject to definitive share purchase agreements being entered into (i) by December 2021 for NER; and (ii) within the earlier of 24 months from the date of commissioning or December 31, 2022 for KTL. We propose to acquire 26% of the issued, subscribed and paid-up equity share capital of NER, either directly or indirectly from the Sterlite Sponsor using the Issue Proceeds. For further details, please see the section entitled "*Use of Proceeds*" on page 216.

If the final consideration payable or other terms of the share purchase agreement differ or are more onerous than currently contemplated, such acquisitions may require us to incur higher acquisition and financing costs or not complete such acquisitions, and our financial condition and results of operations may be adversely affected.

Further, the Sterlite Sponsor's ability to complete the construction of the Unacquired Framework Assets on time is subject to its ability to award subcontracts to competent contractors in a timely manner and to ensure the timely execution of such contracts, while ensuring that the required quality is maintained by these contractors. Price increases, foreign exchange movement or shortages in the availability of equipment could adversely affect the Sterlite Sponsor's ability to develop projects in line with its projected budget or originally envisaged timeframes. While the Sterlite Sponsor may enter into fixed price contracts for its power transmission projects under implementation, the cost of these contracts is ultimately affected by the availability, cost and quality of raw materials. The tower structure, conductors, insulators and transformers are major components in a power transmission project and any delay in placing orders or obtaining delivery may result in increased prices. The prices and supply of the tower structure, conductors, insulators and transformers and other equipment depend on factors not under the Sterlite Sponsor's control, including general economic conditions, foreign exchange rate fluctuations, competition, production levels, transportation costs, exchange rates and import duties. In addition, the recent spread of the novel coronavirus (COVID -19) may affect the ability of the Sterlite Sponsor to develop projects in line with its projected budget or originally envisaged timeframes.

The Unacquired Framework Assets which are under development by the Sterlite Sponsor are also subject to risks associated with the engagement of third party contractors which may delay or even prevent such Unacquired Framework Assets from being offered to us under the Framework Agreement. The Sterlite Sponsor undertakes construction of the relevant infrastructure and substations for its power transmission projects through third party contractors and suppliers and is accordingly, entirely dependent on the skills of these third party contractors for the construction and installation of the power transmission projects and the supply of most infrastructure and equipment. The Sterlite Sponsor's selection criteria for contractors are primarily based on their execution capability and track record, and the technical experience and financial position requirements of the projects. The availability of competent construction companies may be limited due to the experience, skills and competence required for the construction of power transmission of the voltage as the Sterlite Sponsor's projects and the shortage of construction companies available to undertake large and complex power transmission projects.

The Sterlite Sponsor has limited control over the quality of services, equipment or supplies provided by these contractors and may be exposed to risks relating to the timely delivery and the quality of the services, equipment and supplies provided by the contractors necessitating additional investments by the Sterlite Sponsor to ensure the adequate performance and delivery of contracted service. If the performance of contractors is inadequate, this could result in incremental cost and time overruns which in turn could adversely affect the Sterlite Sponsor's future projects and expansion plans and we may not be able to claim damages for indirect losses and losses which exceed the contract price from the supplier in case of their default. Furthermore, there is no assurance that the Sterlite Sponsor's contractors will not violate any applicable laws and regulations, including environmental laws and regulations, in their provision of services. If the Sterlite Sponsor becomes aware that any of its contractors is involved in any material breach of applicable laws and regulations, the Sterlite Sponsor may not be able to continue with the relevant contracting agreement with such contractor or be able to replace such contractors on similar terms or terms acceptable to the Sterlite Sponsor or at all.

The Sterlite Sponsor may not be able to sell the Unacquired Framework Assets to us if the Sterlite Sponsor remains subject to lock-in requirements under the project agreements entered into with the authorities or any requisite consents from LTTCs and/or CERC are not obtained.

In addition, the Framework Agreement may be terminated, in certain circumstances, including (i) by mutual consent of the parties to the Framework Agreement; and (ii) if the Unacquired Framework Assets are not acquired within the timelines prescribed in the Framework Agreement, unless it is mutually agreed to extend the timeline. Termination of the Framework Agreement would adversely affect our ability to implement our acquisition growth strategy, and consequently have a negative impact on our business and overall prospects.

20. Opposition from local communities and other parties may adversely affect our financial condition, results of operations and cash flows.

The construction and operation of our power transmission systems, substation projects and Proposed Solar Projects may have significant consequences on grazing, logging, agricultural activities, mining and land development as well as on the ecosystem of the affected areas. The environmental impact of a particular project typically depends on the location of the project and the surrounding ecosystem. Further, the construction and operation of our power transmission systems and Proposed Solar Projects may disrupt the activities and livelihoods of local communities, especially during the project construction period. Repair work on a project may be delayed in order to resolve local community concerns. Any such opposition may adversely affect our financial condition, results of operations and cash flows, and harm our reputation.

Our Portfolio Assets and the Target Asset could be subject to opposition, such as through litigation or by other means, from public interest groups, local communities or non-governmental organizations, in relation to the environmental impact of their transmission projects or in relation to land acquisition, acquisition and use of rights of way and construction activities for their projects and the consequent impact on the livelihood of affected communities.

Several of the parcels of land on which the Portfolio Assets' existing substations are situated were acquired by the GoI or the relevant state governments and were thereafter awarded to us. Land so acquired may remain subject to disputes after it is transferred to our Portfolio Assets.

In addition, there are various court proceedings pending against the Portfolio Assets with respect to land on which the Portfolio Assets have right of way, for the purposes of construction of the transmission lines, most of which relate to demands for increased compensation by landowners. For example, the lands on which the transmission lines of, inter alia, MTL, BDTCL and JTCL are situated are subject to litigation in relation to right of way claims from land owners, which caused delays in the operation of the transmission lines. For further details, please see the section entitled "*Litigation*" on page 252.

21. Our operations are subject to environmental, health and safety laws and regulations.

Our operations are subject to environmental laws and regulations in the various locations in India where our Portfolio Assets and the Target Asset's operate. Although most environmental approvals were obtained prior to completion of construction of the Portfolio Assets, environmental laws and regulations in India have, and may continue to become, more stringent. Stricter laws and regulations, or stricter interpretation of the existing laws and regulations, may impose new liabilities on the Portfolio Assets and the Target Asset, which could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

The employees and contractors on our power transmission projects and the Proposed Solar Projects are exposed to risks. If safety procedures are not followed or if certain materials used in our equipment is improperly handled, it could lead to injuries to employees, contract laborers or other persons, damage our Portfolio Assets' and the Target Asset's properties and properties of others or harm the environment. Due to the nature of these materials, we may be liable for certain costs, including costs for health-related claims, or removal or treatment of hazardous substances, including claims and litigation from or relating to current or former employees for injuries arising from occupational exposure to materials or other hazards at power substations and transmission facilities. This could result in significant disruption in our businesses and legal and regulatory actions, which could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows and adversely affect our reputation. For example, a fatal accident at the time of construction along the transmission line set up by BDTCL resulted in the death of eight laborers.

22. Our success depends in large part upon our Investment Manager and our Project Manager, the management and skilled personnel that they employ and their ability to attract and retain such persons.

Our ability to make consistent distributions to our Unitholders depends on the continued service of management teams and skilled personnel of our Investment Manager and our Project Manager. Each faces a continuous challenge to recruit and retain a sufficient number of suitably skilled personnel. Generally, there is significant competition for management and other skilled personnel in our industry in India, and it may be difficult to attract and retain the skilled personnel that our Investment Manager or our Project Manager need. In particular, even if our Investment Manager and our Project Manager were to increase their pay structures to attract and retain such personnel, they may be unable to compete with other companies for suitably skilled personnel to the extent they are able to provide more competitive compensation and benefits. Further, our operational growth due to the acquisition of assets and the expansion of our portfolio may result in difficulties in the recruitment of a sufficient number of suitably skilled personnel. In addition, our Investment Manager and Project Manager may not be able to adequately redeploy and retrain their employees to keep pace with continuing changes, evolving standards and changing customer preferences. Our Investment Manager and Project Manager may face difficulties in providing opportunities for growth and promotion to the existing employees. The loss of key personnel, due to such reasons, may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

23. ***Upgrading or renovation work or physical damage to our power transmission projects and Proposed Solar Projects may disrupt their operations.***

Our power transmission projects and Proposed Solar Projects may need to undergo upgrading, renovation or repair work from time to time to retain their optimal operating condition and may also require unforeseen ad hoc maintenance or repairs in respect of faults or problems that may develop or because of changes pertaining to operations and maintenance. Our power transmission projects may suffer some disruptions and it may not be possible to continue operations on areas affected by such upgrading or renovation work. In addition, physical damage to power transmission and renewable energy projects resulting from fire, severe weather or other causes may lead to a significant disruption to, or a long-term cessation of, business and operations and, together with the foregoing, may result in unforeseen costs, which may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

24. ***Grid disturbances or failures could adversely affect our reputation and relations with regulators and stakeholders.***

Grid disturbances can arise due to the imbalance between power being delivered to and removed from the transmission system. For example, in July 2012, India experienced grid disturbances, which caused large-scale power outages in three of India's five interconnected power grids. The grid disturbances were caused by a combination of factors, including weakened inter-regional corridors due to multiple outages on other transmission lines, a delay or refusal by power generators to reduce power generation at the time of reduced demand and overdrawing of electricity by some of the provincial utilities. Further, in April 2020, grid disturbances were caused due to the nationwide scheduled blackout aimed to show support for workers maintaining the country's essential services. In October 2020, Mumbai experienced a grid failure and consequent power outage due to failure of two transmission lines and the overloading of the remaining transmission system.

Although our Portfolio Assets and the Target Asset deploy modern methods for maintenance, load dispatch and communications systems to avoid such outcomes, the grid could again experience disturbances and such disturbances could adversely affect our reputation, business, prospects, financial condition, results of operations and cash flows. For instance, in May 2020, due to bad weather, one of the transmission lines operated by JKTPL, our Portfolio Asset experienced overvoltage and the substation was temporarily inoperable due to blackout.

25. ***Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by employees or other disputes with employees.***

The Project Manager has full-time employees focused on day-to-day operations and maintenance and the Portfolio Assets have appointed third party contractors to operate and maintain our transmission systems. Our transmission systems and Proposed Solar Projects may experience disruptions in their operations due to disputes or other problems with labor, and efforts by workers to modify compensation and other terms of employment may divert management's attention and increase operating expenses. The occurrence of such events could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

The Project Manager and our Portfolio Assets enter into contracts with independent contractors to complete specified assignments in respect of our transmission systems and these contractors are required to source the labor necessary to complete such assignments. Although the Project Manager and our Portfolio Assets do not engage these laborers directly, under Indian law they may be held responsible for wage payments to laborers engaged by contractors, should the contractors default on wage payments. Any requirement to fund such payments may materially and adversely affect the business, prospects, financial condition, results of operations and cash flows. Furthermore, pursuant to the provisions of the Contract Labor (Regulation and Abolition) Act, 1970, the Project Manager and our Portfolio Assets may be required to absorb a portion of the wage payments due to such contract laborers that are engaged by independent contractors, as if they were their employees.

26. ***The extent to which the recent coronavirus (COVID-19) outbreak impacts the business, cash flows, results of the operations and financial condition of our Portfolio Assets and Target Asset will depend on future developments, which are highly uncertain and cannot be predicted.***

The rapid and diffused spread of the recent coronavirus (COVID-19) and global health concerns relating to this outbreak have had a severe negative impact on, among other things, economic conditions and trade and could continue to do so or could worsen for an unknown period of time, that could in turn have a material adverse impact on the business, cash flows, results of operations and financial condition of our Portfolio Assets and Target Asset. The extent to which the COVID-19 outbreak impacts our cash flows, results of operations and financial condition will depend on future developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of COVID-19 in India by the GoI, the CERC, the RBI, healthcare providers, health system participants, other businesses and individuals, which are highly uncertain and cannot be predicted. A rapid increase in severe cases and deaths where measures taken by governments fail or are lifted prematurely, may cause unprecedented economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of COVID-19 remain uncertain and are likely to be severe.

Our Portfolio Assets and Target Asset generate all of their revenue in India and are regulated by the Ministry of Power and the CERC. While, the Government of India has declared power transmission and power generation as an essential service and our Portfolio Assets are able to carry out operations and maintenance activities, there could be delays in collection of trade receivables and unbilled revenue. On March 28, 2020, the Ministry of Power directed the CERC to provide a three-month moratorium on payments due to generating companies and transmission licensees, and to not levy penal rates of late payment surcharge. The CERC has accordingly issued an order, directing amongst others, the reduction in late payment surcharge for payments overdue by more than 45 days, for the period from March 24, 2020 to June 30, 2020, to 12% per annum. Such changes in the applicable regulations, whether temporary or permanent in nature, may adversely affect the cash flow, profitability and financial conditions of our Portfolio Assets and Target Asset. We have monitored and considered the impact of known events arising from the COVID-19 including with respect to our liquidity and going concern, recoverable values of property, plant and equipment and the net realisable value of other assets and will continue to closely monitor the impact that COVID-19 may have on our business, financial condition, liquidity and results of operations. Considering we are engaged in the business of transmission of electricity, which is currently considered as essential services, the management believes that impact of COVID-19 on our results of operations, financial condition and liquidity may not be significant, till the time such services are considered as essential services. Accordingly, the actual impact of COVID-19 on our cash flows, results of operations and financial condition may be different than any expected or anticipated impact. Further, our business may be adversely impacted due to factors such as non-availability of staff due to illnesses, delay in receipt of operations and maintenance services, power load variance and non-availability of sufficient funds for future acquisitions.

In addition, as India is a developing country with limited medical resources and certain places with dense populations, the effects of COVID-19 in India may be of a greater magnitude, scope and duration than those experienced to date in other countries. In April 2020, the IMF revised India's projected real GDP growth in Fiscal 2020 to 1.9%, noting that India entered the pandemic turmoil in the midst of a credit crunch induced slowdown and its recovery path is uncertain. Further, the RBI estimates GDP growth in Fiscal 2021 to remain in negative territory (*Source: RBI Governor Statement dated May 22, 2020*). It is possible that COVID-19 will lead to a prolonged global economic crisis or recession. Further, certain sectors (such as aviation, tourism, hospitality, transportation and logistics, construction and real estate) have in particular been severely affected by COVID-19, which could result in a significant and prolonged loss of demand and revenue for these industries, causing financial stress.

27. As direct or an indirect shareholder of our Portfolio Assets, IndiGrid's rights are subordinated to the rights of creditors, debt holders and other parties specified under Indian law in the event of insolvency or liquidation of any of the Portfolio Assets.

In the event of liquidation of any of the Portfolio Assets, secured and unsecured creditors of such Portfolio Assets will be entitled to payment from the liquidation proceeds in priority to us in our capacity as a direct or indirect equity shareholder of the Portfolio Assets. Under the Insolvency and Bankruptcy Code, 2016, in the event of winding-up of any of the Portfolio Assets, workmen's dues and debts due to secured creditors which rank *pari passu* are required to be paid in priority over all other outstanding debt, followed by wages and salaries of employees, debts due to unsecured creditors, any amounts due to the central or state government, any other debts, preference shareholders and equity shareholders. Further, amounts payable to us in respect of any unsecured debt issued by our Portfolio Assets will be subordinated in the manner set forth above.

Under the terms of the TSAs executed by the Portfolio Assets with LTTCs, the Portfolio Assets are not permitted to create or subsist any encumbrance over all or any of their rights and benefits under the TSAs. However, the Portfolio Assets are permitted to create any encumbrance over all or part of the receivables, including under the TSAs, letters of credit or the other assets of the Portfolio Assets in favour of lenders or representatives of lenders on their behalf, as security for amounts payable under the financing agreements with such lenders, subject to the conditions specified under the TSAs.

Direct and indirect tax assessments of the Portfolio Assets for only few years have been initiated by the relevant government department and authorities and there may be additional tax liabilities, including if pending tax litigation is ruled against us.

Accordingly, amounts payable to us in respect of any unsecured debt subscribed by us, will, upon enforcement of security over such receivables, letters of credit or the other assets of the Portfolio Assets, be subordinated to amounts payable in respect of statutory dues and operating and maintenance expenses (including operating expenses payable to the Portfolio Assets, if any), as well as to amounts payable to secured lenders.

28. ***Our lenders have substantial rights to determine how we conduct our business which could put us at a competitive disadvantage and our borrowings are secured by all of the assets of the Portfolio Asset and their shares.***

Loans under the loan agreements are secured by, amongst others, (i) first ranking pari passu charge over all present and future immovable assets; (ii) first ranking pari passu charge on all tangible movable assets, including movable plants and machinery, machinery spares, tools and accessories and all other movable assets and current assets, both present and future; and (iii) first charge, including by way of hypothecation, over all accounts, both present and future, that may be opened in accordance with the loan documents; (v) assignment by way of security or charge by way of hypothecation, over all right, title, interest, claims, benefits and demands relating to, (a) the agreements in relation to the Project (the "**Project Agreements**"); (b) clearances obtained pertaining to the project; (c) any letter of credit, guarantee, including contractor guarantees, liquidated damages, consent agreements, side letters or performance bond provided by any party to the Project Agreements; and (d) insurance contracts and insurance proceeds pertaining to the project; and (vi) pledge of up to 99% of the equity share capital of the Portfolio Assets, in terms of the financing agreements.

The shares of following Portfolio Assets have been pledged as detailed in the table below:

<table>
<tr><th>Portfolio Asset</th><th>Loan facility and lenders</th><th>Pledge of Portfolio Asset shares</th></tr>
<tr><td>BDTCL</td><td>External commercial borrowing from India Infrastructure Finance Company (UK) Limited and non-convertible debentures issued by IndiGrid</td><td>IGL has pledged 51% of its equity shares of BDTCL</td></tr>
<tr><td>JTCL</td><td rowspan="8">(i). Rupee term loan availed by IndiGrid from IndusInd Bank Limited;
(ii). Rupee term loan availed by IndiGrid from Federal Bank Limited;
(iii). Rupee term loan availed by IndiGrid from Axis Bank Limited and
(iv). non-convertible debentures issued by IndiGrid</td><td>IGL has pledged 76% of its equity shares of JTCL</td></tr>
<tr><td>MTL</td><td>IGL2 has pledged 51% of its equity shares of MTL</td></tr>
<tr><td>RTCL</td><td>IGL has pledged 51% of its equity shares of RTCL; IGL1 has pledged 26% of its equity shared of RTCL</td></tr>
<tr><td>PKTCL</td><td>IGL has pledged 51% of its equity shares of PKTCL</td></tr>
<tr><td>PTCL</td><td>IndiGrid has pledged 73% of its equity shares of PTCL</td></tr>
<tr><td>NTL</td><td>IGL1 has pledged 99% of its equity shares of NTL</td></tr>
<tr><td>JKTPL</td><td>IndiGrid has pledged 99% of its equity shares of JKTPL</td></tr>
<tr><td>IGL1</td><td>IndiGrid has pledged 99% of its equity shares of IGL1</td></tr>
<tr><td>OGPTL</td><td>Rupee term loan availed by OGPTL from Axis Bank Limited</td><td>IGL2 has pledged 30% of its equity shares of OGPTL; IGL2 has provided NDU equivalent to 21% of its equity shares of OGPTL</td></tr>
<tr><td>ENICL</td><td>Rupee term loan availed by ENICL from Axis Bank Limited</td><td>IndiGrid has pledged 51% of its equity shares of ENICL</td></tr>
<tr><td>GPTL</td><td>Rupee term loan availed by GPTL from HDFC Bank Limited, NIIF and Bank of Maharashtra</td><td>IndiGrid has pledged 48.91% of its equity shares of GPTL and SGL4 has pledged 2.09% of its equity shares of GPTL</td></tr>
<tr><td>PrKTCL</td><td>Rupee term loan availed by PrKTCL from IDFC Bank Limited and NIIF</td><td>IndiGrid has pledged 51% of its equity shares of PrKTCL</td></tr>
</table>

For further details, please see sections entitled "*Description of Portfolio Assets*" and "*Financial Indebtedness and Deferred Payments*" on pages 23 and 219 respectively.

In the event of a default under these loan agreements, there is a risk that the lenders could enforce the pledge by way of court procedure followed by a public auction of the pledged shares. Further, we may be required to pledge the shares of the Portfolio Assets for any refinanced or additional indebtedness. If we lose ownership or control of the Portfolio Assets, or of all or some of their assets as a result of the enforcement of security by a lender, our business, financial condition, results of operation, cash flows and ability to make distributions to our Unitholders would be adversely affected.

29. ***We have a substantial amount of outstanding borrowings, which requires significant cash flows to service, and limits our ability to operate freely.***

As of December 31, 2020, our consolidated total borrowings (consisting of non-current debentures, non-current term loans, current maturities of debentures and term loans, excluding current and non-current lease liability and interest accrued but not due on borrowings) was ₹ 87,367.03 million. For further details, please see the section entitled "*Financial Indebtedness and Deferred Payments*" on page 219.

We intend to finance the majority of the cost of our future acquisitions of power transmission and renewable energy companies through debt and therefore expect to incur substantial additional borrowings in the future. Our ability to meet our debt service obligations and repay our outstanding borrowings will depend primarily on the cash generated by our business.

Further, we may be required to refinance our outstanding borrowings in the future. There is no assurance that we will be able to obtain such financing, on favorable terms, or at all, which may have a material adverse effect on our business, financial condition and results of operations and may result in a lower distribution to Unitholders.

We cannot assure you that we will generate sufficient cash to service existing or proposed borrowings or fund other liquidity needs, which could have an adverse effect on our business, cash flows and results of operations.

30. *Our insurance policies may not provide adequate protection against various risks associated with our operations.*

Our operations are subject to a number of risks generally associated with the transmission of electricity. We have obtained insurance policies for the majority of our Portfolio Assets to cover risks including loss or damage from fire, flood, landslide, storm, terrorism, sabotage, machinery breakdown and any accidental and physical loss and destruction or damage to the insured property due to a cause, other than as excluded in the insurance policies. These risks can cause personal injury and loss of life and damage to, or the destruction of, property and equipment (including infrastructure developed by us) and may result in the limitation or interruption of our business operations and the imposition of civil or criminal liabilities. These insurance policies are subject to exclusions for certain circumstances including, among others, faulty or defective design materials or workmanship, wear and tear, larceny, acts of fraud or dishonesty, any wilful act or wilful negligence on the part of the insured or any person acting on its behalf, war, invasion, damage caused by nuclear weapons material or ionising radiation or contamination by radioactivity from any nuclear fuel or nuclear waste, loss or damage caused directly or indirectly from discharge of pollutants or contaminants, and certain properties, including, among others, money, cheques, bonds, credit cards, securities of any description and explosives.

Our insurance policies may not be sufficient to cover any material losses that we may incur in the future and we may not be able to renew our insurance arrangements, which typically extend for a period of one year, on similar terms or at all. If our losses significantly exceed our insurance coverage, cannot be recovered through insurance or occur during a period during which insurance coverage had lapsed, our business, prospects, financial condition, results of operations and cash flows could be materially and adversely affected.

In addition, we may not be able to maintain insurance of the types or at levels which are necessary or adequate for our business or at rates which are reasonable, in particular, in case of significant increases in premium levels at the time of renewing insurance policies or the lack of availability of insurance companies to underwrite these risks. The costs of higher insurance premiums could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. Furthermore, the occurrence of an event for which we are not adequately or sufficiently insured or the successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

31. *We may be required to record significant charges to earnings in the future when we review our power transmission assets for potential impairment.*

Under Ind AS, we are required to review our power transmission assets for impairment whenever circumstances indicate the carrying value may not be recoverable. Various uncertainties, including deterioration in global economic conditions that result in upward changes in the cost of capital, increases in cost of completion of such power transmission assets and the occurrence of natural disasters that impact our power transmission assets, could impact expected cash flows to be generated by such assets, and may result in impairment of these power transmission assets in the future. For instance, we have incurred impairment related expenditure for IGL, BDTCL, JTCL, RTCL, PKTCL, MTL, PTCL, NTL, OGPTL, ENICL during Fiscal 2020.

32. *The Financial Statements presented in this Draft Letter of Offer may not be indicative of our future financial condition, results of operations and cash flows. Further, the Proforma Financial Information included in this Draft Letter of Offer are not comparable to any other financial statements included in this Draft Letter of Offer.*

The Consolidated Financial Statements included in this Draft Letter of Offer may not be comparable to our consolidated financial statements going forward on account of the acquisitions of eligible infrastructure assets in the power transmission and renewable energy sectors in accordance with our Investment Objectives. Further, the Proforma Financial Information address a hypothetical situation due to the nature of the proforma financial information, and do not represent our actual consolidated financial condition or results of operations. Accordingly, the Proforma Financial Information do not necessarily indicate the results of operations that would have resulted if the acquisition of PrKTCL had been completed at the beginning of the financial year presented, being Fiscal 2020 and the financial position if the acquisition of PrKTCL had been completed as at the financial year ended March 31, 2020. Similarly proforma financial information does not necessarily indicate the results of operations that would have resulted if the acquisition of PrKTCL had been completed at the beginning of the stub period presented, being nine months ended December 31, 2020 and the financial position if the acquisition of PrKTCL had been completed as at the period ended December 31, 2020. The Proforma Financial Information are neither indicative nor intended to be indicative of expected results or operations in the future periods or the future financial position of the Trust. Further, for the preparation of the proforma balance sheet as at March 31, 2020, it is assumed that PrKTCL has been acquired at the end of the financial year ended March 31, 2020 whereas for the purposes of preparation of proforma statement of profit and loss for the financial year ended March 31, 2020, it is assumed that PrKTCL was acquired at the beginning of Fiscal 2020. Further, the Proforma Financial Information have not been prepared in accordance with the requirements of Regulation S-X under the U.S. Securities Exchange Act, U.S. GAAP, IFRS or Ind AS. The Proforma Financial Information is, by its nature, subject to change and may not give an accurate picture of the actual financial results of operations that would have occurred had such transactions by us been effected on the dates they are assumed to have been effected, and is not intended to be indicative of our future financial results of operations. The Proforma Financial Information address hypothetical situations and does not represent our actual consolidated financial condition, distributions or results of operations, and is not intended to be indicative of our future financial condition, distributions and results of operations. The adjustments set forth in the Proforma Financial Information are based upon available information and assumptions that we believe to be reasonable. If the assumptions underlying the preparation of such information do not occur, our actual results could be materially different from those indicated in the information. The rules and regulations related to the preparation of proforma financial statements in other jurisdictions may vary significantly from the basis of preparation for the Proforma Financial Information. Accordingly, the Proforma Financial Information should not be relied upon as if it has been prepared in accordance with those standards and practices.

33. Classification of the transmission assets in the Portfolio Assets and Target Asset as tangible assets.

We classify the transmission assets in the Portfolio Assets, apart from the transmission asset in JKTPL, and the Target Asset as tangible assets under Ind AS 16 – *Property, Plant and Equipment* and not as financial and/or intangible assets under Appendix D of Ind AS 115 – *Revenue from contracts with customers*. The transmission asset in JKTPL is classified as a "service concession agreement" under Appendix D to Ind AS 115. If there is a change in the classification, accounting policies or the interpretation which results in the other transmission licenses held by the Portfolio Assets and Target Asset being considered "service concession arrangements" under Appendix D to Ind AS 115, it would have significant implications on our financial statements resulting in a material adverse effect on our financial condition, results of operations and cash flows. In such case, a substantial part of our income would be considered financial income and a substantial part of our assets would be considered financial and/or intangible assets where none of the property, plant or equipment of the Portfolio Assets or the Target Asset would be reflected on their respective balance sheets and accordingly there would be no depreciation on property, plant or equipment in the statement of profit and loss.

34. There are risks associated with the expansion of our business to new areas.

As part of our growth strategy, we may expand our business to new areas, which may prove more difficult or costly than anticipated. For example, we intend to pursue additional sources of revenue, such as optical fiber and tower leasing, which we may be unable to monetize due to regulations issued by CERC which require the sharing of revenue from power transmission projects or if we are unable to obtain requisite approvals from CERC or LTTCs.

35. Critical aspects of our power transmission projects have a limited duration.

Our TSAs have a term of 35 years except the TSAs in respect of ENICL and JKTPL which have a term of 25 years. The renewal of the TSA in respect of ENICL is subject to the discretion of the CERC while the extension of the TSA in respect of JKTPL is subject to the discretion of Haryana Vidyut Prasaran Nigam Limited. There can be no assurance that we can replace our physical assets or renew our TSAs on acceptable terms, if at all.

While the TSAs have a duration of 35 years, the transmission licenses issued by CERC are valid for a period of 25 years from the date of issue of the transmission license. There can be no assurances that these licenses will be renewed.

36. The Valuation Report, and any underlying reports, are not opinions on the commercial merits of IndiGrid or the Portfolio Assets, nor are they opinions, expressed or implied, as to the future trading price of the Units or financial condition upon listing, and the valuation contained therein may not be indicative of the true value of our assets.

S. Sundararaman has been appointed as an independent valuer to undertake independent appraisals of the Portfolio Assets. The valuer has issued the Valuation Report, which sets out his opinion as to the fair enterprise value of the Portfolio Assets as on December 31, 2020. In order to issue the Valuation Report, the Valuer based certain assumptions to estimate the fair enterprise value of the Portfolio Assets using the discounted cash flow method on information provided by and discussions with or on behalf of us, and the Investment Manager, and which reflects current expectations and views regarding future events and, therefore, necessarily involves known and unknown risks and uncertainties. The Valuation Report contains forecasts, projections and other "forward-looking" statements that relate to interest rates and other future events, which are, by their nature, subject to significant risks and uncertainties. Further, S R B C & CO LLP, Chartered Accountants has provided no assurance on the forecasts, financial projections and prospective financial information and performed no service with respect to it. The future events referred to in these forward-looking statements involve risks, uncertainties and other factors which may cause the actual results or performance to be materially different from any future results or performance expressed or implied by the forward-looking statements. For further details, please see Annexure A entitled "*Valuation Report*".

Furthermore, not all assumptions used in the preparation of the Valuation Report have been included herein. The Valuation Report is not an opinion on the commercial merits and structure of IndiGrid or the Portfolio Assets nor is it an opinion, expressed or implied, as to the future trading price of our Units, including the Units issued pursuant to this Issue, or our financial condition upon listing. The Valuation Report does not purport to contain all the information that may be necessary or desirable to fully evaluate us or the Portfolio Assets or an investment in the IndiGrid or our Units. The Valuation Report is not based on a comprehensive review of the business, operational or financial condition of the Portfolio Assets and, accordingly, makes no representation or warranty, expressed or implied, in this regard. The Valuation Report does not confer rights or remedies upon investors or any other person, and does not constitute and should not be construed as any form of assurance as to the financial condition or future performance of IndiGrid or as to any other forward-looking statements included therein, including those relating to certain macro-economic factors, by or on behalf of the Sponsors, the Investment Manager, the Project Manager or IndiGrid. Further, we cannot assure you that the valuation prepared by the valuers reflects the true value of the net future revenues of the Portfolio Assets or that other valuers would arrive at the same valuation. Accordingly, the valuation contained therein may not be indicative of the true value of the Portfolio Assets. The Valuation Report has not been updated since the date of its issue, does not take into account any subsequent developments and should not be considered as a recommendation by the Sponsors, the Investment Manager, the Project Manager, IndiGrid or any other party that any person should take any action based on the Valuation Report. Accordingly, Unitholders should not unduly rely on the Valuation Report in making an investment decision in accordance with this Draft Letter of Offer.

37. This Draft Letter of Offer contains information from the CRISIL Report which we have commissioned.

The information in the section entitled "*Industry Overview*" on page 136 is based on the CRISIL Report and other publicly available information. We commissioned the CRISIL Report for the purposes of confirming our understanding of the industry in connection with the Issue. Neither we, nor the Trustee, the Sponsors, the Investment Manager or the Lead Managers, nor any other person connected with the Issue has verified that the industry and market data included in the CRISIL Report. Further, the CRISIL Report has been prepared based on information as of specific dates and may no longer be current or reflect current trends. Opinions in the CRISIL Report based on estimates, projections, forecasts and assumptions may prove to be incorrect.

CRISIL Research, a division of CRISIL Limited ("**CRISIL**"), has advised that while it has taken due care and caution in preparing the CRISIL Report based on the information obtained by CRISIL from sources which it considers reliable, it does not guarantee the accuracy, adequacy or completeness of the CRISIL Report or the data therein and is not responsible for any errors or omissions or for the results obtained from the use of CRISIL Report or the data therein. Further, the CRISIL Report is not a recommendation to invest / disinvest in any entity covered in the CRISIL Report. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters / distributors of the CRISIL Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division or CRISIL Risk and Infrastructure Solutions Limited, which may, in their regular operations, obtain information of a confidential nature. The views expressed in the CRISIL Report are that of CRISIL Research and not of CRISIL's Ratings Division or CRISIL Risk and Infrastructure Solutions Limited.

38. Our contingent liability (as per Ind AS 37) could adversely affect our financial condition, results of operations and cash flows.

As of December 31, 2020, we had a contingent liability (as per Ind AS 37) for entry tax demand, sales tax demand and other demands of Rs. 521.25 million that had not been provided for. If any of our contingent liabilities (as per Ind AS 37) materialize, it could have an adverse effect on our financial condition, results of operations and cash flows.

RISKS RELATED TO OUR ORGANIZATION AND STRUCTURE

39. Changes in government regulation could adversely affect our profitability and ability to make distributions.

Regulatory changes in India, particularly in respect of the InvIT Regulations, could expose us to greater tax liability than our estimates. The InvIT Regulations also requires us to maintain certain investment ratios, including the requirement that 80% of the value of our assets should comprise completed and revenue-generating assets, which may prevent us from acquiring additional assets to achieve our growth strategy.

40. We depend on the Investment Manager, the Project Manager and Trustee to manage our business and assets, and our financial condition, results of operations and cash flows and ability to make distributions may be harmed if the Investment Manager and/ or Project Manager and/or the Trustee fail to perform satisfactorily. Our rights and rights of the Unitholders to recover claims against the Project Manager, the Investment Manager or the Trustee may be limited.

The Sterlite Sponsor also fulfils the role of our Project Manager under the Project Implementation and Management

Agreement, with responsibility for operating and maintaining our power transmission projects and supervising their revenue streams (other than for JKTPL and PrKTCL). IndiGrid Investment Managers Limited (formerly, Sterlite Investment Managers Limited), fulfils the role of our Investment Manager under the Investment Management Agreement, in accordance with the InvIT Regulations. As on the date of this Draft Letter of Offer, two of our Portfolio Assets, being JKTPL and PrKTCL, ARE not a party to the Project Implementation and Management Agreement. JKTPL has executed an Operations and Management Agreement with IndiGrid Limited for availing operations and management services and PrKTCL has issued a work order to IndiGrid Limited for providing services in connection with the operations of a project.

The success of our business and growth strategy and the operational success of our transmission systems will depend significantly upon the managers' satisfactory performance of these services. Our recourse against the Project Manager, the Trustee and Investment Manager is limited. The Project Manager's liability to IndiGrid in respect of Portfolio Assets (other than JKTPL and PrKTCL) for non-performance or breach of its obligations under the Project Implementation and Management Agreement is limited to the fees payable to the Project Mana ger under the agreement. The Trustee's liability under the Amended and Restated Trust Deed is limited to the fees received by it, except in case of the Trustee's gross negligence or wilful misconduct or fraud. Further, the Trustee is not liable for anything done or omitted to be done or suffered by the Trustee in good faith in accordance with or pursuance of any request or advice of our Investment Manager and for any action or omission that results in a loss to our Unitholders (by reason of any depletion in the value of the Portfolio Assets or Target Asset or otherwise), except in the event where such loss is a result of the Trustee's fraud, gross negligence or wilful default or breach of the Amended and Restated Trust Deed. The Investment Manager's liability to IndiGrid for non-performance or breach of its obligations under the Investment Management Agreement is limited to two years of the fees payable to the Investment Manager (for the immediately preceding two financial years) under the agreement unless such liability arises in connection with any gross negligence, wilful default or misconduct or fraud of the Investment Manager. Further, the Investment Manager is not liable for any act or omission which may result in a loss to our Unitholders (by reason of any depletion in the value of the Portfolio Assets or otherwise), except in the event that such loss is a result of the Investment Manager's fraud or gross negligence or default or where the Investment Manager fails to exercise due care in relation to its obligations under the Investment Management Agreement. Accordingly, we may not be able to recover claims against the Project Manager, the Trustee or the Investment Manager.

If the Investment or Project Management Agreements were to be terminated or if their terms were to be altered, our business could be adversely affected, as the Trustee may not be able to immediately replace such services, and even if replacement services were immediately available, the terms offered or obtained with the new managers could be less favorable than the ones currently offered by the Investment Manager and the Project Manager.

41. ***There may be conflicts of interest between IndiGrid, the Investment Manager, the Project Manager and the Sponsors.***

The Sterlite Sponsor, its subsidiaries, related corporations and associates are engaged in, among other things, activities in relation to the power transmission and renewable energy business. The KKR Sponsor, its subsidiaries, related corporations and associates may be engaged in, amongst other things, activities in relation to the power transmission and renewable energy business. The Sponsors, as on December 31, 2020, hold 23.66% of our Units.

The Sterlite Sponsor acts as our Project Manager for all Portfolio Assets (other than JKTPL and PrKTCL), and with respect to the Unacquired Framework Assets, acts as the engineering, procurement and construction contractor. Further, our Portfolio Asset (other than JKTPL and PrKTCL) utilise the services of certain employees of the Project Manager. There can be no assurance that such arrangement will not result in a conflict of interest between IndiGrid and the Project Manager for all Portfolio Assets (other than JKTPL and PrKTCL). Furthermore, there can be no assurance that any such deputation in the future will not be in breach of the provisions of the Companies Act, 2013. The Sterlite Sponsor may also exercise influence over our activities through the Investment Manager, in which it holds 40% of the issued and paid-up equity share capital. There can be no assurance that our interests will not conflict with those of the Sponsors, their subsidiaries, related corporations and associates, in relation to matters including but not limited to future acquisitions of power transmission businesses. In particular, our rights under the Framework Agreement are limited to the Framework Assets, respectively, and we do not have any rights to participate in investments originated or identified by the Sponsors or in any future projects developed or acquired by the Sponsors.

42. ***The Investment Manager's fee is not linked to our net profitability and is not capped at a maximum amount.***

The Investment Manager's fee is not linked to our net profitability and is not capped at a maximum amount. Under the Investment Management Agreement, the Investment Manager's fee is 1.75% of the difference between revenue from operations and operating expenses (other than fees of the Investment Manager) of each of our Portfolio Assets, per annum. As a result, the Investment Manager may be entitled to its fee even if IndiGrid incurs a net loss on a consolidated basis. The Investment Manager's fee is not capped at a maximum amount and may be subject to change, including any increase on account of certain factors, including but not limited to the acquisition of new projects and assets by us.

43. We have entered into material related party transactions and may continue to do so in the future, which may potentially involve conflict of interests with the Unitholders.

The transactions resulting from the Project Implementation and Management Agreement, the Investment Management Agreement, and the transactions contemplated under the Framework Agreement are or shall be, as applicable, related party transactions and their terms may not be deemed as favorable to us as if they had been negotiated solely between unaffiliated third parties. In addition, the Portfolio Assets have entered into transactions with the Sterlite Sponsor and other subsidiaries, associates or affiliates of Sterlite Power Transmission Limited ("**Sterlite Group Companies**") in the ordinary course of their business. While we believe that all such transactions (which have included (unsecured) inter-corporate deposits and guarantees given on behalf of subsidiaries and joint ventures of Sterlite Group Companies) have been conducted on an arm's length basis, it may be deemed that the Portfolio Assets might have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into additional related party transactions in the ordinary course of our business. Such future transactions, individually or in the aggregate, could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

44. Our Project Manager may compete with other power transmission projects and our Project Manager and Investment Manager may also provide services to other power transmission projects. Further, our Sponsors may have competing business ventures and interests.

Our Sponsors and their associates are free to pursue the development, construction and operation of other power transmission projects and solar projects and may compete directly with us for the acquisition of other similar assets and businesses.

The Project Manager and Investment Manager will also not be prohibited from providing management services to investment trusts, power transmission projects or solar projects of its own or owned by third parties. If either manager engages in such activity in the future, it could give rise to conflicts of interest or adversely affect the ability of the managers to provide the levels of service that we require. Conflicts of interest of our Sponsors, Investment Manager or Project Manager may have an adverse effect on our business.

45. Our Portfolio Assets, the Sponsors and their Associates and the Trustee are involved in certain legal proceedings and any adverse outcome in these or other proceedings may have a material adverse effect on our reputation, business, financial condition, results of operations and cash flows.

The Sponsors, Portfolio Assets, the Investment Manager, the Project Manager, their respective Associates and the Trustee are involved in litigation, claims and other proceedings relating to the conduct of their business, including compensation claims, civil matters, criminal matters and tax disputes as on the date of this Draft Letter of Offer. Any claims could result in litigation against us, the Investment Manager, the Project Manager, the Sponsors and their respective Associates and the Trustee, and could also result in regulatory proceedings being brought against us by various government and state agencies that regulate our businesses. Often, these cases raise complex factual and legal issues, which are subject to risks and uncertainties and which could require significant time from the operation and management of our Portfolio Assets. Litigation and other claims and regulatory proceedings against the Portfolio Assets or their management could result in unexpected expenses and liabilities and could also materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

Currently, there are outstanding legal proceedings against our Portfolio Assets that are incidental to their business and operations. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. Such proceedings could divert management time and attention, and consume financial resources in their defense. Further, an adverse judgment in some of these proceedings could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. In addition, the Sponsors and their Associates, are involved, and may become in litigation, claims and other proceedings relating to the conduct of their respective businesses, including compensation claims, civil matters and tax disputes. Further, in terms of the share purchase agreements entered into by us, for the acquisition of the Portfolio Assets from the Sterlite Sponsor, we will not be entitled to any monetary claim or other benefit that may be granted in the favour of, or realized by the Portfolio Asset and any such benefit, whether monetary or otherwise, will be realized by the Sterlite Sponsor. Any such litigation and/or regulatory proceedings could harm our reputation and materially and adversely affect our business, prospects, financial condition, results of operations and cash flows. For details of outstanding litigation involving IndiGrid, the Sponsors, the Investment Manager and their Associates and the Trustee, please see the section entitled "*Litigation*" on page 252.

46. We are required to maintain the eligibility conditions specified under Regulation 4 of the InvIT Regulations on an ongoing basis. We may not be able to ensure such ongoing compliance by the Investment Manager, our Sponsors, the Project Manager and the Trustee, which could result in the cancellation of the registration of IndiGrid.

We are required to maintain the eligibility conditions specified under Regulation 4 of the InvIT Regulations on an ongoing basis. These eligibility conditions include, among other things, that (a) the Sponsors, the Investment Manager and the Trustee are separate entities, (b) the Sponsors have a net worth of not less than Rs. 1,000 million and have a sound track record in the development of infrastructure or fund management in the infrastructure sector, (c) the Investment Manager has a net worth of not less than Rs. 100 million and has not less than five years' experience in fund management or advisory services or development in the infrastructure sector or the combined experience of the directors or employees of the Investment Manager in fund management or advisory services or development in the infrastructure sector is not less than 30 years, (d) the Trustee is registered with SEBI under Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 and is not an associate of the Sponsors or Investment Manager and (e) IndiGrid and Parties to IndiGrid are "fit and proper persons" as defined under Schedule II of the Intermediaries Regulations on an ongoing basis. We may not be able to ensure such ongoing compliance by InvIT and Parties of the InvIT, which could result in the cancellation of the registration of IndiGrid as an infrastructure investment trust.

47. *We are governed by the InvIT Regulations, the implementation and interpretation of which, is largely uncertain.*

IndiGrid has been constituted under the InvIT Regulations which were issued in 2014, as amended and supplemented with additional guidelines and circulars.

The InvIT Regulations and other corresponding changes to applicable law, are largely untested in their implementation. Uncertainty in applicability, interpretation or implementation of any amendment to, or change in, law, regulation or policy, including due to an absence, or a limited body, of administrative or judicial precedent may be time consuming and costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future and consequently, our ability to make distributions to the Unitholders. Changes to our organizational structure, changes to our agreements, cost increases, fines, legal fees or business interruptions may result from changes to regulations, from new regulations, from new interpretations by courts or regulators of existing regulations or from stricter enforcement practices by regulatory authorities of existing regulations. In addition, new costs may arise from audit, certification and/or self-assessment standards required to maintain compliance with new and existing InvIT Regulations, which may render it economically unviable to continue conducting business as an infrastructure investment trust or otherwise have a material, adverse effect on our business, financial condition, results of operations and cash flows.

Further, SEBI has the right to, with or without prior notice, order inspection of the books of accounts, records and other documents pertaining to our operations, either on its own or, upon receipt of complaint. Upon review of the inspection report, SEBI is entitled to, if it so deems appropriate (in the interest of the securities markets or our Unitholders) (a) to delist our Units from the stock exchanges and require us to surrender our certificate of registration; (b) to wind-up our operations; (c) to sell our assets; (d) or direct us not to not operate or access the capital markets for a specified period; or (e) direct us to not do such things as SEBI may deem appropriate in the interest of our Unitholders. Any such occurrence may have a material adverse effect on our business, result of operations, financial conditions and cash flows.

There can be no assurance that the legal framework for infrastructure trusts will not impose additional regulations and policies which could impact our operations and it is difficult to forecast how any new laws, regulations or standards or future amendments to the InvIT Regulations will affect infrastructure trusts and the infrastructure sector in India. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. We may incur increased costs and other burdens relating to compliance with such new regulations, which may also require significant time and other resources, and any failure to comply with these changes may adversely affect our business, results of operations and prospects.

48. *We must maintain certain investment ratios, which may present additional risks to us.*

Pursuant to the InvIT Regulations, we are required to invest not less than 80% of the value of our assets in completed and revenue-generating infrastructure projects, such as the Portfolio Assets, and are limited to our consolidated borrowings and deferred payments net of cash and cash equivalents not exceeding 70% of the value of our assets. If such borrowings and payments exceed 49%, we are required to obtain a credit rating of "AAA" or equivalent for the consolidated borrowing and proposed borrowing under the InvIT Regulations. In addition, we must not invest more than 10% of the value of our assets in under-construction infrastructure projects. The value of our assets may be subject to macro-economic parameters such as change in interest rates and the market beta of the assets and a change in such parameters may have an adverse effect on our investment ratios. If these conditions are breached on account of market movements of the price of the underlying assets or securities, the Investment Manager must inform the Trustee and ensure that these conditions are satisfied within six months of such breach (or within one year with Unitholder approval). Failure to comply with these conditions may present additional risks to us, including divestment of certain assets, delisting and other penalties, which could have a material, adverse effect on our business, financial condition, results of operations and cash flows.

49. ***The Investment Manager is required to comply with certain ongoing reporting and management obligations in relation to the Trust. There can be no assurance that the Investment Manager will be able to comply with such requirements.***

The Investment Manager is required to comply with certain ongoing reporting and management obligations in relation to the Trust in accordance with the InvIT Regulations. These requirements include, among other things, (a) making investment decisions with respect to the underlying assets or projects of IndiGrid, (b) overseeing the activities of the Project Manager, (c) investing and declaring distributions in accordance with the InvIT Regulations, (d) submitting reports to the Trustee and (e) ensuring the audit of our accounts. There can be no assurance that the Investment Manager will be able to comply with such requirements in a timely manner or at all, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

50. ***Brexit may increase administrative and regulatory burdens on the Investment Manager and IndiGrid.***

The UK withdrew from the European Union (the "EU") on 31 January 2020 ("Brexit"). In connection with Brexit the UK and the EU agreed the Trade and Cooperation Agreement ("TCA") that governs the future trading relationship between the UK and the EU in specified areas. The TCA took effect from 1 January 2021 following a transition period that commenced immediately following the Brexit date.

The UK is no longer in the EU customs union and is outside of the EU single market. As a result, logistical disruption is expected whilst the UK and EU implement the new relationship under the TCA. Notably, the TCA does not include an EU-wide cooperation arrangement for financial services, with UK firms instead having to negotiate individual EU member state regulations and cooperation/recognition arrangements. The initial timeframe set to agree a financial services cooperation framework may be subject to extension and a cooperation agreement on financial services is not guaranteed. The uncertainty surrounding the implementation of the TCA and the outcome of ongoing negotiations may have economic, tax, fiscal, legal, regulatory and other implications for the asset management industry, the broader European and global financial markets generally and for private funds, such as IndiGrid. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or having service or other significant relationships in, the UK or the EU.

The future application of EU-based legislation and/or taxation to the private fund industry in the UK will depend, among other things, on how the UK negotiates its relationship with the EU as regards financial services. The ongoing effects of Brexit may result in significant market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and, in particular, asset and liability management (due in part to redenomination of financial assets and liabilities).

Whilst the most immediate impacts of Brexit on corporate transactions will likely be related to changes in market conditions, the development of new regulatory regimes and parallel competition law enforcement may have an adverse impact on transactions, particularly those occurring in, or impacted by conditions in, the UK and the EU.

51. ***GDPR may increase administrative and regulatory burdens on the Investment Manager and IndiGrid.***

The General Data Protection Regulation ("GDPR") came into effect on May 25, 2018. The purpose of the GDPR is to provide for the protection of the individual's right to privacy with respect to the processing of personal data. The GDPR is directly applicable in all EEA member states, creating a single legal framework that results in a more uniform application of data privacy laws across the EEA.

Following Brexit, the GDPR has been transposed in UK law, as the UK General Data Protection Regulation ("UK GDPR"). The UK's data protection regime primarily consists of the UK GDPR and the UK Data Protection Act 2018 (together, the "UK DP Laws"). The relationship between the UK and the EU in relation to certain aspects of data protection law remains unclear, and it is also unclear how the UK DP Laws will develop in the medium to longer term.

To the extent that the Investment Manager or their agents offers investment opportunities to, or monitors the behaviour of, natural persons located in the EEA and the UK ("Data Subjects"), the Investment Manager will be deemed to be a "controller" with respect to personal data collected from such Data Subjects and will be required to comply with the provisions of the GDPR and the UK DP Laws, which are extensive and require consistent and thorough application. The GDPR and the UK DP Laws implement more stringent operational requirements and onerous accountability obligations for controllers and processors of personal data, including, for example, requiring expanded disclosures about how personal information is to be used, limitations on retention of information, mandatory data breach notification requirements, and higher standards for controllers to demonstrate that they have obtained valid consent or have another legal basis in place to justify their data processing activities. For the purposes of this risk factor, references to the "Investment Manager" shall be construed to include the Investment Manager, IndiGrid and affiliates of the Investment Manager and IndiGrid if, and to the extent, appropriate in the circumstances.

Controllers must put in place the necessary mechanisms to allow Data Subjects to exercise their data subject rights, such as the right to access and rectify their personal data, the right to impose restrictions on processing, and in certain circumstances the right to request the deletion of personal information, to request the transfer of such information to another controller and to object to the processing of their personal information. The GDPR provides that EEA member states may make their own additional laws and regulations in relation to certain data processing activities, and may impose stricter governance requirements, which could limit the Investment Manager's ability to use and share personal data or could require localized changes to the Investment Manager's and IndiGrid's operating models (if applicable). The provisions of the GDPR and the UK DP Laws may also apply to IndiGrid's Portfolio Companies, to the extent that they are established in the EU and the UK, or offer goods or services to, or monitor the behaviour of, EEA and UK Data Subjects.

To the extent applicable, we are also subject to certain rules with respect to cross-border transfers of personal data out of the EEA and the UK. Recent legal developments in Europe have created complexity and uncertainty regarding transfers of personal data from the EEA and the UK to the U.S. Most recently, on July 16, 2020, the Court of Justice of the European Union ("CJEU") invalidated the EU-US Privacy Shield Framework ("Privacy Shield") under which personal data could be transferred from the EEA to US entities who had self-certified under the Privacy Shield scheme.

While the CJEU upheld the adequacy of the standard contractual clauses (a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism, and potential alternative to the Privacy Shield), it made clear that reliance on them alone may not necessarily be sufficient in all circumstances. Use of the standard contractual clauses must now be assessed on a case-by-case basis taking into account the legal regime applicable in the destination country, in particular applicable surveillance laws and rights of individuals and additional measures and/or contractual provisions may need to be put in place, however, the nature of these additional measures is currently uncertain. The CJEU went on to state that if a competent supervisory authority believes that the standard contractual clauses cannot be complied with in the destination country and the required level of protection cannot be secured by other means, such supervisory authority is under an obligation to suspend or prohibit that transfer.

Under the GDPR fines of up to €20 million or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, may be imposed for non-compliance. The UK GDPR mirrors the fines under the GDPR, i.e. fines up to the greater of £17.5 million or 4% of global annual turnover. In addition to the foregoing, a breach of the GDPR or UK GDPR could result in regulatory investigations, reputational damage, orders to cease/ change our processing of our data, enforcement notices, and/or assessment notices (for a compulsory audit). We may also face civil claims including representative actions and other class action type litigation (where individuals have suffered harm), potentially amounting to significant compensation or damages liabilities, as well as associated costs and diversion of internal resources. An assessment by a competent authority in the EEA and the UK that the Investment Manager has not complied with the requirements of the GDPR and the UK DP Laws (if applicable) could result in serious financial and reputational damage to the Investment Manager and IndiGrid. These laws (if applicable) also could cause costs of IndiGrid and its investments to increase and result in further administrative burden, which is likely to reduce capital and time that can be deployed for making investments.

52. *The Investment Manager needs to comply with the AIFMD with respect to any delegation of its AIFMD management function.*

The Trustee has appointed the Investment Manager as the investment manager of IndiGrid. The Investment Manager does not intend to delegate all or any part of its AIFMD management function as of the date of this Draft Letter of Offer, although it reserves the right to do so if and to the extent permitted by the AIFMD, the Trust Deed and the documents governing the Investment Manager's investment management relationship with IndiGrid (each as amended and/or restated from time to time). To the extent that the Investment Manager does delegate any part of its AIFMD management function, a description of any management function that is delegated by the Investment Manager, including the identity of the relevant delegate and any potential conflicts of interest that may arise from such delegation, will be disclosed to investors in accordance with the requirements of the AIFMD.

53. *The Investment Strategy may only be amended with respect to the Trust Deed.*

The Trust Deed sets out specific parameters and restrictions in respect of IndiGrid's investment strategy and investment policy. The Investment Manager does not presently intend, as of the date of this Draft Letter of Offer, to seek to make any change to IndiGrid's investment strategy or investment policy. Except as otherwise provided in the Trust Deed, and subject to the requirements therein, any amendment to the Trust Deed will be carried out as described in the Trust Deed and in accordance with the InvIT Regulations.

54. Compliance with AIFMD and UK AIFMR may increase administrative and regulatory burdens on the Investment Manager and IndiGrid.

The AIFMD imposes requirements on AIFMs that market AIFs to professional investors who are domiciled or have a registered office within the EEA. For these purposes IndiGrid is a non-EEA AIF and the Investment Manager is a non-EEA AIFM. The AIFMD allows member states to permit the marketing of non-EEA AIFs by non-EEA AIFMs in accordance with local laws, provided that local laws meet the requirements of Article 42 of the AIFMD. There is no requirement for member states to operate or maintain a national private placement regime and, if they do, the member state is free to impose stricter rules than the minimum requirements of Article 42 of the AIFMD. Where national private placement is permitted, the Investment Manager must comply with Article 22 (requirements relating to an annual report), Article 23 (prescriptive pre-investment and periodic disclosure to investors), Article 24 (relating to periodic reporting to regulators) and Articles 26 to 30 if applicable (the provisions relating to the acquisition and control of non-listed companies and issuers, including the asset-stripping rules). In addition to these minimum requirements, some jurisdictions require a non-EEA AIFM to comply with substantially all of the AIFMD or certain additional compliance requirements, such as the appointment of a depositary. Given that national private placement regimes are, by definition, a matter of national law, a non-EEA AIFM must comply with different regulatory requirements in different member states, both in respect of the initial process for seeking to market in that member state and with respect to ongoing compliance. Since the Investment Manager, as a non-EEA AIFM, is not currently eligible for authorisation and therefore cannot have the benefit of a marketing "passport", it is required to comply with the national private placement regimes and other applicable rules of those EEA member states that allow private placement and in which Units in IndiGrid are marketed and sold. Where the Investment Manager has marketed IndiGrid in a member state in compliance with the national private placement regime and that marketing has resulted in investors in that member state investing in IndiGrid, the Investment Manager's ongoing compliance with the laws of that member state will continue at least until all of such investors dispose of their interests in IndiGrid. Compliance with these requirements may therefore result in significant additional costs over the life of IndiGrid and may reduce returns to investors. The rules, regulations and guidance related to the marketing of Units to investors domiciled or having their registered office in the EEA continue to evolve. The Investment Manager and/or its affiliates and agents has endeavoured and/or will endeavour (as applicable) to comply with these evolving rules as interpreted as of the date of this Draft Letter of Offer, but there is not absolute certainty as to their successful compliance. In the event that the Investment Manager and/or its affiliates or agents is found to have breached the provisions of the AIFMD or the national private placement regimes and other applicable rules of relevant EEA member states (inadvertently or otherwise), the Investment Manager (and/or IndiGrid indirectly) may face regulatory sanctions as a result of such non-compliance. Such activities and sanctions may impact the enforceability of any subscriptions received from investors domiciled or with a registered office in such EEA member state (each an "EEA Investor") (including potential rescission rights with respect to such investors), result in significant costs and ultimately materially and adversely affect IndiGrid, its financial condition, liquidity, reputation and operations. Certain EEA member states have indicated that they will cease to operate national private placement regimes when or shortly after the passport becomes available to non-EEA AIFMs, which would mean that non-EEA AIFMs to whom the passport is available would be required to comply with all relevant provisions of the AIFMD in order to market to professional investors in those jurisdictions. The abolition of such regimes would mean that non-EEA AIFMs to whom the passport is available would be required to comply with all relevant provisions of the AIFMD in order to market to professional investors in those jurisdictions. As a result, if in the future non-EEA AIFMs may only market in certain EEA jurisdictions pursuant to a passport, the Investment Manager may not seek to market Units in IndiGrid in those jurisdictions, which may lead to a reduction in the aggregate Commitments made to IndiGrid. Alternatively, if the Investment Manager sought to comply with the requirements to use the passport, this could have adverse effects including, amongst other things, increasing the regulatory burden and costs of operating and managing IndiGrid and its investments, and potentially requiring changes to compensation structures for key personnel, thereby affecting the Investment Manager's ability to recruit and retain such personnel.

The Investment Manager is established outside of the EEA. As a non-EEA AIFM marketing a non-EEA AIF without an AIFMD "passport," if the Investment Manager markets IndiGrid in an EEA member state it shall only be subject to the individual EEA member state rules and the requirements identified in Article 42 of the AIFMD. As a result, EEA Investors should be aware that the Investment Manager will not be required to comply with all of the requirements of the AIFMD with which an EEA AIFM is otherwise required to comply and that EEA Investors may not receive all the protections or disclosures that might be available with respect to investments managed by an EEA AIFM in and/or marketed into their home EEA member state. As a non-EEA AIFM, the Investment Manager is not subject to, for example, Article 9(7) of the AIFMD, which requires EEA AIFMs to cover professional liability risks (i.e. the Investment Manager shall not be required to maintain professional indemnity insurance pursuant to the application of the AIFMD). As a non-EEA AIFM, the Investment Manager is also not subject to, for example, the requirements with respect to the management of liquidity risk set out in Article 47 of the AIFMD. As a non-EEA AIFM, the Investment Manager is not required to appoint a depositary as contemplated in Article 21 of AIFMD unless the national private placement regime of an EEA member state requires otherwise and an EEA Investor is admitted to IndiGrid following active marketing of Units. The AIFMD requires disclosures to be made to investors (e.g. details of an investor's rights with respect to certain service providers, such as auditors). While certain details of IndiGrid's arrangements with such service providers may be set out in the Trust Deed, any such descriptions may not address the governing law, dispute resolution mechanisms and similar provisions of such arrangements. In addition, although IndiGrid has negotiated certain protections with these service providers, such as the ability to terminate certain arrangements, investors in IndiGrid generally do not have a direct ability to enforce such provisions. The Trust Deed describes the preferential treatment which certain investors in IndiGrid may receive and the types of investors who may receive such treatment. In addition, such investors may have legal or economic links with IndiGrid and the Investment Manager or their respective affiliates.

As a non-EEA AIFM marketing a non-EEA AIF in the EEA (if applicable), the Investment Manager may be required pursuant to the AIFMD to notify periodically and, in any event, at least once a year, EEA Investors of information regarding IndiGrid's illiquid assets and special arrangements arising from their illiquid nature and certain changes to the maximum amounts of leverage and total amounts of leverage employed by IndiGrid. When required to do so, the Investment Manager will make this information available to EEA Investors as part of any regular, periodic, extraordinary or annual reports which the Investment Manager would otherwise make to EEA Investors. In addition, the Investment Manager will make available to EEA Investors in IndiGrid at their request an annual report for each financial year no later than six months following the end of the financial year as required by the AIFMD.

Following Brexit and subject to compliance with the UK AIFMR, AIFMs may market AIFs to professional investors who are domiciled or have a registered office within the UK pursuant to the UK national private placement regime. The UK AIFMR currently imposes compliance obligations that are broadly similar to those detailed in the above paragraph in connection with a non-EEA AIFM marketing a non-EEA AIF pursuant to the national private placement regimes of certain EEA member states. If within scope of the UK AIFMR, an AIFM must comply with rule 3.3 of the Investment Funds sourcebook (requirements relating to an annual report), rule 3.2 of the Investment Funds sourcebook (prescriptive pre-investment and periodic disclosure to investors), rule 3.4 of the Investment Funds sourcebook (relating to periodic reporting to regulators) and Part 5 of the UK AIFMR if applicable (the provisions relating to the acquisition and control of non-listed companies and issuers, including the asset-stripping rules).

In connection with IndiGrid's initial public offering in 2017, IndiGrid registered with the UK Financial Conduct Authority ("FCA") as an AIF whose units were to be marketed in the UK. However, as of the date of this Draft Letter of Offer, the Investment Manager, in its capacity as a non-UK AIFM, has not complied with certain ongoing reporting obligations to the FCA. Any failure to make these past filings, or continued non-compliance, could expose IndiGrid and the Investment Manager to penalties. If the non-compliance continues, their registration as an AIF and AIFM, respectively could be cancelled

55. *Investors generally have no direct rights against IndiGrid's service providers.*

Investors in IndiGrid generally have no direct rights against IndiGrid's service providers, including without limitation an auditor and a depositary (if appointed). Where wrongdoing is alleged to have been committed against IndiGrid, such wrongdoing would generally only be actionable by the Trustee in its capacity as trustee of IndiGrid and/or the Investment Manager as AIFM and investment manager of IndiGrid. In the absence of any direct contractual relationship between the investors and IndiGrid's service providers, there are only very limited circumstances in which an investor may bring a direct claim against any such service provider.

56. *The AIFMD and UK AIFMR may impose requirements on or restrict the use of leverage by IndiGrid and the Investment Manager.*

Although the Investment Manager will seek to use leverage in relation to IndiGrid in a manner it believes is prudent, the use of leverage will generally magnify both the opportunities for gain and risk of loss from any given asset. The cost and availability of leverage is highly variable and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs that may not be covered by distributions made to IndiGrid or appreciation of its investments. An increase in interest rates may decrease the profitability of IndiGrid or its portfolio companies. The use of leverage also may impose restrictive financial and operating covenants on a portfolio company, in addition to the burden of debt service, and may impair its ability to carry out business operations or to finance future operations and capital needs. A leveraged capital structure will increase a portfolio company's exposure to any deterioration in market conditions, competitive pressures, an adverse economic environment or rising interest rates, which could accelerate and magnify declines in the value of IndiGrid's investments. If a portfolio company is not able to generate adequate cash flow to meet debt service, IndiGrid may suffer a partial or total loss of capital invested in such portfolio company.

To the extent required by applicable law and regulation, the Investment Manager will disclose any change to its leverage policy (such information being contained in IndiGrid's Financial Policy and its Amended and Restated Trust Deed) in the first annual reports of IndiGrid (or by other means) to be delivered after such change and, accordingly, will disclose in such reports (or by such other means) the maximum level of leverage permitted. Thereafter and to the extent required by applicable law and regulation, the Investment Manager will disclose to

Unitholders on an annual basis any change to the maximum level of leverage permitted as well as any re-hypothecation rights or any guarantee granted under the leveraging arrangement and the total amount of leverage employed by IndiGrid. The Investment Manager will also disclose to Unitholders on an annual basis (whether in the annual reports of IndiGrid or otherwise) the percentage of IndiGrid's assets which are subject to special arrangements arising from their illiquid nature, any new liquidity management arrangements, the current risk profile of IndiGrid and the risk management systems employed to manage those risks.

57. A portion of the Net Proceeds may be utilized for the partial repayment of the outstanding external debt availed from Axis Bank Limited, which is an affiliate of our Lead Manager, Axis Capital Limited.

We propose to partially repay the outstanding external debt availed by OGPTL from, amongst others, Axis Bank Limited from the Net Proceeds as disclosed in the section entitled "*Use of Proceeds*" on page 216. Axis Bank Limited is an affiliate of our Lead Manager, Axis Capital Limited. While the repayment of certain loans is proposed to be made out of the proceeds of the Issue to an affiliate of Lead Manager and loans chosen to be partially repaid are based on commercial objectives, there can be no assurance that the same will not be perceived as a current or potential conflict of interest. For further details, please see the section entitled "*Use of Proceeds*" on page 216.

58. It may be difficult for the Unitholders to remove the Trustee or the Investment Manager.

Under the InvIT Regulations, the Trustee or the Investment Manager cannot be removed without the approval of Unitholders where the votes cast in favour of the resolution shall not be less than one and a half times the votes cast against such resolution.

59. The registered office of the Investment Manager is not owned by the Investment Manager. Further, the applications filed by some of our Portfolio Assets for the change in their respective registered offices may not be approved in a timely manner or at all.

The registered office of the Investment Manager is located on premises which are not owned by Investment Manager. In the event the use of such premises by the Investment Manager is conducted in a manner that amounts to a breach of the lease arrangements with the owners of such property, the Investment Manager could be subject to adverse consequences. Any such action may adversely affect Investment Manager's business operations, financial condition and results of operations.

Further, some of our Portfolio Assets, namely, BDTCL, JTCL, MTL, RTCL, PKTCL, PTCL, ENICL, GPTL, NTL and OGPTL, have filed applications before the Regional Director, Northern Region, New Delhi, Ministry of Corporate Affairs seeking confirmation of shifting of the registered office from the Union Territory of Delhi to Maharashtra to ensure administrative and operational convenience. In the event any of the Portfolio Assets specified above fail to comply with the undertakings provided in the application or fails to comply with the directions of the Regional Director, such Portfolio could be subject to adverse consequences. Any such action may adversely affect the concerned Portfolio Asset's business, operations, financial condition and results of operations.

RISKS RELATED TO INDIA

60. We are exposed to risks associated with the power industry in India.

We derive, and expect to continue to derive in the foreseeable future, most of our revenues and operating profits from India. Changes in macroeconomic conditions generally impact the power industry and could negatively impact our business. Accordingly, our business is highly dependent on the state of development of the Indian economy and the macroeconomic environment prevailing in India. Changes in government policies that favor the development of power generation, including large-scale power projects that generally require increased transmission facilities for evacuating the electricity they generate, may have an adverse impact on demand for transmission facilities. Since the use of our transmission systems and our Proposed Solar Projects, our expansion plans and future projects depend or will depend on the operation of power generation projects, the financial health of distribution companies ("**DISCOMs**"), macroeconomic factors that may negatively impact demand for electricity or more generally the development of power generation projects in India or the timely commencement of their operations (such as fuel price fluctuations, volatility and other market conditions that may adversely impact power generation projects), could in turn have a material adverse effect on our growth prospects, business and cash flows. For instance, due to the current COVID-19 pandemic, the CERC issued an order, directing amongst others, the reduction in late payment surcharge for payments overdue from DISCOMS. For further details, please see the section entitled "*Risk Factors - The extent to which the recent coronavirus (COVID-19) outbreak impacts the business, cash flows, results of the operations and financial condition of our Portfolio Assets and Target Asset will depend on future developments, which are highly uncertain and cannot be predicted*". In addition, access to financing may be more expensive or not available on commercially acceptable terms during economic downturns. Any of these factors and other factors beyond our control could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

61. ***Our performance and growth are dependent on the factors affecting the Indian economy.***

Our performance and the growth are dependent on the performance of the Indian economy, which, in turn, depends on various factors. The Indian economy has been affected by global economic uncertainties, volatility in interest rates, currency exchange rates, commodity and electricity prices, adverse conditions affecting agriculture and various other macroeconomic factors as well as regulatory changes.

Conditions outside India, such as a slowdown or recession in the economic growth of other major countries and regions, especially in Europe and China, also have an impact on the growth of the Indian economy, and GoI policy may change in response to such conditions. While recent Indian governments have been focused on encouraging private participation in the industrial sector, any adverse change in policy could result in a further slowdown of the Indian economy. GoI corruption, scandals and protests against certain economic reforms have occurred in the past, and could in the future slow the pace of liberalization and deregulation. The rate of economic liberalization could decrease, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. In the power industry, there can be no assurance that the GoI's engagement with and outreach to private sector operators, including us, will continue in the future. A significant change in India's economic liberalization and deregulation policies, in particular, those relating to the power industry, could disrupt business and economic conditions in India generally and our business in particular.

Additionally, an increase in trade deficit or a decline in India's foreign exchange reserves could negatively impact interest rates and liquidity, which could adversely impact the Indian economy and our business. Any downturn in the macroeconomic environment in India could materially and adversely affect the business, prospects, financial condition, results of operations and cash flows.

62. ***We may be exposed to variations in foreign exchange rates.***

While our revenues are in Indian rupees, we may also borrow funds from outside India in foreign currencies to finance capital expenditure and working capital requirements. As of December 31, 2020, IndiGrid on a combined basis had an aggregate of US$ 31.39 million equivalent of foreign currency loan from financial institution, which represented approximately 3% of our total borrowings (including current maturities and interest accrued). We may also purchase equipment from suppliers located outside India, and payment for such equipment is typically denominated in U.S. dollars. The Indian rupee has depreciated in recent years, and in the future may continue to depreciate, against the U.S. dollar, leading to increases in the Indian rupee cost for us to service and repay foreign currency borrowings. In addition, in the event of disputes under any of our foreign currency borrowings, we may be required by the terms of those borrowings to defend ourselves in foreign courts or arbitration proceedings, which could result in additional costs. A depreciation of the Indian rupee would also increase the costs of imports and may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows. In addition, our hedging policy and arrangements with respect to our foreign currency exposure may not, when implemented, fully protect us from foreign exchange rate fluctuations and there can be no assurance that we will be able to renew our current hedging arrangements, which have a five-year term, on satisfactory terms or at all upon expiry.

63. ***A decline in India's foreign exchange reserves may reduce liquidity and increase interest rates in India, which could have an adverse impact on us.***

Though India's current account balance recorded a surplus of 3.9% of the gross domestic product in the first quarter of Financial Year ended March 31, 2021 as compared to a deficit of 2.1% in the first quarter of the previous Financial Year, flows to foreign exchange reserves can be volatile, and past declines have adversely affected the valuation of the Indian rupee. The surplus was primarily on account of a sharp contraction in the trade deficit due to steeper decline in merchandise imports relative to exports. Any increased intervention by the RBI in the foreign exchange market or other measures by the RBI to control the volatility of the exchange rate may result in a decline in India's foreign exchange reserves, reduced liquidity and higher interest rates in the Indian economy, which could adversely affect our ability to obtain financing on adequate terms or at all, which in turn could affect our business and future financial performance.

64. ***Social, economic and political conditions and natural disasters could have a negative effect on our business.***

Each of the Portfolio Assets is incorporated in India and they derive all of their revenue from India. In addition, all of our assets are located in India. Consequently, our business may be adversely affected by social, economic and political conditions in India and its neighboring countries. Specific risks, such as the following could adversely influence the Indian economy, thereby having a material adverse effect on our business, financial condition, results of operations and cash flows:

- political instability, riots or other forms of civil disturbance or violence;
- war, terrorism, invasion, rebellion or revolution;

- government interventions, including expropriation or nationalization of assets, increased protectionism and the introduction of tariffs or subsidies;
- changing regulatory regimes;
- underdeveloped industrial and economic infrastructure;
- changes in exchange rates and controls, interest rates, government policies, taxation and economic and political developments;
- changes in policies such as, fiscal and economic policy, industrial policy, direct and indirect taxes and the export-import policy; and
- changes in state-specific regulation and conditions.

Natural disasters such as floods, earthquakes or famines have in the past had a negative impact on the Indian economy. Potential effects may include damage to infrastructure and the loss of business continuity and business information. If our facilities are affected by any of these events, our operations may be significantly interrupted, which could materially adversely affect our business, prospects, financial condition, results of operations and cash flows.

65. *Any downgrading of India's debt rating by rating agencies could have a negative impact on our business.*

Any adverse revisions to India's credit ratings by rating agencies may adversely affect our ability to raise additional financing and the interest rates and other terms at which such additional financing is available. In June 2020, Moody's Investors Service has downgraded India's rating to Baa3 with a negative outlook while Fitch Ratings revised its outlook on India's credit ratings to BBB- with a negative outlook. In September 2020, the rating agency Standard and Poor's reaffirmed India's credit rating at BBB- with a stable outlook. This could materially and adversely affect our ability to obtain financing for capital expenditure, which could in turn materially and adversely affect our business, prospects, financial condition, results of operations and cash flows. India's sovereign debt rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange resources, which are outside our control.

66. *Financial instability in other countries may cause increased volatility in Indian financial markets.*

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and certain emerging economies in Asia. Financial turmoil in Asia, Russia and elsewhere in the world in the past has adversely affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector as well as us.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby negatively impact the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections. The dislocation of the sub-prime mortgage loan market in the United States since September 2008, and the European sovereign debt crisis, has led to increased liquidity and credit concerns and volatility in the global credit and financial markets. In Europe, Brexit, and any prolonged period of uncertainty which results, could have a significant negative impact on international markets. These could include further falls in stock exchange indices and/or greater volatility of markets in general due to the increased uncertainty. These and other related events could have a significant impact on the global credit and financial markets as a whole, and could result in reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets.

Further, an outbreak of a novel strain of COVID-19, has resulted in protracted volatility in international markets and may result in a global recession as a consequence of disruptions to travel and retail segments, tourism, and manufacturing supply chains. In particular, in February 2020, the COVID-19 outbreak caused stock markets worldwide to lose significant value and impacted economic activity in Asia and worldwide. A number of governments revised GDP growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis or recession. The Indian GDP, which had contracted by 23.9% in the first quarter of the Financial Year ended March 31, 2021, contracted by 7.5% in the second quarter of the Financial Year ended March 31, 2021. Any of these factors may have a material adverse effect on our financial condition, cash flows and results of operations.

In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. Any significant financial disruption could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

67. ***If inflation rises in India, increased costs may result in a decline in profits.***

Inflation rates in India have been volatile in recent years, and such volatility may continue. Increasing inflation in India could cause a rise in the price of transportation, wages, raw materials and other expenses. While the escalable component of the tariff is linked to the wholesale price index and consumer price index, there can be no assurance that an increased escalable tariff will sufficiently offset our increased costs due to inflation which could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

68. ***Significant differences exist between Ind AS and other accounting principles, such as IFRS and U.S. GAAP, which may be material to investors' assessments of our financial condition, result of operations and cash flows.***

The summary financial information included in the sections entitled "*Summary Financial Information of the KKR Sponsor*", "*Summary Financial Information of the Sterlite Sponsor*" and "*Summary Financial Information of the Investment Manager*" on page 34, 38 and 45 are derived from the audited financial statements which are prepared and presented in conformity with IFRS (for the KKR Sponsor) and Ind AS (for the Sterlite Sponsor and the Investment Manager). Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, such as IFRS, Indian GAAP and U.S. GAAP. Accordingly, the degree to which the Consolidated Financial Statements included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Similarly, the summary financial information included in the sections entitled "*Summary Financial Information of the Sponsors – KKR Sponsor*" on page 34 are prepared in accordance with the IFRS. Accordingly, the degree to which such summary financials are included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with the IFRS. Persons not familiar with Indian accounting practices and/or the IFRS should limit their reliance on the financial disclosures presented in this Draft Letter of Offer.

69. ***Changing laws, rules and regulations and legal uncertainties including adverse application of tax laws and regulations, may adversely affect our business results of operations, cash flows and financial performance.***

Our business and financial performance could be adversely affected by changes in law or interpretations of existing, or the promulgation of new, laws, rules and regulations in India applicable to us and our business. There can be no assurance that the central or the state governments may not implement new regulations or policies which will require us to obtain approvals and licenses from the governments and other regulatory bodies or impose onerous requirements and conditions on our operations. Any new regulations and policies and the related uncertainties with respect to the implementation of new regulations may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also materially affect our results of operations.

The GoI implemented a comprehensive goods and service tax regime which has combined taxes and levies collected by the central and state governments into a unified rate structure from July 1, 2017. Our business and financial performance could be adversely affected by any unexpected or onerous requirements or regulations resulting from the implementation of GST or any changes in laws or interpretation of existing laws, or the promulgation of new laws, rules and regulations relating to GST. Given that the implementation of GST is still fairly recent, there can be no assurance that we will not be required to comply with additional procedures and/or obtain additional approvals and licenses from the government and other regulatory bodies or that they will not impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the implementation of GST may have a material adverse effect on our financial condition, cash flows and results of operations. Further, any future increases or amendments to the GST may affect our overall tax efficiency and we may be liable to pay additional taxes.

The Government has implemented reforms in Indian tax laws with respect to the provisions relating to the general anti-avoidance rule ("**GAAR**"). GAAR is a broad set of provisions which grant powers to India tax authorities to invalidate any arrangement for tax purposes if the main purpose of entering into the transaction by the taxpayer is to obtain a tax benefit. Besides the "tax benefit", the transaction should meet any one of the following specified additional tests:

- creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length;
- results, directly or indirectly, in the misuse, or abuse, of the provisions of the Income Tax Act;
- lacks commercial substance or is deemed to lack commercial substance as prescribed under the Income Tax Act in whole or in part; and

- is entered into, or carried out, by means which are, or in a manner which is, not ordinarily employed for bona fide purposes.

Such transactions are declared as impermissible avoidance arrangements. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are invoked, it may have an adverse tax impact on us.

Additionally, the GoI has also prescribed that an entity may avail of the benefit of lower rate of tax under the IT Act, subject to certain conditions specified therein, while availing a corresponding exemption from the applicability of the provisions in relation to minimum alternate tax ("**MAT**"). In the event an entity opts to pay tax under such regime, such option cannot be subsequently withdrawn for the same or any other year. Such changes in the tax regime and the decisions of our Portfolio Assets to opt for a particular tax regime over another may affect our overall tax efficiency and any further changes in relevant tax laws may result in our inability to avail future benefits.

Taxes in India are revised every year and Indian courts may interpret such changes with a retroactive effect. The government may also change tax laws with a retrospective effect. The uncertainty surrounding the Indian tax system, combined with significant penalties for default could expose us to tax risks which may be higher than expected.

Further, the Government of India has announced the union budget for Fiscal 2022 and the Finance Bill, 2021 ("**Finance Bill**") has been introduced in the Lok Sabha on February 1, 2021. The Finance Bill is scheduled to be passed in the ongoing budget session of the Parliament. There is no certainty on the impact that the Finance Bill may have on our business, prospects, financial condition, results of operations and cash flows or the industry that we operate in. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects.

Further, uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future. We cannot predict whether any new tax laws or regulations impacting the industry in which we operate will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have an adverse effect on our business, prospects, financial condition, results of operations and cash flows. Additionally, any decisions in the future by any judicial, governmental, statutory or regulatory authority or any changes in the interpretation of laws by any such authority may have an impact on our business, prospects, financial condition, results of operations and cash flows. For example, SEBI may interpret 'completed and revenue generating project' under the InvIT Regulations in a manner that may have an impact on our business, prospects, financial condition, results of operations and cash flows.

70. Tax laws are subject to changes and differing interpretations, which may materially and adversely affect our operations and growth prospects.

The current tax laws and regulations in India provide certain exemptions to interest income earned by business trusts from a special purpose vehicle as a result of which IndiGrid is subject to relatively lower tax liabilities. These exemptions could be modified or removed at any time or clarified in a manner adverse to IndiGrid, which could adversely affect our profitability and financial condition.

Tax laws and regulations are subject to differing interpretations by tax authorities. Differing interpretations of tax and other fiscal laws and regulations may exist within governmental ministries, including tax administrations and appellate authorities, thus creating uncertainty and potential unexpected results. The degree of uncertainty in tax laws and regulations, combined with significant penalties for default and a risk of aggressive action, including by retrospective legislation, by the governmental or tax authorities, may result in tax risks in the jurisdictions in which we operate being significantly higher than expected. For instance, while the Investment Manager intends to take measures to ensure that it is in compliance with all relevant tax laws, there is no assurance that the tax authorities will not take a position that differs from the position taken by us with regard to our tax treatment of various items. Any of the above events may result in a material, adverse effect on our business, financial condition, results of operations and/or prospects. Tax authorities in India may also introduce additional or new regulations applicable to our business which could adversely affect our business and profitability.

71. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.

The Competition Act, 2002, as amended (the "**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition in India, is considered void and results in the imposition of substantial monetary penalties. Further, any agreement among competitors which, directly or indirectly, involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or, directly or indirectly, results in bid-rigging or collusive bidding, is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise.

The Competition Commission of India ("**CCI**") has extra-territorial powers and can investigate any agreements, abusive conduct or combinations occurring outside India if such agreements, conduct or combinations have an appreciable adverse effect on competition in India. However, there can be no assurance as to the impact of the provisions of the Competition Act on the agreements that the Portfolio Assets have entered into. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements they have entered into. However, since we pursue an acquisition driven growth strategy, we may be affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or any prohibition or substantial penalties are levied under the Competition Act. This could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

RISKS RELATED TO THE ISSUE AND THE UNITS

72. Investors in the Units may not be able to enforce a judgment of a foreign court against IndiGrid.

IndiGrid is an investment trust organized under the laws of India. Other than Tarun Kataria, all of the directors of the Investment Manager and the key managerial personnel named in this Draft Letter of Offer are residents of India. Further, all the assets of IndiGrid are located in India. As a result, it may be difficult for investors to effect service of process upon IndiGrid or to enforce judgments obtained against IndiGrid. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, such as the the United Kingdom of Great Britain and Northern Ireland, Republic of Singapore, United Arab Emirates and Hong Kong and no reciprocity with the United States of America. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Indian Code of Civil Procedure, 1908 (the "**Civil Procedure Code**"). The Civil Code only permits the enforcement and execution of monetary decrees in the reciprocating jurisdiction, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favor such final judgment is rendered may bring a fresh suit in a competent court in India based on a final judgment that has been obtained in a non-reciprocating territory within three years of obtaining such final judgment. Generally, there are considerable delays in the disposal of suits by Indian courts.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were to be brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under the FEMA to repatriate any amount recovered.

73. Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.

In terms of the InvIT Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such units to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of *force majeure*, material adverse changes in our business, results of operation or financial condition, or other events affecting the Applicant's decision to invest in the Rights Units, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Units. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Units will not decline below the Issue Price. To the extent the market price for the Units declines below the Issue Price after the Issue Closing Date, the Unitholder will be required to purchase Rights Units at a price that will be higher than the actual market price for the Units at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Units after this Issue or cause the trading price of our Units to decline

74. We will not distribute the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the CAF to certain categories of overseas shareholders.

We will send, only through e-mail, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the CAF and other issue material to the e-mail addresses of all the Eligible Unitholders who have provided their Indian addresses to us. In the event the e-mail addresses of the Eligible Unitholders are not available with us or the Eligible Unitholders have not provided the valid e-mail address us, we will make reasonable efforts to dispatch the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and CAF by way of physical delivery as per the applicable laws to those Eligible Unitholders who have provided their Indian address. Other than as indicated above, the Issue materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions.

75. Investors will not have the option of getting the Allotment of Units in physical form. Further, Unitholders holding fractional entitlements will not have the option to trade such fractional entitlements.

In accordance with InvIT Regulations, the Units issued pursuant to this Issue shall be issued only in dematerialized form. Investors will not have the option of getting the allotment of the Units issued pursuant to this Issue in physical form. The Units issued pursuant to this Issue Allotted to the Applicants who do not have demat accounts or who have not specified their demat details, will be kept in abeyance till receipt of the details of the demat account of such Applicants. This further means that they will have no voting rights in respect of the Units.

As the lot size comprises of 1,701 Units in accordance with InvIT Regulations for IndiGrid, the Rights Entitlements will be credited to the Unitholders in multiples of 1,701 Units and the participation by Unitholders in the Issue will also be in multiples of 1,701 Units. Investors should note that fractional entitlements will not be credited to the Unitholders' accounts and the trading of fractional entitlements of Rights Entitlements will also not be allowed by the Stock Exchanges. For further details, please see the section entitled "*Issue Information*" on page 273.

76. Investors will be subject to market risks until the Units credited to their demat accounts are listed and permitted to trade.

Investors can start trading the Right Issue Units allotted to them only after they are listed and permitted to trade. Since the Units are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Units issued pursuant to this Issue to the date when trading approval is granted for them. Further, there can be no assurance that the Units issued pursuant to this Issue allocated to an Investor will be credited to the Investor's demat account or that trading in the Units issued pursuant to this Issue will commence in a timely manner.

77. The reporting requirements and other obligations of infrastructure investment trusts are still evolving. Accordingly, the level of ongoing disclosures made to and the protection granted to our Unitholders may be more limited than those made to or available to shareholders of a company that has listed its equity shares upon a recognized stock exchange in India.

The InvIT Regulations, along with the guidelines and circulars issued by SEBI from time to time, govern the infrastructure investment trusts in India. However, as compared with the statutory and regulatory framework governing companies that have listed their equity shares on a recognized stock exchanges in India, the regulatory framework applicable to infrastructure investment trusts is relatively nascent and thus, still evolving. While the InvIT Regulations were notified with effect from September 26, 2014, the norms in relation to continuous disclosures and compliances were notified by SEBI on November 29, 2016 and the SEBI Rights Issue Guidelines were notified by SEBI recently (by way of a circular dated January 17, 2020, as amended by the circular dated March 13, 2020

Accordingly, the ongoing disclosures made to our Unitholders under the InvIT Regulations may differ from those made to shareholders of a company that has listed its equity shares on a recognized stock exchange in India in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the rights of our Unitholders may not be as extensive as the rights of shareholders of a company that has listed its equity shares on a recognized stock exchange in India, and accordingly, the protection available to our Unitholders may be more limited than those available to such shareholders.

78. IndiGrid may be dissolved, and the proceeds from the dissolution thereof may be less than the amount invested by the Unitholders.

IndiGrid is an irrevocable trust registered under the Registration Act and it may only be extinguished (i) if it is impossible to continue with IndiGrid or if the Trustee, on the advice of the Investment Manager, deems it impracticable to continue with us; (ii) on the written recommendation of the Investment Manager and upon obtaining the prior written consent of such number of the Unitholders as is required under the InvIT Regulations; (iii) if our Units are delisted from the Stock Exchanges; (iv) if SEBI passes a direction for winding up IndiGrid or the delisting of the Units; or (v) in the event we become illegal. Under the Amended and Restated Trust Deed, in the event of dissolution, our net assets, remaining after settlement of all liabilities, and the retention of any reserves which the Trustee deems to be necessary to discharge contingent or unforeseen liabilities, shall be paid to our Unitholders. Should IndiGrid be dissolved, depending on the circumstances and the terms upon which our assets are disposed of, there is no assurance that our Unitholders will recover all or any part of their investment. There may also be uncertainty around the interpretation and implementation of certain provisions in relation to insolvency of a trust under the Insolvency and Bankruptcy Code, 2016 which came into force in 2016.

79. Under Indian law, foreign investors are subject to restrictions that limit their ability to transfer or redeem Units, which may adversely impact the trading price of the Units.

Under foreign exchange regulations currently in force in India, transfers of Units between non-residents and residents are permitted, subject to certain limited exceptions, if they comply with the pricing and reporting requirements specified by RBI. If a transfer of Units is not compliant with such pricing or reporting requirements and does not fall under any of the exceptions specified by RBI, then RBI's prior approval is required.

Additionally, Unitholders who seek to convert Indian rupee proceeds from a sale of Units in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities.

We cannot assure you that any required approval from RBI or any other Governmental agency can be obtained on any particular terms or in a timely manner, or at all.

Our Unitholders will not have the right to redeem or request the redemption of our Units while our Units are listed on the Stock Exchanges. In terms of the InvIT Regulations, an infrastructure investment trust may redeem Units only by way of a buyback or at the time of delisting of Units and may be subject to additional conditions and restrictions under Indian regulations.

80. There is no assurance that our Units will remain listed on the Stock Exchanges.

Although it is currently intended that the Units will remain listed on the NSE and the BSE, there is no guarantee of the continued listing of the Units. Among other factors, we may not continue to satisfy the listing requirements of the Stock Exchanges. Accordingly, Unitholders will not be able to sell their Units through trading on the Stock Exchanges if the Units are no longer listed on the Stock Exchanges. In accordance with the InvIT Regulations and the circular issued by SEBI dated July 17, 2020 in relation to the manner and mechanism of providing exit option to dissenting Unitholders pursuant to Regulation 22(5C) and Regulation 22(7) of the InvIT Regulations, we are required to provide investors with an exit prior to delisting. Further, under the InvIT Regulations, we are required to maintain a minimum of 20 Unitholders at all times after the listing of the Units and certain minimum public holding. Failure to maintain such minimum number of Unitholders or public holding may result in action being taken against us by SEBI and the Stock Exchanges, including the compulsory delisting of our Units.

81. The price of the Units may decline after the Issue.

The Issue Price of the Units issued pursuant to this Issue will be in accordance with the SEBI Rights Issue Guidelines and may not necessarily be indicative of the market price of the Units after the completion of the Issue. The Units may trade at prices significantly below the Issue Price after the Issue. The trading price of the Units will depend on many factors, including:

- the perceived prospects of our business and the energy infrastructure;
- differences between our actual financial and operating results and those expected by investors and analysts;
- changes in analysts' recommendations or projections;
- changes in general economic or market conditions;

- the market value of our assets;
- the perceived attractiveness of the Units against those of other equity or debt securities, including those not in the infrastructure industry;
- the balance of buyers and sellers of the Units;
- the future size and liquidity of the Indian infrastructure investment trust market;
- any future changes to the regulatory system, including the tax system, both generally and specifically in relation to Indian infrastructure investment trusts;
- the ability on our part to implement successfully its investment and growth strategies;
- foreign exchange rates; and
- broad market fluctuations, including weakness of the equity markets and increases in interest rates.

For these reasons, among others, the price of Units may fluctuate. To the extent that we retain operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of its underlying assets, may not correspondingly increase the market price of the Units. Any failure on our part to meet market expectations with regard to future earnings and cash distributions may adversely affect the market price for the Units. We cannot assure you that you will be able to resell the Units held by you at or above the Issue Price. There can be no assurance that an active trading market for the Units will be sustained after this Issue, or that the price at which the Units have historically traded will correspond to the price at which the Units will trade in the market subsequent to this Issue.

In addition, the Units are not capital-protected products and there is no guarantee that Unitholders can regain the amount invested. If IndiGrid is terminated or liquidated, it is possible that investors may lose all or a part of their investment in the Units.

82. Unitholders may be subject to Indian taxes arising out of capital gains on the sale of the Units and on any dividend or interest component of any returns from the Units.

Under current Indian tax laws, units of a business trust held for more than 36 months are considered as long term capital assets. In case of sale of such units through a recognized stock exchange in India and subject to payment of securities transaction tax ("**STT**"), any gain arising in excess of ₹ 0.10 million is subject to long term capital gains tax at concessional rate of 10% (plus applicable surcharge and cess). However, if the said units are sold in any other manner, the same shall be subject to long term capital gains tax at 20% with indexation benefit (plus applicable surcharge and cess).

In case the units are held for less than or up to 36 months, the same shall be regarded as short term capital asset. Any gain arising in case of sale of such units through a recognized stock exchange in India and subject to payment of STT, is subject to short term capital gains tax at concessional rate of 15% (plus applicable surcharge and cess). However, if the said units are sold in any other manner, the same shall be subject to short term capital gains tax at applicable tax rates of the holder (plus applicable surcharge and cess).

The aforesaid taxability in India is subject to tax treaty benefits in the case of a non-resident holder.

The Finance Act, 2020 amended the IT Act to abolish the dividend distribution tax regime and shift the incidence of taxation of dividend (declared or distributed on or after April 1, 2020) to shareholder. Under the Finance Act, 2020, a distribution made by a business trust, being in nature dividend income received from a special purpose vehicle, will not be subject to tax in the hands of a unitholder, so long as the special purpose vehicle has not opted to pay corporate tax under the beneficial regime introduced under Section 115BAA of the IT Act. Similarly, a business trust (which includes an infrastructure investment trust) will not be required to withhold tax on any distributions which are in the nature of dividend income received from a special purpose vehicle, so long as such special purpose vehicle has not opted to pay corporate tax under the beneficial regime introduced under Section 115BAA of the IT Act. However, where the special purpose vehicle opts to pay tax under Section 115BAA of the IT Act, dividend income distributed by the business trust would be taxed in the hands of a non-resident unitholder at 20% (plus applicable surcharge and cess) (subject to availability of treaty benefit, if any) and at the slab wise tax rate for a resident unitholder. Further, the business trust would be required to withhold tax on such distributions made from dividend received from the special purpose vehicle. Thus, the taxability of dividends distributed by IndiGrid will depend on the taxation regime opted by the Portfolio Assets and the Target Asset.

83. Your ability to acquire and sell the Units offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Draft Letter of Offer.

No actions have been taken to permit a public offering of the Units offered in the Issue in any jurisdiction except India. As such, our Units have not and will not be registered under the U.S. Securities Act, any state securities laws or the law of any jurisdiction other than India. Further, your ability to acquire Units is restricted by the distribution and solicitation restrictions set forth in this Draft Letter of Offer. You are required to inform yourself about and observe these restrictions. Our representatives, our agents and us will not be obligated to recognize any acquisition, transfer or resale of the Units made other than in compliance with applicable law.

GENERAL INFORMATION

IndiGrid

IndiGrid was settled on October 21, 2016, in New Delhi, pursuant to the Trust Deed, as an irrevocable trust in accordance with the Indian Trusts Act, 1882. IndiGrid was registered with SEBI on November 28, 2016 under Regulation 3(1) of the InvIT Regulations and has obtained a certificate of registration from SEBI bearing number IN/InvIT/16-17/0005. The principal place of business of IndiGrid is situated at Unit No. 101, First Floor, Windsor, Village KoleKalyan, Off CST Road, Vidyanagari Marg, Kalina, Santacruz East, Mumbai 400 098.

IndiGrid is an infrastructure investment trust established to hold assets in completed and revenue generating projects and under-construction projects in terms of Regulation 18(5) of the InvIT Regulations. For information on the background of IndiGrid and the description of the Portfolio Assets, please see the sections entitled "*Overview of IndiGrid*", "*Description of Portfolio Assets*" and "*Our Business*" on pages 21, 23 and 176, respectively.

Compliance Officer of IndiGrid

The compliance officer of IndiGrid is Swapnil Patil. His contact details are as follows:

Swapnil Patil
Unit No. 101
First Floor, Windsor
Village KoleKalyan
Off CST Road
Vidyanagari Marg, Kalina
Santacruz East
Mumbai 400 098
Tel: +91 72084 93885
E-mail: complianceofficer@indigrid.com

Bidders can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice/letter of Allotment, non-credit of Allotted Units in the respective beneficiary account, non-receipt of refund orders and non-receipt of funds by electronic mode.

The KKR Sponsor – Esoteric II Pte. Ltd.

Registered office:

10 Changi Business Park Central 2
#05-01 Hansapoint
Singapore 486030

Contact Person of the KKR Sponsor

The directors of the KKR Sponsor serve as the contact persons of the KKR Sponsor. The contact details are as follows:

Board of Directors
10 Changi Business Park Central 2
#05-01 Hansapoint
Singapore 486030
Tel: +65 6922 5877
Fax: +65 6922 5801
E-mail: sgfunds@kkr.com

The Sterlite Sponsor - Sterlite Power Transmission Limited

Registered office:

4th Floor, Godrej Millennium
9 Koregaon Road
Pune, Maharashtra 411 001

Correspondence address:

F-1, The Mira Corporate Suites
1 & 2, Ishwar Nagar, Mathura Road
New Delhi 110 065

Contact Person of the Sterlite Sponsor

Ashok Ganesan is the contact person of the Sterlite Sponsor. His contact details are as follows:

Ashok Ganesan
F-1, The Mira Corporate Suites
1 & 2, Ishwar Nagar, Mathura Road
New Delhi 110 065
Tel: +91 11 4996 2200
Fax: +91 11 4996 2288
E-mail: ashok.ganesan@sterlite.com
Website: www.sterlitepower.com

The Investment Manager – IndiGrid Investment Managers Limited

Registered office:

Unit No. 101
First Floor, Windsor
Village KoleKalyan
Off CST Road
Vidyanagari Marg, Kalina
Santacruz East
Mumbai 400 098

Correspondence Address:

Unit No. 101
First Floor, Windsor
Village KoleKalyan
Off CST Road
Vidyanagari Marg, Kalina
Santacruz East
Mumbai 400 098
Tel: +91 72084 93885
E-mail: swapnil.patil@indigrid.com
Contact Person: Swapnil Patil
Website: www.indigrid.co.in

The Project Manager

Sterlite Power Transmission Limited is the Project Manager for all Portfolio Assets other than JKTPL and PrKTCL. The details of Sterlite Power Transmission Limited are provided below:

Registered office:

4th Floor, Godrej Millennium
9 Koregaon Road
Pune, Maharashtra 411 001

Correspondence address:

F-1, The Mira Corporate Suites
1 & 2, Ishwar Nagar, Mathura Road
New Delhi 110 065
Tel: +91 11 4996 2200
Fax: +91 11 4996 2288
E-mail: ashok.ganesan@sterlite.com
Website: www.sterlitepower.com

IndiGrid Limited is the Project Manager for JKTPL and PrKTCL. The details of IndiGrid Limited are provided below:

Registered office:

Unit No. 101
First Floor, Windsor
Village KoleKalyan
Off CST Road
Vidyanagari Marg, Kalina
Santacruz East
Mumbai 400 098

Correspondence Address:

Unit No. 101
First Floor, Windsor
Village KoleKalyan
Off CST Road
Vidyanagari Marg, Kalina
Santacruz East
Mumbai 400 098
Tel: +91 72084 93885
E-mail: satish.talmale@indigrid.com
Contact Person: Satish Talmale

The Trustee – Axis Trustee Services Limited

Registered Office

Axis Trustee Services Limited
Axis House Bombay Dyeing Mills Compound
Pandurang Budhkar Marg
Worli
Mumbai 400 025

Correspondence Address

Axis Trustee Services Limited
2nd Floor, The Ruby, SW 29
Senapati Bapat Marg
Dadar West
Mumbai 400 028
Tel : +91 22 6230 0605
Fax : +91 22 6230 0700
Email: debenturetrustee@axistrustee.com
Contact Person: Deputy General Manager - Operations Head
Website: www.axistrustee.com

Other Parties involved in IndiGrid

Auditor

S R B C & CO LLP, Chartered Accountants

Ground Floor
Panchshil Tech Park
Yerwada
Pune 411 006
Tel: + 91 20 6603 6000
Fax: + 91 20 6603 5900
E-mail: srbc.co@srb.in
Firm Registration No: 324982E/E300003

Valuer

S Sundararaman
5B, "A" Block
5th Floor, Mena Kampala Arcade
New #18 & 20, Thiagaraya Road, T.Nagar,
Chennai 600 017
Tel: +91 44 2815 4192
Fax: +91 44 4213 2024
E-mail: chennaissr@gmail.com
ICAI Firm Registration No.: IBBI/RV/06/2018/10238

Technical Consultant

Tractebel Engineering Pvt. Ltd.
37, Intec House,
Institutional Area, Sector - 44,
Gurgaon, Haryana, 122002Tel: + 91 124 469 85 00
E-mail: sadasib.mohapatra@tractebel.engie.com
Contact Person: Sadasib Mohapatra

The technical report for the Portfolio Assets is available at https://www.indigrid.co.in/index.html.

Lead Manager

Axis Capital Limited
1st Floor, Axis House
C 2 Wadia International Centre
Pandurang Budhkar Marg, Worli
Mumbai - 400 025
Telephone: +91 22 4325 2183
Fax: +91 22 4325 3000
E-mail: indigrids.rights@axiscap.in
Investor Grievance E-mail: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Ankit Bhatia/Akash Aggarwal
SEBI Registration No.: INM000012029

Banker to the Issue

Axis Bank Limited
[●]
Tel.: [●]
Fax: [●]
Website: [●]
Contact Person: [●]
E-mail: [●]

Monitoring Agency

Axis Bank Limited
[●]
Tel.: [●]
Fax: [●]
Website: [●]
Contact Person: [●]
E-mail: [●]

Legal Counsel to IndiGrid as to Indian law

Cyril Amarchand Mangaldas
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Tel: +91 22 2496 4455
Fax: +91 22 2496 3666

Special International Legal Counsel to the Lead Manager

Latham & Watkins LLP
9 Raffles Place
#42-02 Republic Plaza
Singapore 048619
Tel: +65 6536 1161
Fax: +65 6536 1171

Underwriting

This Issue is not underwritten.

PARTIES TO INDIGRID

A. The KKR Sponsor – Esoteric II Pte. Ltd.

History and Certain Corporate Matters

Esoteric II Pte. Ltd. is one of the Sponsors of IndiGrid. Esoteric II Pte. Ltd. was established under the laws of Singapore as a private company limited by shares.

Esoteric II Pte. Ltd., by way of its letter dated September 8, 2020 to the Investment Manager, proposed to seek induction as a 'sponsor' of IndiGrid, in accordance with Regulation 22(7) of the InvIT Regulations. Subsequently, the Unitholders of IndiGrid approved the induction of Esoteric II Pte. Ltd. as a 'Sponsor' of IndiGrid at the annual general meeting of IndiGrid held on September 28, 2020.

Esoteric II Pte. Ltd. is a company affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR. Founded in 1976, KKR is a leading global investment firm with approximately US$252 billion of assets under management as of December 31, 2020. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities.

The KKR Sponsor's registered office is situated at 10 Changi Business Park, Central-2, #05-01, Hansapoint, Singapore 486030. For further details, please see the section entitled "*General Information*" on page 91.

Background of the KKR Sponsor

KKR's Global Infrastructure Strategy

In 2008, KKR established a dedicated infrastructure team and strategy focused on global investment opportunities. KKR has been one of the more active infrastructure investors globally over the past several years, having deployed more than $26 billion across over 40 infrastructure assets.

Today, KKR's infrastructure platform has expanded to include approximately 52 dedicated investment professionals across 10 offices covering a broad spectrum of investment opportunities in various infrastructure subsectors, including: midstream energy, renewables, power & utilities, water and wastewater, waste, telecommunications and transportation, among others. KKR continually monitors infrastructure sectors and infrastructure-related investments for emerging trends, and may identify and prioritize investments in other sectors as conditions change or cycles evolve.

KKR's Track Record in India

KKR has invested or committed $5.7 billion of equity in private equity deals in India since 2010 with 19 investments made and 11 active portfolio companies today. We believe the long-term economic outlook in India is positive given structural reforms, despite recent volatility and continue to see attractive investment opportunities in the country.

India is one of the key markets that KKR's Asia Pacific Infrastructure strategy will actively seek to invest in. We believe that population growth is expected to drive significant demand for infrastructure in India over the next 25 years. This, combined with stable macro-economic indicators, structural reforms, thrust on infrastructure development, and constructive FDI regime will continue to result in high foreign capital inflows and provide the needed impetus to make India a favored infrastructure investment destination.

KKR's Private Equity current and past investments in India include, but are not limited to:

- Dalmia Cement (2010)
- TVS Logistics Services (2012)
- Alliance Tire Group (2013)
- Gland Pharma (2014)
- Emerald Media (2015)
- Max Financial Services (2016)
- Avendus Capital (2016)

- SBI Life Insurance (2016)
- Bharti Infratel (2017 and 2008)
- Max Healthcare Institute (2017)
- Ramky Enviro Engineers (2018)
- Eurokids (2019)
- Reliance Jio Platforms (2020)
- Reliance Retail (2020)
- JB Chemicals (2020)

KKR's Infrastructure investments in India include:

- IndiGrid (2019)
- Virescent Infrastructure (2020)
- Shapoorji Solar Assets (2020)

In accordance with the eligibility criteria specified under the InvIT Regulations, the consolidated net worth (being, the total of share capital and retained earnings) of the KKR Sponsor as on December 31, 2020 was ₹ 7,134.78 million.

Neither the KKR Sponsor, nor its promoters or directors, has any interest in a business which competes or is likely to compete, either directly or indirectly with the activities of the Trust (where compete means engaging in the business of the owning, operation and maintenance of (i) inter-state power transmission projects in the Republic of India; and (ii) solar power generation projects in the Republic of India), other than as set out below:

KKR Asia Pacific Infrastructure Investors SCSp (which indirectly holds investment in Esoteric II), through its affiliate(s), has established and registered with SEBI an infrastructure investment trust in India, named Virescent Renewable Energy Trust (Registration Number: IN/InvIT/20-21/0018), whose business may compete with that of IndiGrid.

Going forward, it is the strategy of the Virescent Renewable Energy Trust to acquire renewable energy assets, including solar power generation assets operating across India.

Further, neither the KKR Sponsor nor any of the promoters or directors of the KKR Sponsor: (i) are debarred from accessing the securities market by SEBI; (ii) are promoters, directors or persons in control of any other company or a sponsor, investment manager or trustee of any other infrastructure investment trust or an infrastructure investment trust which is debarred from accessing the capital market under any order or direction made by SEBI; (iii) identified as a wilful defaulter by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India including the circular issued by the Reserve Bank of India dated July 1, 2015 bearing reference number RBI/2015-16/100 DBR.No.CID.BC.22/20.16.003/2015-16 and our name does not appear in the list of wilful defaulters published by the Reserve Bank of India; or (iv) are Fugitive Economic Offenders.

Brief Biography of the Directors of the KKR Sponsor

The board of directors of the KKR Sponsor is entrusted with the overall management of the KKR Sponsor. Please see below a brief biography of the directors of the KKR Sponsor:

1. **Cecilio Velasco**

Cecilio Velasco is a Director of the KKR Sponsor. He holds a bachelors' of science in business administration in finance and accounting, magna cum laude from Georgetown University. Cecilio joined KKR in 2012 and is a director on the Asia Pacific Infrastructure team. During his time at KKR, Cecilio has worked with the Americas and European infrastructure teams and has been involved in KKR's investments in Nitrogen Renewables, NextEra Energy Partners, Acciona Energia Internacional, Bayonne Water, Middletown Water and SSM Solar, among others. Prior to joining KKR, he worked at Goldman, Sachs & Co. in New York in the natural resources investment banking division, where he was involved in a variety of merger, acquisition and other corporate advisory transactions.

2. **Tang Jin Rong**

Tang Jin Rong is a Director of the KKR Sponsor. Jin Rong holds a bachelors' of accountancy degree (Honours), Second Class (Lower) from Nanyang Technological University, Nanyang Business School. He joined KKR in 2020 as a member of the funds operation team. Previously, he worked at GIC Pte Ltd overseeing deal execution and finance operations matters. Prior to that, he was at PricewaterhouseCoopers LLP, providing assurance services to clients.

Unitholding of the KKR Sponsor

For details of the Unitholding of the KKR Sponsor, please see the sections entitled "*Information concerning the Units– Unit holding of IndiGrid as at December 31, 2020*" and "*Information concerning the Units – Unitholders holding more than 5% of the Units of IndiGrid as at December 31, 2020"* on page 214.

B. **The Sterlite Sponsor - Sterlite Power Transmission Limited**

History and Certain Corporate Matters

Sterlite Power Transmission Limited is one of the Sponsors of IndiGrid with effect from November 15, 2020.

IndiGrid was settled on October 21, 2016 with Sterlite Power Grid Ventures Limited as the Sponsor of the Trust. SPGVL was incorporated in India under the Companies Act, 2013 with corporate identity number U33120PN2014PLC172393. SPGVL was originally incorporated on June 3, 2014 at Ahmedabad.

On May 30, 2018, the board of directors of SPGVL and SPTL approved a scheme of amalgamation between SPGVL, SPTL and their respective shareholders (the "**Proposed Scheme**"), which has been filed before the Mumbai bench of the National Company Law Tribunal on July 17, 2018 and admitted on September 12, 2018. Pursuant to the Proposed Scheme, SPGVL was merged with SPTL and SPTL will hold investments in various companies. The rationale for the Proposed Scheme was (i) the streamlining of the corporate structure and consolidation of the investments within SPTL, (ii) pooling of resources of SPTL and SPGVL resulting in a stronger balance sheet to meet future investment requirements, (iii) cost savings through legal entity rationalization, and (iv) reduction of administrative responsibilities, multiplicity of records and legal and regulatory compliances.

The Mumbai bench of the National Company Law Tribunal, by way of its order dated May 22, 2020, approved the Proposed Scheme. The effective date of the Proposed Scheme is November 15, 2020. Accordingly, with effect from November 15, 2020, SPGVL has merged with SPTL. Consequently, SPTL is one of the Sponsors of IndiGrid.

The Sterlite Sponsor's registered office is situated at 4th Floor, Godrej Millennium, 9 Koregaon Road, Pune, Maharashtra 411 001, and its corporate office is situated at F-1, The Mira Corporate Suites 1 & 2, Ishwar Nagar, Mathura Road, New Delhi 110 065. For further details, please see the section entitled "*General Information*" on page 91.

Background of the Sterlite Sponsor

SPTL is one of the leading independent power transmission companies operating in the private sector in India.

SPTL generated consolidated total income of ₹ 51,583.16 million in Fiscal 2020 and had consolidated total assets of ₹ 91,464.99 million as at March 31, 2020.

In accordance with the eligibility criteria specified under the InvIT Regulations, the consolidated net worth (being, the total of paid-up share capital, securities premium and retained earnings) of SPTL as on December 31, 2020 was ₹ 4,818.90 million. Further, in accordance with such eligibility criteria, SPTL has been a developer of power transmission assets with at least two projects of SPTL having been completed.

Further, neither the Sterlite Sponsor nor any of the promoters or directors of the Sterlite Sponsor: (i) are debarred from accessing the securities market by SEBI; (ii) are promoters, directors or persons in control of any other company or a sponsor, investment manager or trustee of any other infrastructure investment trust or an infrastructure investment trust which is debarred from accessing the capital market under any order or direction made by SEBI; (iii) identified as a wilful defaulter by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India including the circular issued by the Reserve Bank of India dated July 1, 2015 bearing reference number RBI/2015-16/100 DBR.No.CID.BC.22/20.16.003/2015-16and our name does not appear in the list of wilful defaulters published by the Reserve Bank of India ;; or (iv) are Fugitive Economic Offenders.

The following diagrams illustrate SPTL's operational and under-construction projects and their locations within India:

Other than as stated below, the Sterlite Sponsor does not have any interest in a business which competes or is likely to compete, either directly or indirectly with the activities of the Trust: (i) bidding, designing, constructing, owning, operating and maintaining power transmission, power distribution, storage, EV charging and renewable generation assets across multiple geographies; (ii) upgrading, uprating and strengthening existing power delivery system; (iii) creating a pan-India, efficient optical ground wire network to deliver high-speed data that runs over existing power transmission lines; (iv) manufacturing of complete range of power conductors from ACSR to High Performance Conductors (HPC) like composite core, INVAR, ACSS and GAP type; (v) it serves as the project manager for the Trust in accordance with the project implementation and management agreement dated August 28, 2020; and (vi) other business activities incidental to the above activities.

Board of Directors of the Sterlite Sponsor

The board of directors of the Sterlite Sponsor is entrusted with the overall management of the Sterlite Sponsor. Please see below the details in relation to the board of directors of the Sterlite Sponsor:

Sr. No.	Name	DIN
1.	Pravin Agarwal	00022096
2.	Pratik Agarwal	03040062
3.	A R Narayanaswamy	00818169
4.	Arun Todarwal	00020916
5.	Haixia Zhao	08560321
6.	Anoop Seth	00239653

Brief Biography of the Directors of the Sterlite Sponsor

Please see below a brief biography of the directors of the Sterlite Sponsor:

1. **Pravin Agarwal**

   Pravin Agarwal is the Chairman of the Sterlite Sponsor.

2. **Pratik Agarwal**

   Pratik Agarwal is the Managing Director of the Sterlite Sponsor.

   A. R. Narayanaswamy

   A. R. Narayanaswamy is an Independent Director of the Sterlite Sponsor.

3. **Arun Todarwal**

   Arun Todarwal is an Independent Director of the Sterlite Sponsor.

4. **Haixia Zhao**

   Haixia Zhao is an Independent Director of the Sterlite Sponsor.

5. **Anoop Seth**

   Anoop Seth is an Independent Director of the Sterlite Sponsor.

Unitholding of the Sterlite Sponsor

For details of the Unitholding of the Sterlite Sponsor, please see the sections entitled "*Information concerning the Units– Unit holding of IndiGrid as at December 31, 2020*" on page 214.

C. The Trustee – Axis Trustee Services Limited

History and Certain Corporate Matters

Axis Trustee Services Limited is the Trustee of IndiGrid. The Trustee is a registered intermediary with SEBI under the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as a debenture trustee having registration number IND000000494 which is valid until suspended or cancelled by SEBI. The Trustee is a wholly-owned subsidiary of Axis Bank Limited.

Background of the Trustee

The Trustee is a wholly-owned subsidiary of Axis Bank Limited. The Trustee's services are aimed at catering to the individual needs of the client and enhancing client satisfaction. As Trustee, it ensures compliance with all statutory requirements and believes in the highest ethical standards and best practices in corporate governance. It aims to provide the best services in the industry with its well trained and professionally qualified staff with a sound legal acumen. The Trustee is involved in varied facets of debenture and bond trusteeships, including, advisory functions and management functions. The Trustee also acts as a security trustee and is involved in providing services in relation to security creation, compliance and holding security on behalf of lenders.

The Trustee is also involved in providing services as (i) a facility agent for complex structured transactions with advice on suitability of the transaction on operational aspects; (ii) an escrow agent; (iii) a trustee to alternative investment funds; (iv) custodian of documents as a safekeeper; (v) a trustee to real estate investment funds etc.

The Trustee is not an Associate of the Sponsors or the Investment Manager. Further, neither the Trustee nor any of the promoters or directors of the Trustee (i) are debarred from accessing the securities market by SEBI; (ii) is a promoters, directors or persons in control of any other company or a sponsor, investment manager or trustee of any other infrastructure investment trust or an infrastructure investment trust which is debarred from accessing the capital market under any order or direction made by SEBI; (iii) identified as a wilful defaulter by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India including the circular issued by the Reserve Bank of India dated July 1, 2015 bearing reference number RBI/2015-16/100 DBR.No.CID.BC.22/20.16.003/2015-16 and our name does not appear in the list of wilful defaulters published by the Reserve Bank of India; and/or (iv) are Fugitive Economic Offenders.

Board of Directors of the Trustee

The Board of Directors of the Trustee is entrusted with the responsibility for the overall management of the Trustee. Please see below the details in relation of the board of directors of the Trustee:

Sr. No.	Name	DIN
1.	Rajesh Kumar Dahiya	07508488
2.	Sanjay Sinha	08253225
3.	Ganesh Sankaran	07580955

Brief Profiles of the Directors of the Trustee

3. **Sanjay Sinha** is the Managing Director and Chief Executive Officer of the Trustee.

4. **Rajesh Kumar Dahiya** is a Non-Executive Director on the board of the Trustee.

5. **Ganesh Sankaran** is a Non-Executive Director on the board of the Trustee.

Key Terms of the Amended and Restated Trust Deed

The Trustee has executed the amended and restated trust deed dated January 19, 2021 with the KKR Sponsor, the Sterlite Sponsor and the Investment Manager, pending registration with the Sub-Registrar at New Delhi. The Amended and Restated Trust Deed provides for the powers, duties, rights, liabilities of the Trustee, which are in accordance with the Indian Trusts Act, 1882 and the InvIT Regulations. Further, the Amended and Restated Trust Deed also includes certain provisions in relation to the Unitholders, which, among others, include the rights and liabilities of Unitholders. The key terms of the Amended and Restated Trust Deed are provided below:

- *Powers of the Trustee*

  The Trustee has been provided with various powers under the Amended and Restated Trust Deed in accordance with the Indian Trusts Act, 1882 and the InvIT Regulations, including but not limited to:

  (i) The Trustee shall, in relation to IndiGrid, have all powers of a person competent to contract, acting as a legal and beneficial owner of such property.

  (ii) The Trustee shall have the power to determine, in accordance with the Investment Management Agreement and the investment objectives, distributions to Unitholders and other rights attached to the Units in compliance with the InvIT Regulations.

  (iii) The Trustee shall oversee voting of Unitholders.

  (iv) The Trustee shall have the power to do the following, which may be delegated to the Investment Manager: (a) cause the offering of Units through the offer documents; (b) issue and allot Units; (c) cause the offer documents to be provided to investors; (d) summon and conduct meetings of the Unitholders in accordance with the relevant InvIT Documents and the InvIT Regulations; and (e) subject to and only in accordance with the terms of the InvIT Documents and the InvIT Regulations, approve a transfer of Units.

  (v) The Trustee shall invest and hold the InvIT Assets in the name of the Trust for the benefit of the Unitholders in accordance with the provisions of the InvIT Regulations, the InvIT Documents, the Amended and Restated Trust Deed and the investment objectives. The Trustee shall be empowered to make investment decisions with respect to the underlying assets or projects of the Trust, including any further investments or divestment, subject to InvIT Regulations, provided such power is delegated to, and exclusively exercised by, the Investment Manager pursuant to the Investment Management Agreement, and in this regard the Trustee is also empowered to: (a) acquire, hold, manage, trade and dispose off shares, stocks, convertibles, debentures, bonds and other equity or equity-related securities of all kinds issued by any special purpose vehicle, infrastructure projects or securities in India, whether in physical or dematerialized form, including power to hypothecate, pledge or create encumbrances of any kind on such securities held by the InvIT in the such SPVs or infrastructure projects to be used as collateral security for any borrowings by the InvIT; (b) keep the capital and monies of the InvIT on deposit with banks or other institutions whatsoever; (c) accept contributions (d) collect and receive the profit, interest, dividend and income of the InvIT as and when the same may become due and receivable; (e) invest in securities or in units of mutual funds in accordance with the InvIT Regulations; (f) invest in money market instruments including government securities, treasury bills, certificates of deposit and commercial papers in accordance with applicable law; (g) to give, provide and agree to provide to any special purpose vehicle financial assistance in the form of investment in share capital of any class including ordinary, preference, participating, non-participating, voting, non-voting or other class, and in the form of investment in securities convertible into share capital; and (h) to invest, acquire, purchase, hold, divest, sale, hypothecate, pledge or otherwise transfer land and building and immovable property of any kind including any rights and interest therein;

(vi) Subject to the provisions of the InvIT Regulations, the Trustee, in consultation with the Investment Manager, shall have the power to make such reserves out of the income or capital as the Trustee may deem proper and any decisions of the Trustee whether made in writing or implied from its acts, so far as the applicable law may permit, shall be conclusive and binding on the Unitholders and all persons actually or prospectively interested under the Amended and Restated Trust Deed.

(vii) The Trustee shall have the power to employ and pay at the expense of the Trust, any agent in any jurisdiction whether attorneys, solicitors, brokers, banks, trust companies or other agents whether associated or connected in any way with the Trustee or not, without being responsible for the default of any agent if employed in good faith to transact any business, including without limitation, the power to appoint agents to raise funds, or do any act required to be transacted or done in the execution of the trusts hereof including the receipt and payment of moneys and the execution of documents.

(viii) The Trustee shall, on behalf of the Trust as set out in the Amended and Restated Trust Deed, have the power to appoint the Investment Manager by the execution of an Investment Management Agreement, on behalf of the Trust, to manage the Trust in accordance with the terms and conditions set out in the Amended and Restated Trust Deed, the Investment Management Agreement and applicable law.

(ix) The Trustee shall oversee the activities of the Investment Manager in the interest of the Unitholders and ensure that the investment Manager complies with the InvIT Regulations and applicable law shall obtain a compliance certificate from the Investment Manager on a quarterly basis, in the form prescribed by SEBI, if any.

(x) The Trustee shall, on behalf of the Trust as set out in the Amended and Restated Trust Deed, have the power to appoint the Project Manager by the execution of a project implementation and management agreement, on behalf of the Trust, for the operation and management of the InvIT Assets in accordance with the terms and conditions set out in the Amended and Restated Trust Deed, the Project Implementation and Management Agreement and applicable law.

(xi) The Trustee shall oversee activities of the Project Manager in terms of the InvIT Regulations and the project implementation and management agreement and shall obtain a compliance certificate from the Project Manager on a quarterly basis, in the form prescribed by SEBI, if any.

(xii) The Trustee may, in consultation with the Investment Manager, appoint any custodian in order to provide custodian services, and may permit any property comprised in the Trust to be and remain deposited with a custodian or with any person or persons in India or in any other jurisdiction subject to such deposit being permissible under the applicable law.

(xiii) In the event of any capital gains tax, income tax, stamp duty or other duties, fees or taxes (and any interest or penalty chargeable thereon), whatsoever becoming payable in any jurisdiction in respect of the Trust or any part thereof or in respect of documents issued or executed in pursuance of the Amended and Restated Trust Deed in any circumstances whatsoever, the Trustee shall have the power and duty to pay all such duties, fees or taxes (and any interest or penalty chargeable thereon) as well as to create any reserves for future potential tax liability out of the Trust or the income thereof, or to the extent of the amount invested in the Units by the Unitholders, as may be permitted under applicable law, and the Trustee may pay such duties, fees or taxes (and any such interest or penalty) notwithstanding that the same shall not be recoverable from the Trustee. For avoidance of doubt, it is clarified that pursuant to this Amended and Restated Trust Deed, no Unitholder will be required to make a contribution as a capital commitment to the Trust (other than the face value for Units already paid).

(xiv) The Trustee shall, subject to the advice of the Investment Manager, have the power to pay the Trust expenses out of the funds held by the Trust.

(xv) The Trustee shall, in discharge of its duties, have the power to take the opinion of legal/tax counsel in any jurisdiction concerning any disputes or differences arising under the Amended and Restated Trust Deed or any matter relating to the Amended and Restated Trust Deed and the fees of such counsel shall be paid out of the funds held in the Trust.

(xvi) The Trustee may, in execution of the Trust or in exercise of any of the powers hereby or by law given to the Trustee sell, rent or buy any property, or borrow property from or carry out any other transaction with the trustees of any other trust or the executors or administrators of any estate notwithstanding that the Trustee is the same Person as those trustees, executors or administrators or any of them and where the Trustee is the same Person as those trustees, executors or administrators, the transaction shall be binding on all Persons then or thereafter interested hereunder though effected and evidenced only by an entry in the books of accounts of the Trustee, provided such power is delegated to, and exclusively exercised by, the Investment Manager pursuant to the Investment Management Agreement. The Trustee shall ensure that no conflicts of interest shall arise whilst conducting such activities .

(xvii) The Trustee shall have the power to: (a) accept any property before the time at which it is transferable or payable; (b) pay or allow any claim on any evidence that it thinks sufficient; (c) accept any security movable or immovable in lieu of any amounts payable to it; (d) alter the dates for payment of any amounts payable to it; and (e) compromise, compound, abandon or otherwise settle any claim or thing whatsoever relating to the Trust or the Amended and Restated Trust Deed.

(xviii) The Trustee shall, subject to the advice of the Investment Manager, have the power to borrow funds, including any subordinated equity or other funds from any Person or authority (whether governmental or otherwise, whether Indian or overseas) on such terms and conditions and for such periods and for the purpose of the Trust and subject to approval of the Unitholders in accordance with and as may be required in terms of the InvIT Regulations .

(xix) Subject to the conditions laid down in any offer document or placement memorandum , and the InvIT Regulations, the Trustee may, subject to any advice of the Investment Manager, retain any proceeds received by the Trust from any SPV.

(xx) The Trustee may, make rules to give effect to, and carry out the Investment Objectives. In particular, and without prejudice to the generality of such power, the Trustee may provide, not inconsistent with the provisions of the Amended and Restated Trust Deed and the InvIT Regulations, for all or any of the following matters namely: (a) manner of maintaining of the records and particulars of the Unitholders; (b) norms of investment by the InvIT in accordance with the Investment Objectives of the Trust and in accordance with the powers and authorities of the Trustee, as set out herein; (c) matters relating to entrustment / deposit or handing over of any securities or special purpose vehicles of the Trust to any one or more custodians and the procedure relating to the holding thereof by the custodian; (d) such other administrative, procedural or other matters relating to the administration or management of the affairs of the Trust and which matters are not by the very nature required to be included or provided for in the Amended and Restated Trust Deed or by the management thereof and which matters are not in consistent provisions thereof; (e) procedure for seeking the vote of the Unitholders either by calling a meeting or through postal ballot or otherwise; and (f) procedure for summoning and conducting meetings of Unitholders. The aforementioned power to make rules may be delegated by the Trustee to the Investment Manager, subject to the InvIT Regulations and in terms of the Investment Management Agreement.

(xxi) The Trustee shall cause the Depository to maintain the Depository Register.

(xxii) The Trustee shall advise the Investment Manager in relation to the appointment of valuer, auditors, registrar and transfer agent, merchant bankers, custodian, credit rating agency and any other intermediary or service provider or agent as may be applicable with respect to the activities pertaining to the Trust, in a timely manner, in accordance with the InvIT regulations and applicable law. The Investment Manager shall ensure that the activities of, and the services provided by, any of the intermediaries set out above are as per the provisions of the InvIT Regulations and applicable law.

(xxiii) The Trustee shall review the reports required in terms of InvIT Regulations and applicable law, as submitted by the Investment Manager. In the event such reports are not submitted in a timely manner, the Trustee, after due follow-up, shall intimate the same to SEBI.

(xxiv) The Trustee shall have the power to open one or more bank accounts for the purposes of the InvIT, to deposit and withdraw money and fully operate the same .

(xxv) The Trustee shall have the power to take up with SEBI or with the stock exchange(s) as applicable, any matter which has been approved in any meeting of the Unitholders, if the matter requires such action

(xxvi) Without prejudice to any other provisions of the Amended and Restated Trust Deed, the Trustee shall also have the following powers and authorities:

(a) to institute, conduct, compromise, compound, or abandon any legal proceedings for or on behalf of or in the name of the Trust or the Trustee, and to defend, compound or otherwise deal with any such proceedings against the Trust or Trustee or its officers or concerning the affairs of the Trust, and also to compound and allow time for payment or satisfaction of any equity due and of any claims or demands by or against the Trust and observe and perform in relation to any decisions thereof;

(b) to make and give receipts, releases and other discharges for moneys payable to the Trust and for the claims and demands of the Trust;

(c) to enter into all such negotiations and contracts, and, execute and do all such acts, deeds and things for or on behalf of or in the name of the Trust as the Trustee may consider expedient for or in relation to any of the matters or otherwise for the purposes of the Trust;

(d) to sign, seal, execute, deliver and register according to law all deeds, documents, agreements, and assurances in respect of the Trust;

(e) to negotiate, sign, seal, execute and deliver the InvIT Documents, including but not limited to, any issue agreement, share purchase agreement, services agreement, deed of right of first offer, debenture subscription agreement, escrow agreement, underwriting agreement, loan documentation, draft offer document, offer document, final offer document or any other deed, agreement or document in connection with the Trust or the Units, including any amendments, supplements or modifications thereto;

(f) take into their custody and/or control all the capital, assets, property of the Trust and hold the same in trust for the Unitholders in accordance with the Amended and Restated Trust Deed and the InvIT Regulations; and

(g) generally to exercise all such powers as it may be required to exercise under the InvIT Regulations for the time being in force and do all such matters and things as may promote the Trust or as may be incidental to or consequential upon the discharge of its functions and the exercise and enforcement of all or any of the powers and rights under the Amended and Restated Trust Deed.

(xxvii) Subject to applicable law, the Trustee may at any time, buyback the Units from the Unitholders.

(xxviii) For administrative and operational convenience, the Trustee may, delegate to any committee or any other Person, any powers set out above and the duties set out below, or as available to it under the InvIT Regulations and Applicable Law, including, inter alia, management of the assets and investments of the InvIT vested in it under the Amended and Restated Trust Deed, taking investment decisions, listing and allotment of Units and making distributions in accordance with the InvIT Regulations, provided, however, the Trustee shall remain responsible and liable for any such Persons' acts of commission or omission to the extent that the Trustee itself would have been responsible and liable for such acts except the roles and responsibilities delegated by the Trustee to Investment Manager, Project Manager or any third party expert, or any sub-delegation by the Investment Manager or the Project Manager. Any action taken by such committee or Persons in respect of the InvIT shall be construed as an act done by the Trustee except in case of gross negligence or wilful misconduct or fraud on part of such Person, in which case, such Persons shall indemnify the InvIT and the Unitholders.

- *Duties of the Trustee*

The Trustee shall perform its duties as required under the Amended and Restated Trust Deed in accordance with the Indian Trusts Act, 1882 and the InvIT Regulations, including but not limited to:

(i) The Trustee shall use best endeavours to carry on and conduct the business of the Trust in a proper and efficient manner in the best interest of the Unitholders.

(ii) If so required, the Trustee, on behalf of the Trust, shall, appoint an Investment Manager and/or Project Manager of the Trust (as applicable) in accordance with the InvIT Regulations.

(iii) If so required, in accordance with the InvIT Regulations and the Amended and Restated Trust Deed, the Trustee shall, on behalf of the Trust enter into the Investment Management Agreement with the Investment Manager.

(iv) (a) It is the responsibility of the Trustee to ensure that the Investment Manager complies with reporting and disclosure requirements in accordance with InvIT Regulations and in case of any delay or discrepancy require the Investment Manager to rectify such delay or discrepancy on an urgent basis; (b) The Trustee shall oversee activities of the Investment Manager in the interest of the Unitholders, and ensure that the Investment Manager complies with Regulation 10 of the InvIT Regulations, including in relation to reporting and disclosure requirements prescribed thereunder and obtain a compliance certificate from the Investment Manager on a quarterly basis. In case of any delay by the Investment Manager in reporting or any discrepancy in the reports or disclosures, the Trustee shall require the Investment Manager to rectify the same on an urgent basis; (c) The Trustee shall review the transactions carried out between the Investment Manager and its Associates and where the Investment Manager has advised that there may be a conflict of interest, it shall obtain a certificate from a practicing chartered accountant that such transaction is on arm's length basis; (d) The Trustee shall review the valuation report submitted by the Investment Manager; (e) The Trustee shall require the Investment Manager to set up such systems and procedures and submit such reports to the Trustee, as may be necessary for effective monitoring of the functioning of the Trust; (f) The Trustee shall ensure that the Investment Manager convenes meetings of the Unitholders in accordance with the InvIT Regulations and oversee the voting by Unitholders. The Trustee shall ensure that the Investment Manager convenes meetings of Unitholders not less than one every year and the period between such meetings shall not exceed 15 months.

(v) The Trustee shall provide SEBI and the stock exchange(s), where applicable, such information as may be sought by SEBI or by the stock exchange(s) pertaining to the activity of the InvIT. The Trustee shall comply with intimation requirements under the InvIT Regulations, including in relation to intimating SEBI in case of any discrepancy in the operation of the Trust with the InvIT Regulations and the offer document or placement memorandum. The Trustee shall also immediately inform SEBI in case any act which is detrimental to the interest of the Unitholders is noted.

(vi) The Trustee shall at all times exercise due diligence in carrying out its duties and protecting the interests of the Unitholders .

(vii) In case of change in the Investment Manager, due to removal or otherwise, the Trustee shall, prior to such change obtain approval from the Unitholders in accordance with the InvIT Regulations. The Trustee shall appoint a new investment manager within the time period prescribed under the InvIT Regulations. The previous investment manager shall continue to act as such at the discretion of the Trustee until such time as the new investment manager is appointed. The Trustee shall ensure that the new investment manager shall stand substituted as a party in all the documents to which the earlier Investment Manager was a party. The Trustee shall also ensure that the earlier Investment Manager continues to be liable for all its acts of omissions and commissions for the period during which it served as investment manager notwithstanding its termination.

(viii) In case of change in the Project Manager due to removal or otherwise, the Trustee shall appoint a new project manager within the time period prescribed under the InvIT Regulations. The Trustee may, either suo moto or based on the advice of the concessioning authority(ies) appoint an administrator in connection with an infrastructure project for such terms and on such conditions as it deems fit. The previous project manager shall continue to act as the project manager till such time a new project manager is appointed. All costs and expenses in this regard will be borne by the new project manager. The Trustee shall ensure that the new project manager shall stand substituted as a party in all the documents to which the earlier Project Manager was a party. The Trustee shall also ensure that the earlier Project Manager continues be liable for all its acts of omissions and commissions for the period during which it served as project manager, notwithstanding its termination.

(ix) The Trustee shall oversee activities of the Project Manager other than that relating to the revenue streams from the infrastructure projects in terms of the InvIT Regulations and shall obtain a compliance certificate from the Project Manager on a quarterly basis, in the form prescribed by SEBI, if any.

(x) The Trustee shall ensure that in case of Change in Control of the Project Manager, written consent is obtained from the concessioning authority(ies) in terms of the concession agreement(s), prior to such change, if applicable.

(xi) The Trustee shall ensure that subscription amount is kept in a separate bank account in name of the InvIT and is only utilised for adjustment against allotment of Units or refund of money to the applicant till the time such Units are listed and the same will be utilized for the objectives of the offering as will be mentioned in the offer document.

(xii) The Trustee shall cause the books of accounts of the InvIT to be in accordance with the Amended and Restated Trust Deed.

(xiii) The Trustee shall ensure that all acts, deeds and things are done for the attainment of the Investment Objectives of the InvIT and in compliance with the InvIT Regulations and to secure the best interests of the Unitholders.

(xiv) The Trustee shall file such reports as may be required by SEBI or any other regulatory authority or as required under the InvIT Regulations with regard to the activities carried on by the InvIT.

(xv) The Trustee shall periodically review the status of the Unitholders' complaints and their redressal undertaken by the Investment Manager.

(xvi) The Trustee and its directors, officers, employees and agents shall at all times maintain the greatest amount of confidentiality as regards the activities and assets of the InvIT and such other matter connected with them and the InvIT generally and shall not disclose any confidential information to any other Person, other than the Investment Manager, or the Project Manager, unless such information is required to be disclosed to some regulatory authority, court or any other Person under any order of court or any law in force in India .

(xvii) The assets and liabilities of the InvIT shall at all times be segregated from the assets and liabilities of the Trustee and the assets and liabilities of other trusts managed by the Trustee. The assets held under the InvIT shall be held for the exclusive benefit of the Unitholders and such assets shall not be subject to the claims of any creditor or any Person claiming under any other fund administered by the Trustee or by the Investment Manager respectively.

(xviii) The Trustee shall ensure that the remuneration of the Valuer is not linked to or based on the value of the asset being valued.

(xix) The Trustee shall obtain the prior approval from the Unitholders in accordance with Regulation 22 of the InvIT Regulations and from SEBI in case of Change in control of the Investment Manager.

(xx) The Trustee and its Associates shall not invest in Units of the Trust.

(xxi) The Trustee shall fulfil its obligations in terms of Regulation 9 of the InvIT Regulations.

(xxii) The Trustee shall ensure that the activity of the InvIT is being operated in accordance with the provisions of the Amended and Restated Trust Deed, the InvIT Regulations, other Applicable Law and the InvIT Documents and in case of any discrepancy, it shall inform SEBI immediately in writing.

(xxiii) The Trustee shall maintain records in accordance with the InvIT Regulations.

(xxiv) (a) The Trustee shall delegate all such powers to the Investment Manager as may be required by the Investment Manager to carry out its obligations under the Investment Management Agreement and under Applicable Law. (b) The Trustee shall delegate all such powers to the Project Manager as may be required by the Project Manager to carry out its obligations under the Project Implementation and Management Agreement and under Applicable Law.

- *Rights of the Trustee*

The Trustee shall have the following rights:

(i) The Trustee may, in the discharge of its duties, act upon any advice obtained in writing from any bankers, accountants, brokers, lawyers, professionals, consultants, or other experts acting as advisers to the Trustee.

(ii) Subject to applicable law, no Unitholder shall be entitled to inspect or examine IndiGrid's premises or properties without the permission of the Trustee, who shall give such permission, if necessary, in consultation with the Investment Manager. Further, no Unitholder shall be entitled to require discovery of any information respecting any detail of IndiGrid's activities or any matter which may relate to the conduct of the business of IndiGrid and which information may, in the opinion of the Trustee and the Investment Manager adversely affect the interest of the Unitholder.

(iii) Without prejudice to any other provisions of the Amended and Restated Trust Deed, but save as otherwise provided for in any offer document of the Trust, the Trustee shall be entitled to reimburse itself and shall be entitled to charge the Trust, and shall be entitled to be indemnified and be kept indemnified by the Trust and from any distributions made by the Trust to the Unitholders, with the expenses, outgoings, taxes, levies, and liabilities (including indemnity obligations of the Trust, if any) as set out in this Amended and Restated Trust Deed.

- *Liabilities of the Trustee*

The liabilities of the Trustee in terms of the Amended and Restated Trust Deed are as follows:

(i) The Trustee shall only be chargeable for such monies, stocks, funds and securities as the Trustee shall have actually received and shall not be liable or responsible for any banker, broker, custodian or other Person in whose hands the same may be deposited or placed, nor for the deficiency or insufficiency in the value of any investments of the Trust nor otherwise for any involuntary loss. Any receipt signed by the Trustee for any monies, stocks, funds, shares, securities, investment or property, paid, delivered or transferred to the Trustee under or by virtue of the Amended and Restated Trust Deed or in exercise of the duties, functions and powers of the Trustee shall effectively discharge the Trustee or the Person or Persons paying, delivering or transferring the same therefrom or from being bound to see to the application thereof, or being answerable for the loss or misapplication thereof provided that the Trustee and such Persons shall have acted in good faith, without negligence and shall have used their best efforts in connection with such dealings and matters.

(ii) The Trustee shall not be under any liability on account of anything done or omitted to be done or suffered by the Trustee in good faith in accordance with, or in pursuance of any request or advice of the Investment Manager.

(iii) The Trustee may accept as sufficient evidence for the value of any investment or for the cost price or sale price thereof or for any other fact within its competence, a certificate by a valuer or a stockbroker or any other professional Person appointed by the Investment Manager for the purpose.

(iv) The Trustee shall not be under any obligation to institute, acknowledge the service of, appear in, prosecute or defend any action, suit, proceedings or claim in respect of the provisions hereof or in respect of the InvIT Assets or any part thereof or any corporate action which in its opinion would or might involve it in expense or liability unless the Investment Manager shall so request in writing and the Trustee is satisfied that the value of the investment is sufficient to provide adequate indemnity against costs, claims, damages, expenses or demands to which it may be put as Trustee as a result thereof. The costs in relation to such action, suit, proceedings or claims (whether undertaken upon request of Investment Manager or otherwise) incurred by the Trustee in connection with or arising out of the InvIT, shall be borne by the Trust.

(v) The Trustee shall not be liable in respect of any action taken or damage suffered by it on reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganization or (without being limited in any way by the foregoing) other paper or document believed to be genuine and to have been passed, sealed or signed by appropriate authorities or entities .

(vi) The Trustee shall not be liable to the Unitholders for doing or failing to do any act or thing which by reason of any provision of any present or future law or regulation made pursuant thereto, or of any decree, order or judgment of any court, or by reason of any request announcement or similar action (whether of binding legal effect or not) which may be taken or made by any Person or body acting with or purporting to exercise the authority of any government (which legally or otherwise) it shall be directed or requested to do or perform or to forbear from doing or performing. If for any reason it becomes impossible or impracticable to carry out any of the provisions of these presents the Trustee shall not be under any liability therefore or thereby.

(vii) The Trustee shall not be responsible to any Unitholder for the authenticity of any signature affixed to any document or be in any way liable for any forged or unauthorized signature on or for acting upon or giving effect to any such forged or unauthorized signature. The Trustee shall be entitled but not bound to require that the signature of any Unitholder to any document required to be signed by him under or in connection with these presents shall be verified to the Trustee's reasonable satisfaction .

(viii) Nothing contained in the Amended and Restated Trust Deed shall be construed so as to prevent the Trustee from acting as a trustee of other trusts or alternate investment funds or venture capital funds or private equity funds or real estate investments trusts or infrastructure investment trusts or private trusts or customised fiduciary trusts separate and distinct from the Trust, and retaining for its own use and benefit all remuneration, profits and advantages which it may derive therefrom, as permitted under applicable law.

(ix) If the Trustee is required by the InvIT Regulations or any applicable law to provide information regarding the Trust and/or the Sponsors and/or Unitholders, the Trust's investments and income therefrom and provisions of these presents and complies with such request in good faith, whether or not it was in fact enforceable, the Trustee shall not be liable to the Unitholders or to any other party as a result of such compliance or in connection with such compliance.

(x) The Trustee shall not incur any liability for any act or omission or (as the case may be), failing to do any act or thing which may result in a loss to a Unitholder (by reason of any depletion in the value of the InvIT Assets or otherwise), except in the event that such loss is a direct result of fraud, gross negligence or wilful default on the part of the Trustee or results from a breach by the Trustee of the Amended and Restated Trust Deed, as determined by a court of competent jurisdiction.

(xi) If the Trustee engages any external advisors or experts (in accordance with the Amended and Restated Deed), to discharge its obligations under the Amended and Restated Deed, or undertakes any work which is not covered within the scope of work of the Trustee under the Amended and Restated Deed and such additional work is beyond the obligations of the Trustee under applicable law, the Trustee shall be entitled to recover such costs, charges and expenses which the Trustee may incur in this regard, from the funds of the Trust. Further, it is clarified that, the Trustee will not be required to utilize funds held by the Trustee for any other trust for which Axis Trustee Services Limited is appointed as a trustee, for discharging its obligations as the Trustee under the Amended and Restated Deed.

(xii) It is hereby clarified that the liability of the Trustee shall be limited to the extent of the fee received by it, in all circumstances whatsoever except in case of any gross negligence or wilful misconduct or fraud on the part of the Trustee as settled by a court of competent jurisdiction.

- *Provisions relating to Unitholders*

(i) Notwithstanding anything to the contrary contained in any of the InvIT Documents, the aggregate liability of each Unitholder in the Trust shall be limited to making the Capital Contribution payable by it in respect of the Units subscribed to by it. For the avoidance of doubt, the Unitholders shall not be responsible or liable, directly or indirectly, for acts, omissions or commissions of the Trustee, the Investment Manager, the Sponsors, or any other Person, whether or not such act, omission or commission, has been approved by the Unitholders in accordance with the InvIT Regulations or not.

(ii) Each Unit allotted to the Unitholders shall have one vote for any decisions requiring a vote of Unitholders.

(iii) No Unitholder shall enjoy preferential voting or any other rights over another Unitholder.

(iv) In no event shall the Trustee or the Investment Manager be bound to make payment to any Unitholder, except out of the funds held by it for that purpose under the provisions of the Amended and Restated Trust Deed.

(v) A Unitholder whose name and account details are entered in the Depository Register shall be the only Person entitled to be recognized by the Trustee as having a right, title, interest in or to the Units registered in his name and the Trustee shall recognize such holder as an absolute owner and shall not be bound by any notice to the contrary and shall also not be bound to take notice of or to see to the execution of any trust, express or implied, save as expressly provided or as required by any court of competent jurisdiction to recognize any trust or equity or interest affecting the title of the Units.

(vi) The Unitholders shall not give any directions to the Trustee or the Investment Manager (whether in a meeting of Unitholders or otherwise) if it would require the Trustee or the Investment Manager to do or omit doing anything which may result in: (a) the Trust or the Trustee, in its capacity as the trustee of the Trust or the Investment Manager, in its capacity as the investment manager of the InvIT ceasing to comply with applicable law; (b) interference with the exercise of any discretion expressly conferred on the Trustee by the Amended and Restated Trust Deed or the Investment Manager by the Investment Management Agreement, or the determination of any matter which requires the agreement of the Trustee or the Investment Manager, provided that nothing in the Amended and Restated Trust Deed shall limit the right of the Unitholder to require the due administration of the Trust in accordance with the Amended and Restated Trust Deed.

(vii) The depository register shall (save in case of manifest error) be conclusive evidence of the number of Units held by each depositor and in the event of any discrepancy between the entries of the depository register and any statement issued by the depository, the entries in the depository register shall prevail unless the depositor proves to the satisfaction of the Trustee and the depository that the depository register is incorrect.

(viii) The Unitholders shall have the right to call for certain matters to be subject to their consent, in accordance with the InvIT Regulations and applicable law.

(ix) The Unitholders may, in accordance with the provisions of the InvIT Documents and Applicable Law, transfer any of the Units to an investor where such investor accepts all the rights and obligations of the transferor and the Trustee or site Investment Manager shall give effect to such transfer in accordance with applicable law.

(x) The Trustee shall and shall ensure that the Investment Manager obtains the consent of the Unitholders for the matters prescribed under the InvIT Regulations, in accordance with the provisions of the InvIT Regulations.

Further, in accordance with the Amended and Restated Trust Deed, in addition to the fee, distributions and expense reimbursements described in the Amended and Restated Trust Deed, the InvIT Assets shall be utilized to indemnify and hold harmless the Trustee, the Sponsors and any of their respective officers, directors, shareholders, sponsors, partners, members, employees, advisors and agents ("**Indemnified Parties**") from and against any claims, losses, costs, damages, liabilities and expenses, including legal fee ("**Losses**") suffered or incurred by them by reason of their activities on behalf of IndiGrid, suffered or incurred by the Trustee in relation to any proceedings, unless such Losses resulted from fraud, gross negligence or willful misconduct of the Indemnified Parties as determined by a court of competent jurisdiction.

IndiGrid is subject to dissolution and termination in accordance with and subject to the InvIT Regulations and applicable law, in accordance with the conditions set forth in the Amended and Restated Trust Deed.

D. The Investment Manager – IndiGrid Investment Managers Limited (formerly, Sterlite Investment Managers Limited)

History and Certain Corporate Matters

IndiGrid Investment Managers Limited (formerly known as Sterlite Investment Managers Limited), is the investment manager of IndiGrid and is majority owned by Electron IM Pte. Ltd., an affiliate of KKR.

The Investment Manager is a public company incorporated in India under the Companies Act, 1956, with corporate identity number U28113MH2010PLC308857. The Investment Manager was originally incorporated as MALCO Industries Limited on April 22, 2010 at Chennai. Subsequently, the name of the Investment Manager wa s changed to Sterlite Infraventures Limited and a new certificate of incorporation was issued on January 23, 2012. Further, the name of the Investment Manager was changed to Sterlite Investment Managers Limited and a new certificate of incorporation was issued by the Registrar of Companies, Chennai, on March 25, 2017. Subsequently, the Investment Manager's registered office was changed from the State of Tamil Nadu to the State of Maharashtra, and a certificate of registration was issued by the Registrar of Companies, Maharashtra at Mumbai on May 3, 2018. The Investment Manager's registered office is situated at Unit No. 101, First Floor, Windsor, Village KoleKalyan, Off CST Road, Vidyanagari Marg, Kalina, Santacruz East, Mumbai 400 098. Subsequently, the name of the Investment Manager was changed to IndiGrid Investment Managers Limited and a new certificate of incorporation was issued by the Registrar of Companies, Maharashtra at Mumbai on December 14, 2020. The Investment Manager has experience in providing advisory services for bids.

Background of the Investment Manager

IIML has previously been involved in providing advisory services within the Sterlite group for bids, including in relation to power transmission projects across India, mega power plant projects and certain renewable energy projects. IIML has also been acting as the investment manager for IndiGrid since IndiGrid's inception in accordance with the InvIT Regulations.

Additionally, IIML has made representations to various government agencies in relation to the bidding procedure. Such representations were in the form of general advisory and recommendations in relation to improving the existing bidding process implemented by governmental agencies in relation to infrastructure projects and the existing regulatory framework relating to certain infrastructure sectors, specifically aimed at improvement of private participation and investment in such infrastructure sectors.

The Investment Manager has not less than two employees, who have at least five years of experience each, in the field of fund management or advisory services or development in the infrastructure sector, and not less than one employee who has at least five years of experience in the relevant sub-sectors in which IndiGrid proposes to invest, namely power transmission projects and renewable energy in India. Further, not less than half the directors of the Investment Manager are independent, and are not directors or members of the governing board of another infrastructure investment trust registered under the InvIT Regulations. The Investment Manager conducts operations pertaining to IndiGrid from Unit No. 101, First Floor, Windsor, Village KoleKalyan, Off CST Road, Vidyanagari Marg, Kalina, Santacruz East, Mumbai 400 098. The net worth (being, the total of paid-up share capital, securities premium and retained earnings) of the Investment Manager as on December 31, 2020 was ₹ 130.00 million.

Pursuant to the IM SSPA and the shareholders' agreement dated April 30, 2019 (read with the amended and restated shareholders' agreement between Electron IM Pte. Ltd., the Sterlite Sponsor and the Investment Manager dated August 4, 2020), entered into by SPTL, the Investment Manager and Electron IM Pte. Ltd., an affiliate of KKR, currently owns 60% of the paid-up equity share capital of the Investment Manager is held by Electron IM Pte. Ltd. Additionally, Electron IM Pte. Ltd. has agreed to acquire an additional 14% in the Investment Manager, subject to the terms and conditions set out in the IM SSPA.

The Investment Manager confirms that it has, and undertakes to ensure that it will at all times maintain, adequate infrastructure, personnel and resources to perform its functions, duties and responsibilities with respect to the management of IndiGrid, in accordance with the InvIT Regulations, the Investment Management Agreement and applicable law.

Neither the Investment Manager nor any of the promoters or directors of the Investment Manager (i) are debarred from accessing the securities market by SEBI; (ii) are promoters, directors or persons in control of any other company or a sponsor, investment manager or trustee of any other infrastructure investment trust or an infrastructure investment trust which is debarred from accessing the capital market under any order or direction made by SEBI; (iii) are in the list of wilful defaulters published by the RBI; or (iv) are Fugitive Economic Offenders.

Long Term Incentive Plan 2020

The Nomination and Remuneration Committee of the Investment Manager formulated the Long Term Incentive Plan 2020 ("**Scheme 2020**"), a Unit-based incentive plan for the employees of the Investment Manager. The Scheme 2020 was approved by the Board of Directors of the Investment Manager on April 28, 2020.

Scheme 2020 shall be operated and administered by the Board of Directors of the Investment Manager. No member of the Nomination and Remuneration Committee shall be personally liable for any action or decision taken in good faith with respect to Scheme 2020. All persons who were employees of the Investment Manager as on December 31, 2019 and other employees as identified by the Investment Manager from time to time, are eligible to receive grant under Scheme 2020. The Units linked rights granted under Scheme 2020 will vest annually under three equal tranches in April 2021, April 2022, and April 2023, respectively, in the manner provided under Scheme 2020.

Board of Directors of the Investment Manager

The board of directors of the Investment Manager is entrusted with the responsibility for the overall management of the Investment Manager. Please see below the details in relation of the board of directors of the Investment Manager:

Sr. No.	Name	DIN
1.	Rahul D. Asthana	00234247
2.	Tarun Kataria	00710096
3.	Pratik Agarwal	03040062
4.	Harsh Shah	02496122
5.	Sanjay Nayar	00002615
6.	Ashok Sethi	01741911

Brief Biography of the Directors of the Investment Manager

Please see below a brief biography of the directors of the Investment Manager:

1. ***Rahul D. Asthana***

Rahul D. Asthana, IAS (Retd.), was appointed as an Additional Independent Director on the board of the Investment Manager on December 26, 2017 and as an Independent Director on September 28, 2018. He holds a master's degree in business administration in international business from ICPE University of Ljubljana, Slovenia and a bachelor's degree in technology (aeronautical) from Indian Institute of Technology, Kanpur. Currently, he serves as a non-executive director on the board of Aegis Logistics Limited, and NBS International Limited. He is also a director on the board of directors of Mahindra Vehicles Manufacturing Limited and Mahindra Waste to Energy Solutions Limited. Previously, he served as the Metropolitan Commissioner of Mumbai, Metropolitan Region Development Authority between 2011 and 2013, where his primary role was planning for the Mumbai Metropolitan region and implementation of large infrastructure projects. He served as the chairman of Mumbai Port Trust from 2008 to 2011 where he was heading operations and management of Mumbai Port. He was responsible for the formulation and approvals for new projects of capacity addition and implementation of large projects on a public private partnership basis. He has also served as the Principal Secretary, Energy Department of Government of Maharashtra and was responsible for formulating the renewable energy policy for the State of Maharashtra. He has also served as the chief executive officer and general manager of Brihanmumbai Electric Supply and Transport dealing with distribution of power in South Mumbai and bus transport in Greater Mumbai.

2. ***Tarun Kataria***

Tarun Kataria was appointed as an Additional Independent Director on the board of the Investment Manager on October 29, 2016 and as an Independent Director on September 22, 2017. He holds a master's degree in business administration (finance) from the Wharton School of the University of Pennsylvania and is a chartered accountant. He is also an independent non-executive director (and member of the nomination and remuneration committee) of Mapletree Logistics Trust Ltd., an entity listed on the Singapore Stock Exchange. He is an independent director in Global Moats Fund, Mauritius. In India, he is an independent non-executive director (and chair of the risk management committee) of Westlife Development Limited. He is also an independent director in Eagle Hospitality Trust Management Limited and Jubilant Pharma Limited. He has almost 31 years of investment banking and capital markets experience in New York, Hong Kong, Singapore and Mumbai. He was previously the chief executive officer (India) of Religare Capital Markets Limited. Prior to this he was the managing director and head of global banking and markets at HSBC India, vice chairman of HSBC Securities and Capital Markets Private Limited and non-executive director of HSBC InvestDirect Limited. Before moving to India, Tarun Kataria was based in Hong Kong as the managing director and head of institutional sales, Asia Pacific for HSBC Global Markets, where he was responsible for all client-facing activity in foreign exchange, derivatives, equities and fixed income.

3. ***Pratik Agarwal***

Pratik Agarwal was appointed as an Executive Director of the Investment Manager on July 19, 2011 and was re-designated as a Non-Executive Director on July 31, 2018. He holds a master's degree in business administration from London Business School and a bachelor's degree from Wharton Business School, University of Pennsylvania. Pratik Agarwal has over 10 years of experience in building core infrastructure businesses in India. He is the Chairman of Confederation of Indian Industry Core Committee on Transmissions and on the Advisory Board of India Brazil Chamber of Commerce.

4. ***Harsh Shah***

Harsh Shah was appointed as an Additional Executive Director on the Board of the Investment Manager on January 15, 2018. His appointment was regularized and he was appointed as the Chief Executive Officer and Whole-time Director with effect from August 1, 2018. He holds a master's degree in business administration from National University of Singapore and a bachelor's degree in electrical engineering from Nirma Institute of Technology, Gujarat University. He has extensive experience in infra structure sector across bidding, financing, operations, mergers and acquisitions and regulatory policy. He was instrumental in setting up IndiGrid, India's first infrastructure investment trust in the power transmission sector. He is also a member of the SEBI Advisory Committee for InvITs and REITs. Previously, he served as the Chief Financial Officer of SPTL. Prior to joining Sterlite, he has worked with Larsen & Toubro Limited, L&T Infrastructure Finance Company Limited and Procter & Gamble International Operations Pte. Limited.

5. ***Sanjay Nayar***

Sanjay Nayar was appointed as a Non-Executive Director to the Board of the Investment Manager in 2019. He is the Chairman of KKR India. He joined KKR in 2009 and was a Partner and CEO of KKR India until December 2020. Prior to joining KKR, he served as CEO of Citigroup's Indian and South Asian operations and was a member of Citigroup's Management Committee and Asia Executive Operating Committee. He is a member of the Board of US-India Strategic Partnership Forum, the Governing Board of Indian School of Business and is an Executive Member of CII PE/VC Committee. He is additionally on the board of Max Healthcare Institute Limited, Avendus Capital Private Limited and JB Chemicals Limited, and is on the Advisory Board of Habitat for Humanity, Advisory - Committee Chairman of Grameen Impact Investments India and a Founding Member of Brookings-India.

6. ***Ashok Sethi***

Ashok Sethi was appointed as was appointed as an Independent Director on the board of the Investment Manager on October 20, 2020. He holds a bachelor's degree of technology in Metallurgical Engineering from the Indian Institute of Engineering at Kharagpur. He has over 30 years of experience in the power sector with experience in project execution, operations, commercial, regulatory, advocacy and policy making. He is currently the Non-Executive Chairman of Tata Consulting Engineers Limited. He was also the Chief Operating Officer and Executive Director of The Tata Power Company Limited. He was also the chairman of various subsidiary companies of Tata Power. He was a director on the board of directors of The Tata Power Trading Company limited, Maithon Power Limited, Powerlinks Transmission Limited, Adjaristsqali Geogia LLC and was previously the Chairman of Industrial Energy Limited and Tata Power Community Development Trust. He was awarded CBIP Special Recognition Award 2019 for 'Excellent Contribution in Power Sector' Development. He has also a Member of the Institute of Directors.

Brief profiles of the Key Personnel of the Investment Manager

In addition to Harsh Shah, please see below the details of the other key personnel of the Investment Manager.

1. ***Jyoti Kumar Agarwal***

Jyoti Kumar Agarwal was appointed as the Chief Financial Officer of the Investment Manager on November 3, 2020. He holds a bachelor's degree in commerce from the University of Calcutta and has been awarded the post graduate diploma in management from the Indian Institute of Management at Calcutta. He is a chartered accountant and has cleared all three levels of CFA from the CFA Institute, USA. He has over 4 years of experience in credit trading, fixed income, asset management and related matters. He has previously worked with The Boston Consulting Group, Franklin Templeton Asset Management (India) Private Limited, Deutsche Bank AG and Credit Suisse Securities (India) Private Limited.

2. ***Divya Bedi Verma***

Divya Bedi Verma is the Deputy Chief Financial Officer of the Investment Manager. She holds a bachelor's degree in commerce from Delhi University and is a qualified chartered accountant. She has completed the R12.x Oracle General Ledger Management Fundamentals Ed 1 LVC, R12.x Oracle Order Management Fundamentals Ed 1 LVC, R12.x Oracle E-Business Suite Essentials for Implementers Ed 1 LVC, 11i Oracle Order Management Fundamentals Ed 2 and 11i Oracle Receivables Fundamentals Ed 3 courses from Oracle University. She has over 19 years of experience in the field of managing finance operations, reporting, planning and compliances system change. She has worked in a global environment across the manufacturing, publishing and infrastructure industries. She has previously worked with Imaje India Private Limited, Elsevier and ATS Infrastructure Limited. She has received the CFO Next 100 award for exceptional contribution to the world of finance in December 2015 and December 2017.

3. ***Meghana Pandit***

Meghana Pandit is the Head - M&A and Investor Relations of the Investment Manager. She holds a bachelor's degree in commerce and a master's degree in management studies from the University of Mumbai and a post graduate diploma in financial analysis from the Institute of Chartered Financial Analysts of India. She has over 12 years of experience in investment banking, covering the infrastructure sector across private equity transactions, mergers and acquisitions, initial public offerings, qualified institutional placements and infrastructure investment trusts, in sub-sectors such as roads, airports, renewable power, thermal power, ports and real estate. She has previously worked in Essar Steel Limited, Deloitte Financial Advisory Services India Private Limited and IDFC Bank.

4. ***Kundan Kishore***

Kundan Kishore is the Head – Human Resources of the Investment Manager. He has over 11 years of experience across different human resources functions. He holds a bachelor's degree in engineering (Electrical Engineering) from Rajiv Gandhi Proudyogiki Vishwavidyalaya, Bhopal and has completed the two-year (full-time) post graduate diploma in management (human resource) in 2009 from the International Management Institute. He has previously worked with Bennett, Coleman & Co. Ltd. KEC International Limited and TransUnion CIBIL Limited.

5. ***Swapnil Patil***

Swapnil Patil was appointed the company secretary of the Investment Manager on April 23, 2017. He holds a bachelor's degree in commerce and master's degree in law from University of Pune. He is also an associate member of the Institute of Company Secretaries of India. He has previously worked with Tata Motors Limited, Sterlite Technologies Limited and Sterlite Power Transmission Limited. He has several years of experience in statutory compliances, mergers and acquisitions, corporate restructuring, governance, corporate codes and policies, compliance management, fund raising, regulatory liaising, investor relations, litigation and all aspects of secretarial function.

6. ***Bigyan Parija***

Bigyan Parija was appointed as the Chief Design Officer of the Investment Manager, upon his transfer from SPGVL to the Investment Manager on July 1, 2019. He holds a bachelor's degree in Mechanical Engineering from Utkal University. He has over 20 years of experience in design and engineering, project management and business acquisition in the power transmission sector. Prior to joining IndiGrid, he was the Senior Vice President - Engineering & Routing of SPGVL.

7. ***Satish Talmale***

Satish Talmale is the Chief Operating Officer of the Investment Manager. He has over 20 years of experience in general profit and loss management, business transformation, portfolio risk management, services operations, project management, sales and commercial operations and hands-on operation & maintenance services. He holds a bachelor's degree in mechanical engineering from University of Amravati and has completed the executive program in business management from Indian Institute of Management, Calcutta. He has previously worked with Ingersoll- Rand (India) Limited, GE India Industrial Private Limited, and Larsen & Toubro Limited.

Key Terms of the Investment Management Agreement

The Investment Manager has entered into the Investment Management Agreement, in terms of the InvIT Regulations. The Investment Management Agreement provides for powers, duties, rights and liabilities of the Investment Manager, in accordance with the InvIT Regulations, the key terms of which, are set out below:

A. *Powers of the Investment Manager*

The Investment Manager has been provided with various powers under the Investment Management Agreement in accordance with the InvIT Regulations, including but not limited to:

(i) The Investment Manager shall take all decisions in relation to the management and administration of InvIT Assets and the investments of IndiGrid as may be incidental or necessary for the advancement or fulfilment of the Investment Objectives of IndiGrid in accordance with the InvIT Regulations.

(ii) The Investment Manager shall make the investment decisions with respect to the underlying assets or projects of IndiGrid, including any further investments or divestments, subject to InvIT Regulations and in accordance with the offer document, and in this regard is also empowered to do the following acts on behalf of IndiGrid:

(a) acquire, hold, manage, trade and dispose off shares, stocks, convertibles, debentures, bonds and other equity or equity-related securities and other debt or mezzanine securities of all kinds issued by any SPVs, infrastructure projects in India, whether in physical or dematerialised form, including power to hypothecate, pledge or create encumbrances of any kind on such securities held by IndiGrid in such special purpose vehicles, or infrastructure projects to be used as collateral security for any borrowings by IndiGrid;

(b) keep the capital and monies of IndiGrid in deposit with banks or other institutions whatsoever;

(c) accept contributions;

(d) collect and receive the profit, interest, repayment of principal of debt or debt like or equity or equity like mezzanine securities, dividend, return of capital of any type by the special purpose vehicles, or infrastructure projects and income of IndiGrid as and when the same may become due and receivable;

(e) invest in securities or in units of mutual funds in accordance with the InvIT Regulations;

(f) invest in money market instruments including government securities, treasury bills, certificates of deposit and commercial paper in accordance with applicable law;

(g) to give, provide and agree to provide to any special purpose vehicle's financial assistance in the form of investment in share capital of any class including ordinary, preference, participating, non-participating, voting, non-voting or other class, and in the form of investment in securities convertible into share capital; and

(h) to invest, acquire, purchase, hold, divest, sale, hypothecate, pledge or otherwise transfer land and building and immovable property of any kind including any rights and interest therein.

(iii) The Investment Manager along with the Trustee has appointed the Project Manager by execution of the Project Implementation and Management Agreement.

(iv) The Investment Manager shall oversee activities of the Project Manager with respect to revenue streams from the projects and the Project Implementation and Management Agreement and in terms of the InvIT Regulations and applicable law. The Investment Manager shall obtain a compliance certificate from the Project Manager on a quarterly basis, in the form as may be specified by SEBI.

(v) The Trustee hereby authorizes the Investment Manager to do all such other acts, deeds and things as may be incidental or necessary for the advancement or fulfillment of the Investment Objectives of IndiGrid, as set out in the offer document.

(vi) The Investment Manager shall have the power to issue and allot Units. The Investment Manager shall have the power to accept subscriptions to Units of IndiGrid and issue and allot Units to Unitholders or such other persons and undertake all related activities. Further, the Investment Manager shall, subject to and only in accordance with the terms of the InvIT Documents and applicable law, have the power to transfer the Units.

(vii) The Investment Manager shall cause the depository to maintain a register of Unitholders if required.

(viii) The Investment Manager shall make such reserves out of the income or capital as it may deem proper and any directions of the Trustee in this behalf whether made in writing or implied from their acts shall, so far as the law may permit, be conclusive and binding. Any distribution made from such reserves shall be in accordance with the InvIT Regulations.

(ix) The Investment Manager may cause IndiGrid to borrow, for the purpose of the InvIT and the InvIT Assets and subject to approval of the Unitholders in accordance with the InvIT Regulations.

(x) The Investment Manager shall have the power to exercise all rights of the InvIT in the InvIT Assets, including voting rights, rights to appoint directors, whether pursuant to securities held by it. or otherwise. in such manner as it deems to be in tire best interest of IndiGrid, and in accordance with the InvIT Regulations and applicable law.

(xi) The Investment Manager may use the services of external advisors and rely on the information provided in the due diligence process of assessing investment proposals as it deems necessary in its sole discretion.

(xii) The Investment Manager shall have the power to employ and pay at the expense of the InvIT, any agent in any jurisdiction whether attorneys, solicitors, brokers, banks, trust companies or other agents, without being responsible for the default of any agent if employed in good faith to transact any business, including without limitation, the power to appoint agents to raise funds, or do any act required to be transacted or done in the execution of the responsibilities hereof including the receipt and payment of moneys and the execution of documents.

(xiii) The Investment Manager may appoint any custodian in order to provide custodian services, and may permit any property comprised in IndiGrid to be and remain deposited with a custodian or with any Person or Persons in India or in any other jurisdiction subject to such deposit as authorised by the Trustee and permissible under the applicable law.

(xiv) The Investment Manager, in consultation with the Trustee, shall appoint valuers, auditor, registrar and transfer agent, merchant banker, custodian, credit rating agency or any other intermediary or service provide or agent as may be applicable with respect to the activities pertaining to IndiGrid as per the provisions of the InvIT Regulations and applicable law. The Investment Manager shall appoint an auditor for a period of not more than five consecutive years subject to approval of the Unitholders in terms of the InvIT Regulations.

(xv) In the event of any capital gains tax, income tax, stamp duty or other duties, fees or taxes (and any interest or penalty chargeable thereon) whatsoever becoming payable in any jurisdiction in respect of IndiGrid or any part thereof or in respect of documents issued or executed in pursuance of the Amended and Restated Trust Deed in any circumstances whatsoever, the Investment Manager shall have the power and duty to pay all such duties, fees or taxes (and any interest or penalty chargeable thereon) as well as to create any reserves for future potential tax liability (and any such interest or penalty) out of IndiGrid's income (and any such interest or penalty). For avoidance of doubt, it is clarified that pursuant to the Amended and Restated Trust Deed, no Unitholder will be required to make a contribution as a capital commitment to IndiGrid (other than the issue price for Units allotted).

(xvi) The Investment Manager shall have the power to pay InvIT Expenses out of the funds of IndiGrid, or from any or all of the Special Purpose vehicles or Holding Companies, in such proportion, as may be determined from time to time.

(xvii) The Investment Manager shall have the power to take the opinion of legal / tax counsel in any jurisdiction concerning any difference arising under the Investment Management Agreement or any matter in any way relating to this Agreement or to its duties in connection with the Investment Management Agreement.

(xviii) The Investment Manager shall have the power to: (a) accept any property before the time at which it is transferable or payable; (b) pay or allow any equity or claim on any evidence that it thinks sufficient; (c) pay or allow any equity or claim on any evidence that it thinks sufficient; (d) allow any time of payment of any equity; and (e) compromise, compound, abandon, submit to arbitration or otherwise settle any equity account, claim or thing whatsoever relating to IndiGrid or the Investment Management Agreement.

(xix) Subject to the conditions laid down in any offer document, the Investment Manager may retain the invested capital portion of any proceeds received by IndiGrid from any special purpose vehicles.

(xx) The Investment Manager may. make rules to give effect to. and carry out the Investment Objectives, subject to applicable law. In particular, and without prejudice to the generality of such power, the Investment Manager may provide for all or any of the following matters, namely. In particular, and without prejudice to the generality of such power, the Investment Manager may provide for all or any of the following matters, namely: (a) manner of maintaining of the records and particulars of Unitholders; (b) norms of investment by IndiGrid in accordance with the Investment Objectives of IndiGrid and in accordance with the powers and authorities of the Trustee as set out in the Amended and Restated Trust Deed; (c) matters relating to entrustment / deposit or handing over of any securities or special purpose vehicles of IndiGrid to any one or more custodians and the procedure relating to the holding thereof by the custodian; (d) such other administrative, procedural or other matters relating to the administration or management of the affairs of IndiGrid thereof and which matters are not by the very nature required to be included or provided for in the Deed or by the management thereof and which matters are not in consistent with the provisions thereof; (e) procedure for seeking the vote of the Unitholders either by calling a meeting or through postal ballot or otherwise; and (f) procedure for summoning and conducting of meetings of Unitholders.

(xxi) Subject to applicable law, no Unitholder shall be entitled to inspect or examine IndiGrid's premises or properties without the prior permission of the Investment Manager. Further, no Unitholder shall be entitled to require discovery of any information with respect to any detail of IndiGrid's activities or any matter which may be related to the conduct of the business of IndiGrid and which information may, in the opinion of the Investment Manager adversely affect the interest of other Unitholders.

(xxii) The Investment Manager may buyback the Units from the Unitholders at the end of the Term of IndiGrid or in any other manner in accordance with applicable law, if so directed by the Trustee.

(xxiii) The Investment Manager shall also have the following powers and authorities:

(a) to institute, conduct, compromise, compound, or abandon any legal proceedings for or on behalf of or in the name of IndiGrid, and to defend, compound or otherwise deal with any such proceedings against IndiGrid or the Investment Manager or its officers or concerning the affairs of IndiGrid, and also to compound and allow time for payment or satisfaction of any equity due and of any claims or demands by or against IndiGrid and to refer any differences to arbitration and observe and perform any awards thereof;

(b) to make and give receipts, releases and other discharges for moneys payable to IndiGrid and for the claims and demands of IndiGrid;

(c) to enter into all such negotiations and contracts, and, execute and do all such acts, deeds and things for or on behalf of or in the name of IndiGrid as the Investment Manager may consider expedient for or in relation to any of the matters or otherwise for the purposes of IndiGrid;

(d) to ascertain, appropriate, declare and distribute or reinvest the surplus generally or under IndiGrid, to determine and allocate income, profits and gains and expenses in respect of IndiGrid to and amongst of the Unitholders, to carry forward, reinvest or otherwise deal with any surplus and to transfer such sums as the Investment Manager may, deem fit to one or more reserve funds which may be established by the Investment Manager;

(e) to open one or more bank accounts for the purposes of IndiGrid, to deposit and withdraw money and fully operate the same;

(f) to sign, seal, execute, deliver and register according to law all deeds, documents, and assurances in respect of IndiGrid;

(g) pay out of the income of IndiGrid after deducting all expenses, the income and other distributions in accordance with the InvIT Regulations;

(h) take into their custody and/or control all the capital, assets, property of IndiGrid and hold the same in trust for the Unitholders in accordance with the Deed and the InvIT Regulations;

(i) generally to exercise all such powers as it may be required to exercise under the InvIT Regulations for the time being in force and do all such matters and things as may promote the investment objectives of IndiGrid or as may be incidental to or consequential upon the discharge of its functions and the exercise and enforcement of all or any of the powers and rights under the Investment Management Agreement and the InvIT Regulations.

B. *Duties of the Investment Manager*

The Investment Manager shall perform its duties as required under the Investment Management Agreement in accordance with the InvIT Regulations, including but not limited to:

(i) The Investment Manager shall coordinate with the Trustee, as may be necessary, with respect to the operations of IndiGrid.

(ii) The Investment Manager shall ensure that the valuation of InvIT Assets is done by the valuer(s) in accordance with Regulation 21 of the InvIT Regulations.

(iii) The Investment Manager shall arrange for adequate insurance coverage for InvIT Assets in accordance with Regulation 10(7) of the InvIT Regulations. The Investment Manager shall ensure that assets held by the SPVs are adequately insured.

(iv) The Investment Manager shall maintain proper books of accounts, documents and records with respect to IndiGrid, in the manner set out in the Deed, to give a true, fair and accurate account of the investments, expenses, earnings, profits etc. of IndiGrid. The financial year of the InvIT shall begin from the date of the Deed and shall end on the immediately succeeding March 31 and on the anniversary thereof in each succeeding year unless otherwise determined. The Investment Manager shall ensure that audit of the accounts of IndiGrid by the auditors is undertaken in accordance with the InvIT Regulations and such report is submitted to the designated stock exchange within the time stipulated by the designated stock exchange, if any, and in accordance with the InvIT Regulations.

(v) The Investment Manager shall declare distributions to Unitholders in accordance with Regulation 18 of the InvIT Regulations. Subject to Applicable Law, such percentage of the net distributable cash flows of the SPVs, shall be distributed to IndiGrid, in terms of the InvIT Regulations. The distributions shall be made within the time period prescribed by the InvIT Regulations.

(vi) The Investment Manager shall convene meetings of the Unitholders in accordance with Regulation 22 of the InvIT Regulations and maintain records pertaining to the meetings in accordance with Regulation 26 of the InvIT Regulations.

(vii) The Investment Manager shall intimate the Trustee prior to any Change in Control of the Investment Manager to enable the Trustee to seek prior approval from the Unitholders and SEBI in this regard and shall ensure that no such change is given effect to, until the approval of the Unitholders and SEBI has been obtained, or this Agreement is terminated and a new investment manager has been appointed in accordance with the terms hereof, or in compliance with any other requirement under the InvIT Regulations and Applicable Law.

(viii) The Investment Manager will monitor IndiGrid, including monitoring current and projected financial position of IndiGrid and the InvIT Assets including the SPVs. The Investment Manager shall place before its board of directors, a report on the activity and performance of IndiGrid in accordance with the InvIT Regulations. The Investment Manager shall designate an employee from the team or director as the compliance officer for monitoring of compliance with the InvIT Regulations and any circulars or guidelines issued thereunder and intimating SEBI in case of non-compliance.

(ix) The Investment Manager shall maintain records pertaining to the activity of IndiGrid in terms of Regulation 26 of the InvIT Regulations.

(x) The Investment Manager shall manage IndiGrid in accordance with the InvIT Regulations and the investment objectives of IndiGrid, and shall ensure that the investments made by IndiGrid are in accordance with the investment conditions enumerated in Regulation 18 of the InvIT Regulations and in accordance with the investment objectives.

(xi) The Investment Manager shall review the transactions carried out between the Project Manager and its Associates and where the Project Manager has advised that there may be a conflict of interest, shall obtain confirmation from a practicing chartered accountant that such transaction is on an arm’s length basis.

(xii) The Investment Manager shall ensure adequate and timely redressal of all Unitholders' grievances pertaining to the activities of IndiGrid.

(xiii) The Investment Manager shall submit to the Trustee: (a) quarterly reports on the activities of IndiGrid including receipts for all funds received by it and for all payments made, status of compliance with the InvIT Regulations, specifically Regulations 18, 19 and 20 of the InvIT Regulations, performance report, status of development of under-construction projects, within the time period specified under the InvIT Regulations; (b) valuation reports as required under the InvIT Regulations within the time period specified under the InvIT Regulations; (c) proposal to acquire or sell or develop or bid for any asset or project or expand existing completed assets or projects along with rationale for the same; (d) details of any action which requires approval from the Unitholders as may be specified under the InvIT Regulations; (e) details of transactions it enters into with its Associates; (f) details of any other material fact including change in its directors, change in its shareholding, change in control of the Investment Manager, any legal proceedings that may have a significant bearing on the activity of IndiGrid, within seven working days of such action; and (g) such information, document and records as pertaining to the activities of IndiGrid as may be reasonably necessary for the Trustee with respect to its responsibilities under the Deed or the InvIT Regulations. In the event of failure of the Investment Manager to submit information or reports as specified above in a timely manner and in terms of the InvIT Regulations, the Trustee shall intimate SEBI.

(xiv) The Investment Manager shall be responsible for all activities pertaining to the issue and listing of the Units of IndiGrid in accordance with Applicable Law including: (a) filing of offer document with SEBI; (b) filing the draft and final offer document with SEBI and the stock exchanges within the prescribed time period; (c) dealing with all matters up to allotment of Units to the Unitholders; (d) obtaining in-principle approval from the designated stock exchange; and (e) dealing with all matters relating to the issue and listing of the Units of IndiGrid as specified under Chapter IV of the InvIT Regulations and any guidelines as may be issued by SEBI in this regard.

(xv) The Investment Manager is also responsible to ensure that the disclosures made in any offer document or offer document contain material, true, correct and adequate disclosures and are in accordance with the InvIT Regulations and Applicable Law, and such offer document or placement memorandum should not contain any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading

(xvi) In case of occurrence of any event specified in Regulations 17(1)(a) to 17(1)(g) of the InvIT Regulations, the Investment Manager shall apply for delisting of units of IndiGrid to SEBI and the designated stock exchange in accordance with the InvIT Regulations and applicable law.

(xvii) The Investment Manager shall within the time period prescribed under the InvIT Regulations, submit an annual report to all the Unitholders electronically or provide physical copies and to the designated stock exchanges.

(xviii) The Investment Manager shall, in accordance with the requirements of the InvIT Regulations and other Applicable Laws, including any requirements prescribed by SEBI or the stock exchanges from time to time, disclose half-yearly reports within the time period prescribed under the InvIT Regulations to stock exchanges and provide any information having bearing on the operation or performance of IndiGrid as well as price sensitive information and other information that is required in terms of the InvIT Regulations and applicable law.

(xix) Without prejudice to any other provision of the Investment Management Agreement, the Investment Manager will also have the following duties and obligations:

(a) ensure that computation and declaration of net asset value of IndiGrid is based on the valuation done by the valuer in accordance with the InvIT Regulations;

(b) maintain regular interaction with the Trustee on performance of IndiGrid and providing the Trustee with any information in relation to the operations of IndiGrid as maybe required;

(c) conducting its affairs and the affairs of IndiGrid in such a manner that no Unitholder will have any personal liability (except to the extent of their Unitholding, where such Unit is partly paid) with respect to any liability or obligation of IndiGrid;

(d) maintaining relationships with the Unitholders of IndiGrid and keep them updated on investment activities of IndiGrid in accordance with the terms of the InvIT documents;

(e) collecting all dividends, fee, property and other payments due and receivable by IndiGrid declaring distribution to the Unitholders in the manner set out in the Amended and Restated Trust Deed and in terms of the InvIT Regulations;

(f) to ensure that no commission or rebate or any other remuneration, arising out of transaction pertaining to IndiGrid is collected by the Investment Manager or its Associates, other than as specified in the offer document or any other document as may be specified by SEBI for the purpose of the issue of the units of IndiGrid;

(g) to ensure that InvIT assets including the SPVs, have proper legal titles, to the extent applicable and that all the material contracts entered into on behalf of IndiGrid or IndiGrid's assets are legal, valid, binding and enforceable by and on behalf of IndiGrid;

(h) to ensure that the activities of the intermediaries or agents or service providers appointed by it are in accordance with the InvIT Regulations or any guidelines or circulars issued thereunder;

(i) to ensure that any possible conflict of interest involving its role as Investment Manager is reported to the Trustee;

(j) to ensure that disclosures or reporting to Unitholders, SEBI, the Trustee and the designated stock exchange(s) are in accordance with the InvIT Regulations and any other applicable law;

(k) provide SEBI, the designated stock exchanges and Trustee, where applicable, such information as may be sought by SEBI or by the designated stock exchanges or Trustee pertaining to the activity of IndiGrid;

(l) to inform the Trustee in writing about any change in the representations and warranties provided by it under the Investment Management Agreement during the term of the Investment Management Agreement; and

(m) taking any other actions reasonably incidental to any of the foregoing or necessary or convenient in order to fully effect or evidence any action or transaction contemplated under the Investment Management Agreement.

(xx) The Investment Manager shall provide to the Trustee such assistance as may be required by the Trustee in fulfilling its obligation towards IndiGrid under Applicable Law or as may be required by any regulatory authority with respect to IndiGrid.

C. *Liabilities of the Investment Manager*

The liabilities of the Investment Manager in terms of the Investment Management Agreement are as follows:

(i) The Investment Manager shall not be liable in respect of any action taken or damage suffered by it on reliance upon any notice, resolution, direction, consent, certificate, affidavit, statement, certificate of stock, plan of reorganization or (without being limited in any way by the foregoing) other paper or document believed to be genuine and to have been passed, sealed or signed by appropriate authorities or entities.

(ii) The Investment Manager shall not be liable to the Unitholders for doing or failing to do any act or thing which by reason of any provision of any present or future law or regulation made pursuant thereto, or of any decree, order or judgment of any court, or by reason of any request announcement or similar action (whether of binding legal effect or not) which may be taken or made by any person or body acting with or purporting to exercise the authority of any government (which legally or otherwise) it shall be directed or requested to do or perform or to forbear from doing or performing. If for any reason it becomes impossible or impracticable to carry out any of the provisions of these presents, the Investment Manager shall not be under any liability therefore or thereby. However, it shall duly inform the Trustee and the Unitholders of the same.

(iii) If the Investment Manager is required by the InvIT Regulations or any applicable law to provide information regarding IndiGrid and/or the Unitholders, InvIT investments and income therefrom and provisions of these presents and complies with such request in good faith, whether or not it was in fact enforceable, the Investment Manager shall not be liable to the Unitholder or any of them or to any other party as a result of such compliance or in connection with such compliance.

(iv) The Investment Manager shall not incur any liability for any act or omission which may result in a loss to a Unitholder (by reason of any depletion in the value of InvIT Assets or otherwise), except in the event that such loss is a result of fraud or negligence or default on the part of the Investment Manager, or where the Investment Manager fails to exercise due care in relation to its obligations under the Investment Management Agreement.

(v) If the distributions are not made within the period prescribed in the InvIT Regulations, the Investment Manager shall be liable to pay interest to the Unitholders at the rate as may be prescribed in the InvIT

Regulations until the distribution is made and such interest shall not be recovered in the forms of fee or any other form payable to the Investment Manager by IndiGrid.

(vi) The Investment Manager shall be liable to any Unitholder for the authenticity of any signature or of any seal affixed to any endorsement or other document affecting the title to or the transmission of Units or interests in IndiGrid or of any investments of the InvIT or be in any way liable for any forged or unauthorized signature or seal affixed to such endorsement, transfer or other document or for acting upon or giving effect to any such forged or unauthorized signature or seal. The Investment Manager shall be bound to require that the signature of any Unitholder to any document required to be signed by such Unitholder, under or in connection with these presents shall be verified to its reasonable satisfaction.

Further, in terms of the Investment Management Agreement, in addition to the fees, distributions and expense reimbursements herein described, the Trustee shall, from the InvIT Assets, indemnify and hold harmless the Investment Manager and its respective officers, directors, shareholders, partners, members, employees, advisors and agents ("**Indemnified Parties**") from and against any claims, losses, costs, damages, liabilities, suits, proceedings and expenses, including legal fees ("**Losses**") suffered or incurred by them by reason of their activities on behalf of IndiGrid, unless such Losses have resulted from fraud, negligence, dishonest acts of commissions or omissions, reckless disregard of duty or breach of duties under the Investment Management Agreement and applicable law and wilful misconduct of the Indemnified Parties.

The Trustee, its directors, employees, officers ("**Trustee Party**") shall be indemnified by the Investment Manager against any and all direct and actual losses, actions, claims, suits, proceedings, damages, liabilities, costs and expenses including legal fees, incurred or suffered by the Trustee Party in connection with the breach of any of the terms of the Investment Management Agreement by the Investment Manager, or failure in furnishing information required by SEBI or any regulatory authority with respect to IndiGrid, or furnishing wrong information by the Investment Manager under the InvIT Regulations or related to IndiGrid including in any offer documents, or arising out of gross negligence, wilful default or misconduct or fraud on part of the Investment Manager, in carrying out its obligations under the Investment Management Agreement, the Amended and Restated Trust Deed, other InvIT documents, any information memorandum / offer documents and Applicable Law. The Trustee acknowledges and agrees that the aggregate maximum liability of the Investment Manager in each financial year, shall be limited to the aggregate fees payable to the Investment Manager for the immediately preceding two financial years, in accordance with the terms of the Investment Management Agreement, provided that such aggregate maximum liability shall not be applicable in the event such liability of the Investment Manager to indemnify the Trustee Party arises in connection with any gross negligence, wilful default or misconduct or fraud of the Investment Manager.

The Investment Management Agreement is effective from the date of execution of the Investment Management Agreement and shall terminate in accordance with the terms of the Investment Management Agreement. The appointment of the Investment Manager may be terminated by the Trustee or the Unitholders, in accordance with the procedure specified under the InvIT Regulations.

Unitholding of the Investment Manager

For details of the Units held by the Investment Manager, please see the sections entitled "*Information Regarding the Units – Unitholding of the Sponsors, Investment Manager, Project Manager and Trustee*" on page 215.

E. The Project Manager

Sterlite Power Transmission Limited

History and Certain Corporate Matters

Sterlite Power Transmission Limited is the Project Manager in respect of the Portfolio Assets of IndiGrid (other than for JKTPL and PrKTCL). For details, please see the section entitled "*Parties to IndiGrid – The Sterlite Sponsor – Sterlite Power Transmission Limited*" on page 98.

Background of the Project Manager

Our Project Manager is one of the leading power transmission companies in the private sector. For details, please see the section entitled "*Parties to IndiGrid – The Sterlite Sponsor – Sterlite Power Transmission Limited*" on page 98.

Neither the Project Manager nor any of the promoters or directors of the Project Manager (i) is debarred from accessing the securities market by SEBI; (ii) is a promoter, director or person in control of any other company or a sponsor, investment manager or trustee of any other infrastructure investment trust or an infrastructure investment trust which is debarred from accessing the capital market under any order or direction made by SEBI; (iii) is in the list of wilful defaulters published by the RBI; or (iv) are Fugitive Economic Offenders.

Key terms of the Project Implementation and Management Agreement

The Project Manager has entered into the Project Implementation and Management Agreement, in terms of the InvIT Regulations, which provides the scope of services, functions, duties and responsibilities of the Project Manager.

The functions, duties and responsibilities of the Project Manager in terms of the Project Implementation and Management Agreement and the InvIT Regulations are as follows:

(i) The Project Manager shall undertake implementation, development, maintenance, operation and management of IndiGrid's assets including making arrangements for the appropriate maintenance, either directly or through the appointment and supervision of agents, if any, as may be necessary for discharge of its duties under the terms of the Project Implementation and Management Agreement, the O&M agreements (including the Transmission Services Agreements) and under the InvIT Regulations.

(ii) The Project Manager shall, either directly or through appropriate agents, oversee the progress of development, approval status and other aspects of InvIT assets that may be under development or, of any new projects, until its completion in accordance with any agreement that may be entered into in this regard, including the supervision of agents appointed for such purpose.

(iii) The Project Manager shall discharge all obligations in respect of achieving timely completion of the infrastructure projects, wherever applicable, implementation, development, maintenance, operation and management of the infrastructure projects in terms of the O&M agreements, the Project Implementation and Management Agreement and the InvIT Regulations.

(iv) The Project Manager shall provide compliance certificate(s), as may be specified, to the Investment Manager and the Trustee in accordance with the InvIT Regulations, in the form prescribed by SEBI, if any.

(v) The Project Manager provide the Investment Manager details of transactions carried out between itself and its associates and disclose any conflict of interest in such cases to the Investment Manager, in accordance with the InvIT Regulations.

(vi) The Project Manager shall intimate the Trustee prior to any change in control of the Project Manager to enable the Trustee to seek approval from the relevant authority in accordance with the TSAs or other project documents pertaining to the InvIT Assets, if applicable.

(vii) The Project Manager shall provide to the Trustee and Investment Manager or to such other person as the Trustee and/or the Investment Manager may direct, all information that may be necessary for each of them to maintain the records of IndiGrid and as may be required for making submissions to SEBI or other Governmental authority, including with respect to relevant approvals, consents and other documents required in relation to the project and the reporting requirements under the InvIT Regulations, in a proper and timely manner, and in the format prescribed (if any), as required by the Trustee and /or Investment Manager.

(viii) The Project Manager shall appoint one of its qualified employees reasonably acceptable to the Investment Manager and the each of the Portfolio Assets with adequate and appropriate experience as a principal contact for the board of directors of each Portfolio Asset, the Trustee and the Investment Manager in relation to the project and the services. The Project Manager shall have full authority, to receive directions and instructions from each Portfolio Asset and to take action in relation to and ensure compliance with such directions and instructions and report back to each Portfolio Asset, Trustee and the Investment Manager.

(ix) The Project Manager shall at all time ensure that the transactions or arrangement entered into by the Project Manager with a related party is on an arm's-length basis.

(x) The Project Manager shall promptly inform the parties to the Project Implementation and Management Agreement in writing of any act, occurrence or event, which the Project Manager believes is reasonably likely to increase the cost of or the time for implementation taken in relation to a project, or materially to change the financial viability, quality or function of the project.

(xi) If any defects are found in the maintenance, materials and workmanship of the services provided under the Project Implementation and Management Agreement by the Project Manager and/or by the agents, the Project Manager shall promptly, in consultation and agreement with the other parties to the Project Implementation and Management Agreement regarding appropriate remedying of the defects, and at its own cost, repair, replace or otherwise make good (as any Portfolio Asset shall, at its discretion, determine) such defects as well as any damage caused by such defect.

(xii) The Project Manager shall be liable to the other parties to the Project Implementation and Management Agreement for any direct loss or damage attributable to the non-performance or breach of the obligations of the Project Manager including those of the agents, under the Project Implementation and Management Agreement. Except as set out in the Project Implementation and Management Agreement, the Trustee and the Investment Manager acknowledge and agree that the aggregate maximum liability of the Project Manager shall be limited to the fee payable to the Project Manager in accordance with the terms of the Project Implementation and Management Agreement.

(xiii) The duties of Project Manager shall also include the following:

(a) supervision of revenue streams from IndiGrid's assets and providing the necessary certification as may be required under applicable laws and the InvIT Regulations;

(b) execution and completion of activities in relation to InvIT Assets under development in accordance with and in the manner contemplated in any agreement entered into by InvIT Assets;

(c) exercise diligence and vigilance in carrying out its duties and protecting InvIT Assets;

(d) keeping the Investment Manager informed on all matters which have a material bearing on the operations of InvIT Assets;

(e) liaising with governmental authorities in respect of its obligations under the Project Implementation and Management Agreement and the O&M Agreements;

(f) take appropriate measures to mitigate the risks which may be encountered by the InvIT in respect of InvIT Assets;

(g) keep proper records for actions taken in respect of IndiGrid's assets; and

(h) complying with the instructions of the Investment Manager and the Trustee and the provisions of the InvIT Regulations.

(xiv) The parties to the Project Implementation and Management Agreement may, from time to time, agree to provisions for additional services to be rendered by the Project Manager. If, in the assessment of the Project Manager, additional services are required for the purposes of carrying out its duties and obligations under the Project Implementation and Management Agreement, the O&M agreements and applicable law, the Project Manager shall notify the parties to the Project Implementation and Management Agreement in writing of such requirement and obtain prior written approval of the Parties in this regard.

(xv) In case of any inconsistency or discrepancy between the Project Implementation and Management Agreement and the O&M agreements, the Project Manager shall bring the same into the notice of the Trustee. The Trustee, in consultation with the Investment Manager, shall issue instructions for resolving the inconsistency. The Project Manager shall be bound to comply with the instructions of the Trustee.

(xvi) Notwithstanding anything to the contrary contained in the Project Implementation and Management Agreement, nothing contained in the Project Implementation and Management Agreement shall be construed to limit or restrict the performance of any duties or obligations of the Project Manager, Investment Manager or the Trustee contained in the InvIT Regulations and other applicable law.

(xvii) During the term of the Project Implementation and Management Agreement, in the event the representations provided by the Project Manager under the Project Implementation and Management Agreement, become untrue or incorrect or incomplete in any respect, the Project Manager shall, within a reasonable time, inform the Trustee and Investment Manager of such event.

Further, in terms of the Project Implementation and Management Agreement, Trustee, the Investment Manager and their respective directors, employees, officers and the InvIT ("**Indemnified Parties**") shall be indemnified by the Project Manager against any claims, losses, costs, damages, liabilities and expenses, including legal fees from and incurred or suffered by the Indemnified Parties in connection with the breach of any of the terms of the Project Implementation and Management Agreement by the Project Manager, or failure in furnishing information required by SEBI or any regulatory authority with respect to IndiGrid, or furnishing wrong information by the Project Manager under the InvIT Regulations or related to IndiGrid including in any offer documents, or arising out of gross negligence, willful default or fraud on part of the Project Manager, in carrying out its obligations under the Project Implementation and Management Agreement, the other InvIT documents in relation to IndiGrid as specified under the Project Implementation and Management Agreement, information memorandum / offer documents and applicable law. The Trustee and the Investment Manager acknowledge and agree that the aggregate maximum liability of the Project Manager in each financial year shall be limited to the fees payable to the Project Manager in such financial year in accordance with the terms of the Project Implementation and Management Agreement.

The Project Implementation and Management Agreement shall remain effective, unless terminated by the parties in accordance with the provisions of the Project Implementation and Management Agreement or extended by mutual consent expressed in writing by the Parties to the Project Implementation and Management Agreement, for the period that the Transmission Agreements are in force.

IndiGrid Limited

IndiGrid Limited is the Project Manager for two of our Portfolio Assets, JKTPL and PrKTCL. For further details please see the section entitled "*Description of Portfolio Assets – IndiGrid Limited*" on page 23.

Neither IGL nor any of the promoters or directors of IGL (i) is debarred from accessing the securities market by SEBI; (ii) is a promoter, director or person in control of any other company or a sponsor, investment manager or trustee of any other infrastructure investment trust or an infrastructure investment trust which is debarred from accessing the capital market under any order or direction made by SEBI; (iii) is in the list of wilful defaulters published by the RBI; or (iv) are Fugitive Economic Offenders.

(i). Operation and Maintenance Contract with JKTPL

JKTPL (the "**Employer**") and IndiGrid Limited (the "**Contractor**") entered into an operation and maintenance contract dated September 28, 2020 (the "**O&M Agreement**"). The Employer is engaged in the business of power transmission and has been awarded the 400 kV Jhajjar power transmission system project - PPP - 1 (the "**Project**") by HVPNL, pursuant to the JKTPL TSA.

Services: Pursuant to the O&M Agreement, the Employer has appointed the Operator to operate and maintain the Transmission System, as defined in the O&M Agreement (the "**Transmission System**") and provide operation and maintenance services in relation to the Project thereto (collectively, the "**O&M Services**"), in accordance with the terms and conditions set out in the O&M Agreement.

Scope of work: The indicative scope of work for the Contractor, as set out in the O&M Agreement is as follows:

(a). ensuring safe, smooth, and uninterrupted flow of electricity on the Transmission System during normal operating conditions;

(b). undertaking operation and maintenance of the Transmission System in an efficient, coordinated and economical manner, in accordance with applicable laws, JKTPL TSA and as specified in the O&M Agreement;

(c). procuring that the availability of the system capacity is not less than the normative availability;

(d). minimising disruption to the Transmission System in the event of accidents or other incidents affecting the safety and use of the Transmission System by providing rapid and effective response and maintaining liaison with emergency services of the state;

(e). carrying out periodic preventive maintenance of the Transmission System in accordance with the maintenance program;

(f). undertaking routine maintenance in accordance with the maintenance program, including prompt repairs of all components of the Transmission System so as to ensure compliance with the maintenance requirements and the specifications and standards, as specified in the O&M Agreement;

(g). undertaking major maintenance such as essential replacement (including line replacement), repairs to structures, repairs to substation parts and other general repairs;

(h). Preventing, with the assistance of the concerned law enforcement agencies, any encroachments on the Transmission System and the Licensed Premises (as defined in the O&M Agreement);

(i). protection of the environment and provision of equipment and materials therefore;

(j). operation and maintenance of all communication, control, and administrative systems necessary for the efficient operation of the Transmission System;

(k). maintaining a public relations unit to Interface with and attend to suggestions from the users, government agencies, media and other agencies,

(l). complying with the safety requirements in accordance with the JKTPL TSA;

(m). operation and maintenance of all project assets diligently and efficiently and in accordance with good industry practice;

(n). maintaining reliability in operating the Transmission System;

(o). modify, repair or otherwise make improvements to the Transmission System to ensure normative availability;

(p). taking all Applicable Permits (as defined in the O&M Agreement);

(q). providing all tools, tackles, equipment's, material, labour, skill and all other resources for required for maintaining availability, reliability and meeting emergency conditions;

(r). deploying adequate security staff for ensuring ward and watch of all project assets;

(s). deploying adequate skilled and unskilled workforce, in required shifts, to ensure round the clock maintenance and supervision as per the maintenance manuals / SOP of preventive maintenance and maintenance requirement;

(t). undertaking any additional responsibility or carry out such work as may be specified by the government instrumentality or the authority; and

(u). acting as the project manager for the implementation, development, maintenance, operation and management of the Project, in accordance with the InvIT Regulations.

Obligations of the Contractor: The obligations of the Contractor, as set out in the O&M Agreement is as follows:

(a). execute the Works (as defined in the O&M Agreement) in accordance with the terms and conditions of the O&M Agreement, JKTPL TSA and applicable laws;

(b). make, or cause to be made, necessary applications to the relevant government instrumentalities with such particulars as may be required for obtaining Applicable Permits, in accordance with the terms and conditions of the O&M Agreement, JKTPL TSA and applicable laws,

(c). procure, as required, the appropriate proprietary rights, licences, agreement and permissions for materials, methods, processes, and systems used or incorporated into the Transmission System;

(d). make reasonable efforts to maintain harmony and good industrial relations among the personnel employed by it or its sub-contractors in connection with the performance of its obligations as specified in the O&M Agreement;

(e). ensure and procure that its sub-contractors comply with all Applicable Permits (as defined in the O&M Agreement) and applicable laws;

(f). not do or omit to any do any act, deed or thing which may in any manner be violative of the provisions of the O&M Agreement and applicable laws;

(g). procure that all equipment and facilities comprising the Transmission System are operated and maintained in accordance with the specifications and standards, maintenance requirements, safety requirements and good industry practice, as specified in the O&M Agreement;

(h). support, cooperate with and facilitate HVPNL, in the implementation and operation of the Project in accordance with the O&M Agreement;

(i). ensure that the personnel engaged by in the performance of its obligations under the O&M Agreement are at all times properly trained for their respective functions;

(j). at its own cost and in accordance with applicable laws, procure the electricity required for consumption at its residential and office premises and for auxiliary consumption of the acquired temporary premises, go-downs and such all the places where ever the condition is applicable;

(k). pay, at all times during the subsistence of the O&M Agreement, all taxes, levies, duties, cesses, and all other statutory charges payable in respect of the O&M Agreement;

(l). pay provident fund, ESI, gratuity & all other statutory charges leviable on deployment of employees and workers;

(m). comply with/provide and/or undertake any other obligation, compliance, reports, certificate or information as requested by India Grid Trust, Axis Trustee Services Limited or Sterlite Investment Managers Limited or as required under the InvIT Regulations; and

(n). ensure co-ordination with other contractors for smooth functioning of Project.

Fees and other expenses: The remuneration, cost and expense for the Independent Engineer and Safety Consultant, each as defined in the O&M Agreement, engaged for the Project by the Employer, would be paid by the Employer and the same would be recovered from the Contractor, as specified in the O&M Agreement. Further, the Contract Price (as defined in the O&M Agreement), shall be payable by the Employer to the Contractor as specified in the O&M Agreement.

Indemnity:

(a). The Contractor will indemnify, defend, save and hold harmless the Employer and its officers, servants, agents, Employer owned and/or controlled entities / enterprises, against any and all suits, proceedings, actions, demands and claims from third parties for any loss, damage, cost and expense of whatever kind and nature, whether arising out of any breach by the Contractor of any of its obligations under O&M Agreement or any related agreement or on account of any defect or deficiency in the provision of services by the Contractor to any user or from any negligence of the Contractor under contract or tort or on any other ground whatsoever, except to the extent that any such suits, proceedings, actions, demands and dams have arisen due to any negligent act or omission, or breach or default of the O&M Agreement on the part of the Employer.

(b). The Employer shall indemnify, defend, save and hold harmless the Contractor against any and all suits, proceedings, actions, demands and claims from third parties for any loss, damage, cost and expertise of whatever kind and nature arising out of defect in title and/or the rights of the Employer in the Project and site comprised in the Project, and/or (1) breath by the Employer of any of its obligations under the O&M Agreement or any related agreement, which materially and adversely affect the performance by the Contractor of its obligations under the O&M Agreement, save and except that where any such claim, suit, proceeding, action, and/or demand has arisen due to a negligent act or omission, or breach of any of its obligations under any provision of the O&M Agreement or any related agreement and/or breach of its statutory duty on the part of the Contractor, its subsidiaries, affiliates, contractors, servants or agents, the same shall be the liability of the Contractor.

(c). The Contractor shall indemnify the Employer specifically for loss of Unitary Charges (as defined in the O&M Agreement)/other revenue payable to the Employer or any penalty payable by the Employer to HVPNL under the JKTPL TSA due to a default under the JKTPL TSA, to the extent that such default can be dearly identified to failure of the respective assets under control of the related O&M Contractor under the O&M Agreement.

Termination

(a). As per the O&M Agreement, it is agreed between the Contractor and the Employer that in the event any party commits material breach of any of the terms and conditions contained in the O&M Agreement, and fails to remedy such breach within a period of 30 days from the date of receiving a notice from the other party in that case the other party shall have the right to terminate the O&M Agreement by giving 30 days notice to the party in breach.

(b). Any compensation payable to the Contractor in case of termination, for reasons not attributable to Contractor's default to perform its obligations under the O&M Agreement, shall be mutually decided among the parties at the time of termination;

(c). The O&M Agreement shall terminate automatically upon termination of the JKTPL TSA. If the termination of the JKTPL TSA is attributable directly or indirectly to Contractor's failure to perform its obligations under the O&M Agreement or any force majeure event the Contractor shall not be entitled to any termination compensation or breakage costs

(d). The Contractor agrees that upon the termination of the JKTPL TSA, directly or indirectly attributable to the Contractor's failure to perform, the Contractor shall be responsible for and shall Indemnify the Employer for

  (i) the amount that HVPNL calls upon the issuing bank to pay under the Performance Security (as defined in the O&M Agreement) and the costs of procuring the Performance Security

(ii) the amount required to discharge the Employer's debt due to the Senior Lenders (as defined in the O&M Agreement), Including the principal, Interest, finance charges, penal interest and any other fees, costs, or charges payable to the Senior Lenders; and

(iii) any amount payable by the Employer to HVPNL for any defects or deficiencies in the Works.

(ii). Work Order with PrKTCL

PrKTCL (the "**Owner**") issued a work order to IndiGrid Limited (the "**Service Provider**") dated March 2, 2021 (the "**Work Order**").

Services: The Work Order has been issued to the Service Provider for providing services in connection with the operations of a project, comprising the inter-state transmission system for evacuation of power from the Parbati-II HEP implemented by NHPC Limited and Koldam HEP implemented by NTPC Limited (the "**Project**"), in accordance with the Work Order.

Scope of work: The indicative scope of work for the Service Provider shall include, amongst others, (i) routine and preventive maintenance, (ii) corrective maintenance, (iii) emergency response, (iv) certain project manager responsibilities such as implementation, development, maintenance, operation and management of the Project, pursuant to the InvIT Regulations, (v) document management system, (vi) compliance management, (vii) operational excellence, (viii) regulatory support, (ix) IT systems support, and further as specified in the Work Order (the "**Services**").

Obligations of the Service Provider: The obligations of the Service Provider, as set out in the Work Order is as follows:

(a). Service Provider warrants that all Services shall be in accordance with currently accepted professional engineering standards and practices for services of a similar nature. Any nonconformances to the currently accepted prudent practices shall be immediately informed to Owner. In case of major non-conformance materially impacting safety and quality of equipment and personnel, same has to be communicated at the earliest but not later than 2 hours from the time of such finding.

(b). Services shall be complete, accurate and correct in all the respect. If during the discharge of the Services, any of the information or the report review supplied by the Service Provider is found to be incomplete and incorrect, it will be completed or, as the case may be, corrected by Service Provider without any additional chaise to the Owner.

(c). If any Services, prove to be deficient in that they fail to meet the requirement of codes and/or standards set forth in the specifications, or any engineering information proves to be incomplete or incorrect, then Service Provider shall correct the said deficient services as necessary to remedy the defect without any additional charge to the Owner. The Service Provider shall furnish the Owner such information relating to the Services from time to time and upon reasonable request. In case the change in scope is of major and fundamental nature, proper compensation shall be mutually agreed upon based on re- execution or modification work. However, minor changes shall be accommodated by the Service Provider without change in price.

(d). In rendering the Services, the Service Provider undertakes that:

(i). It shall comply with Owner's internal policies including Owner's code of conduct/ethics and insider trading code of the Owner (as may be delivered by Owner to the Service Provider or as published on its website) and ensure that it renders its obligations to the satisfaction of Owner;
(ii). It holds all valid licenses, registration and permissions that arc required under the applicable laws for carrying out the Services;
(iii). It will comply with applicable Union, State and local laws, ordinance, regulations in performing its obligations including procurement of licenses, permissions, certificates, etc, and payment of taxes, if required;
(iv). It will provide regular updates at such intervals as may be specified by Owner with respect to Services provided in terms of the Work Order;
(v). It shall ensure that the Services rendered to Owner arc of high order, quality and standard, performance which must be commensurate with the expectations of Owner;
(vi). It shall not use the name and/or logo of Owner in any manner cither for credit arrangements or otherwise. It is agreed that Owner will not in any way be responsible for the debts, liabilities or obligations of the Service Provider and/or his employees or agents or services.
(vii). It shall render the Services in a lawful manner;

(viii). It shall perform and observe all rules and regulations of Owner as may be applicable;
(ix). It shall not do or cause to be done anything, which is prejudicial to the interest of Owner or whereby the business or reputation of Owner may be injured or damaged;
(x). It shall not assign the Work Order and or any of its obligations under the Work Order to any third party without the prior written consent of Owner;
(xi). It shall not enter into any agreement with any contractor or sub-contractor in connection with the Services to be provided under the terms of the Work Order without the prior written consent of Owner; and
(xii). It shall in a proficient and diligent manner perform all the Services.

Indemnity: As per the Work Order, the Service Provider has agreed to indemnify the Owner and its directors, executives, employees and agents and to keep them fully indemnified against all losses, damages, harm or injury which Owner/or and its directors, executives, employees and agents may suffer due to or in connection with:

(i). reasons or acts of omission or commission attributable to the Service Provider and the employees or personnel deputed by the Service Provider,
(ii). breach or non-performance by the Service Provider of any of their obligations or duties or covenants under the Work Order,
(iii). suits, proceedings, claims, demands or actions of any nature which may be filed against Owner and/or its directors, executives, employees and agents by any third party in connection with the Services provided or any worker or agent of the Service Provider;
(iv). the representations or warranties made by the Service Provider to Owner being untrue, incorrect or misleading;
(v). non-observance or non-performance by the Service Provider of the terms, conditions, agreements and provisions contained in the Work Order and/or the statutory rules and regulations applicable and in force, from time to time, for carrying out its obligations under the Work Order; or
(vi). any damage caused to the Products while the Service Provider is performing the Services.

The indemnity given by the Service Provider as specified in the Work Order, shall not be affected by; (i) the termination of the Work Order; (ii) the Service Provider being wound up or liquidated or amalgamated with any other company; (iii) any of the terms and/or conditions of the Work Order being changed or altered; and (iv) any time being given for performance as a result of breach on part of the Service Provider being waived by Owner.

Termination: As per the Work Order, the Owner has the right to terminate the Work Order upon notice of fifteen (15) days or upon appointment of a new service provider/ project manager (whichever is later) in the event of:

(i). failure of Service Provider to perform the Services in accordance with the terms of the Work Order and to the entire satisfaction of Owner without any further cost to Owner from the date of notice;
(ii). the Service Provider is unable to pay its debts or becomes insolvent or an order is made or a resolution passed for the administration, winding-up or dissolution of the Service Provider (otherwise than for the purposes of amalgamation or reconstruction) or an administrator or other receiver, manager, trustee, liquidator, administrator, or similar officer is appointed over all or any substantial part of the assets of the Service Provider or the Service Provider enters into or proposes any composition or arrangement with its creditors generally or anything analogous to the foregoing occurs in any applicable jurisdiction;
(iii). the death or incapacity of the principal officer or a partner of the Service Provider if in the opinion of the Owner, the principal officer or partner was mainly responsible to look after the obligations of the Service Provider;
(iv). the failure of the Service Provider to obtain or keep in effect any license or permit required by state or local laws for performance of the Service Provider's obligation under the Work Order or suffers violation of any law, ordinance, rule or regulation of any governmental agency in connection with Services conducted by the Service Provider;
(v). the filing of or conviction of the Service Provider or any of its partners or principal officers or officers or managers of any crime involving moral turpitude or felony or any other crime or offense that is likely to adversely affect the reputation of Owner;
(vi). assignment or an attempt to assign the Work Order without Owner's prior written consent; and
(vii). the representations and warranties made by the Service Provider under the Work Order are false or misleading.

In any such event, Owner shall be entitled to get the work completed through any third party at the risk and cost of Service Provider and recover the amount from the amounts payable to Service Provider. If sufficient balance is not available from the amounts remaining to be paid to Service Provider, then Owner may recover the amount through *other* means.

Notwithstanding anything contained in the Work Order, the Owner may also terminate the Work Order or all or any part of the Services for convenience or on being instructed so by Axis Trustee Services Limited at any time *without* assigning any reason by providing Service Provider with thirty (30) days prior written notice of termination specifying a termination date. Upon termination of the Work Order pursuant this clause, Owner shall pay to Service Provider the charges incurred up to the date of termination for the Services, together with any other payments due and payable in accordance with the provisions of the Work Order subject to the right to set off or adjust any amounts that may be due to Owner by the Service Provider. The Service Provider shall continue to be liable for all its acts of omissions and commissions for the period during which it served as the Service Provider until cessation of work. Further, the terms of nature that are intended to survive the expiry or termination of the Work Order, shall continue to survive.

OTHER PARTIES INVOLVED IN INDIGRID

The Auditor

Background and terms of appointment

The Investment Manager, in consultation with the Trustee, has appointed S R B C & CO LLP, Chartered Accountants (Firm Registration No. 324982E/E300003) with effect from November 7, 2016, as the auditors of IndiGrid for a period of five years, subject to approval of the Unitholders each year. The Auditors have audited the Consolidated Financial Statements, which have been included in this Draft Letter of Offer.

For further details regarding the policy adopted by the Investment Manager on appointment of the auditors, please see the section entitled "*Corporate Governance - Policies of the Board of Directors of the Investment Manager in relation to IndiGrid*" on page 135.

Functions, Duties and Responsibilities of the Auditor

The functions, duties and responsibilities of the Auditor will be in accordance with the InvIT Regulations. Presently, in terms of the InvIT Regulations, the Auditor is required to comply with the following conditions at all times:

1. the Auditor shall conduct audit of the accounts of IndiGrid and draft the audit report based on the accounts examined by him and after taking into account the relevant accounting and auditing standards, as may be specified by SEBI;

2. the Auditor shall, to the best of his information and knowledge, ensure that the accounts and financial statements give a true and fair view of the state of the affairs of IndiGrid, including profit or loss and cash flow for the period and such other matters as may be specified;

3. the Auditor shall have a right of access at all times to the books of accounts and vouchers pertaining to activities of IndiGrid;

4. the Auditor shall have a right to require such information and explanation pertaining to activities of IndiGrid as he may consider necessary for the performance of his duties as auditor from the employees of IndiGrid or parties to IndiGrid or the holdco or the special purpose vehicles or any other person in possession of such information.

The Valuer

Background and terms of appointment

The Investment Manager, in consultation with the Trustee, has appointed S Sundararaman (IBBI Registration No. IBBI/RV/06/2018/10238) with effect from April 1, 2020, as the valuer of IndiGrid, until the conclusion of the next annual general meeting. In accordance with the InvIT Regulations, the Valuer has undertaken a full valuation of the Portfolio Assets, and the report in relation to such valuation as on December 31, 2020 is available at www.indigrid.co.in. Further, in accordance with the InvIT Regulations, the Valuer has undertaken a full valuation of NER, which is proposed to be acquired by IndiGrid, and his report in relation to such valuation as on December 31, 2020 has been included in this Draft Letter of Offer. The valuation report of all Portfolio Assets is available at https://www.indigrid.co.in/index.html.

For further details regarding the policy adopted by the Investment Manager on appointment of the valuer, please see the section entitled "*Corporate Governance - Policies of the Board of Directors of the Investment Manager in relation to IndiGrid*" on page 135.

Functions, Duties and Responsibilities of the Valuer

The functions, duties and responsibilities of the Valuer will be in accordance with the InvIT Regulations. Presently, in term s of the InvIT Regulations, the Valuer is required to comply with the following conditions at all times:

1. the Valuer shall ensure that the valuation of IndiGrid assets is impartial, true and fair and is in accordance with Regulation 21 of the InvIT Regulations;

2. the Valuer shall ensure that adequate and robust internal controls to ensure the integrity of its valuation reports;

3. the Valuer shall ensure that it has sufficient key personnel with adequate experience and qualification to perform valuations;

4. the Valuer shall ensure that it has sufficient financial resources to enable it to conduct its business effectively and meet its liabilities;

5. the Valuer and any of its employees involved in valuing of the assets of IndiGrid, shall not, (i) invest in units of IndiGrid or in the assets being valued; and (ii) sell the assets or units of IndiGrid held prior to being appointed as the

Valuer, until the time such person is designated as Valuer of IndiGrid and not less than six months after ceasing to be Valuer of IndiGrid;

6. the Valuer shall conduct valuation of IndiGrid's assets with transparency and fairness and shall render, at all times, high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgment;

7. the Valuer shall act with independence, objectivity and impartiality in performing the valuation;

8. the Valuer shall discharge its duties towards IndiGrid in an efficient and competent manner, utilizing its knowledge, skills and experience in best possible way to complete a given assignment;

9. the Valuer shall not accept remuneration, in any form, for performing a valuation of IndiGrid's assets from any person other than IndiGrid or its authorised representative;

10. the Valuer shall before accepting any assignment from any related party of IndiGrid, disclose to IndiGrid any direct or indirect consideration which the Valuer may have in respect of such assignment;

11. the Valuer shall disclose to IndiGrid any pending business transactions, contracts under negotiation and other arrangements with the investment manager or any other party whom IndiGrid is contracting with and any other factors that may interfere with the Valuer's ability to give an independent and professional valuation of the assets;

12. the Valuer shall not make false, misleading or exaggerated claims in order to secure assignments;

13. the Valuer shall not provide misleading valuation, either by providing incorrect information or by withholding relevant information;

14. the Valuer shall not accept an assignment which interferes with its ability to do fair valuation;

15. the Valuer shall, prior to performing a valuation, acquaint itself with all laws or regulations relevant to such valuation.

CORPORATE GOVERNANCE

The section below is a summary of the corporate governance framework in relation to IndiGrid, implemented by the Investment Manager and each of the Portfolio Assets.

1. Investment Manager

Board of Directors

Composition of the Board of Directors of the Investment Manager

In addition to the applicable provisions of the Companies Act, the board of directors of the Investment Manager shall adhere to the following:

(a) Not less than 50% of the board of directors of the Investment Manager shall comprise of independent directors and not directors or members of the governing board of an investment manager of another infrastructure investment trust registered under the InvIT Regulations. The independence of directors shall be determined in accordance with the Companies Act and would be determined vis-a-vis each of the Investment Manager and the Sponsors;

(b) The chairperson of the board of directors of the Investment Manager shall be a non-executive independent director;

(c) Collective experience of directors of the Investment Manager shall cover a broad range of commercial experience, particularly experience in infrastructure sector (including the applicable sub-sector), investment management or advisory and financial matters.

For details of the current composition of the board of directors of the Investment Manager, please see the section entitled "*Parties to IndiGrid – Investment Manager – Board of Directors*" on page 110.

Quorum

The quorum of the board of directors of the Investment Manager shall be in accordance with the Companies Act. At least 50% of the directors present shall be independent directors.

Frequency of meetings

The board of directors of the Investment Manager shall meet at least four times every year, with a maximum gap of 120 days between any two successive meetings. Additionally, the board of directors of the Investment Manager, prior to any meeting of the Unitholders, shall approve the agenda for Unitholders' meetings.

Remuneration of Directors

Sitting fee: The directors of the Investment Manager will receive sitting fee for attending board meetings and meetings of the committees, in accordance with the Companies Act.

Other remuneration payable to independent directors: Of the fees payable to the Investment Manager (being 1.75% of the difference between revenue from operations and operating expenses (other than the fee of the Investment Manager) of each Portfolio Asset, per annum), an amount not exceeding 0.4% shall be payable to the independent directors of the Investment Manager ("**Overall Limit**"), as approved by the Unitholders of IndiGrid on September 28, 2020.

The board of directors of the Investment Manager shall confirm to the Trustee that the independent directors being considered for performance remuneration have complied with the following:

(i) The attendance of a particular independent director is not less than 75% or as otherwise specified in the relevant independent director's appointment letter. If an independent director has not achieved the specified attendance, he/ she shall not be entitled to any performance remuneration for the relevant period.

(ii) The independent director(s) have complied with the code of conduct for independent directors as provided under Schedule IV of the Companies Act, 2013 ("**Code of Conduct**"), to the extent the provisions thereof can be applied to IndiGrid. Any independent director considered by the board of directors of the Investment Manager to be in breach of the Code of Conduct shall not be entitled to any performance remuneration.

Upon completion of the evaluation exercise, the board of directors (excluding independent directors) shall approve the performance remuneration payable to each independent director through a unanimous resolution and make a recommendation to the Trustee for the payment of performance remuneration, including the amount payable to each independent director within the Overall Limit approved by the Unitholders of IndiGrid.

The remuneration payable to the independent directors will be within the overall limit of the fee payable to the Investment Manager.

Committees of the board of directors

Name of committee	Composition	Present Members	Quorum	Frequency of meetings
Investment Committee	The Investment Committee shall comprise of directors constituting at least 50% of the board of directors of the Investment Manager. All members, including the chairperson of the Investment Committee shall be independent directors. The company secretary of the Investment Manager shall act as the secretary to the Investment Committee.	Tarun Kataria (Chairperson); Ashok Sethi; Rahul Asthana; Sanjay Nayar and Pratik Agarwal.	The quorum shall be at least 50% of the number of members of the Investment Committee and subject to a minimum of two members.	The Investment Committee shall meet at least four times every year, with a maximum gap of 120 days between any two successive meetings. Additionally, the Investment Committee shall meet prior to any investments or divestments of assets for such number of times as required considering the scope and terms of reference of the Committee.
Audit Committee	The Audit Committee shall comprise of directors constituting at least 50% of the board of directors of the Investment Manager, with at least 50% of the Audit Committee comprising independent directors. The chairperson of the Audit Committee shall be an independent director. All members of the Audit Committee shall be financially literate and at least one member shall have accounting or related financial management expertise. The company secretary of the Investment Manager shall act as the secretary to the Audit Committee.	Tarun Kataria (Chairperson); Ashok Sethi; Rahul Asthana; Sanjay Nayar and Pratik Agarwal.	The quorum shall be at least 50% of the directors, of which at least 50% of the directors present, shall be independent directors and subject to a minimum of two members being present in person.	The Audit committee shall meet at least once in every calendar quarter, with a maximum interval of 120 days between any two consecutive meetings of the Committee, such that at least four meetings are held in each calendar year and further such number of times as required considering the scope and terms of reference of the Committee.
Stakeholders' Relationship Committee	The Stakeholders' Relationship Committee shall comprise of directors constituting at least one third of the board of directors of the Investment Manager, with at least one independent director also being a member of the Stakeholders' Relationship Committee. The chairperson of the Stakeholders' Relationship Committee shall be a non-executive director.	Rahul Asthana (Chairperson); Sanjay Nayar; and Pratik Agarwal.	The quorum shall be at least 50% of the number of members of the Stakeholders' Relationship Committee and subject to a minimum of two members.	The Stakeholders' Relationship Committee shall meet at least two times every year, or as frequently as determined by the board of directors of the Investment Manager or as directed by the Trustee.
Nomination and Remuneration Committee	The Nomination and Remuneration Committee shall comprise of at least three non-executive directors of the board of directors of the Investment Manager, with at least 50% of the members of the Nomination and Remuneration Committee being independent directors. The chairperson of the Nomination and Remuneration Committee shall be an independent director.	Rahul Asthana (Chairperson); Tarun Kataria; Ashok Sethi; Sanjay Nayar and Pratik Agarwal.	The quorum shall be at least 50% of the members of the Nomination and Remuneration Committee and subject to a minimum of two members.	The Nomination and Remuneration Committee shall meet at least two times every year, or as frequently as determined by the board of directors of the Investment Manager or as directed by the Trustee.
Allotment Committee	Not applicable	Rahul Asthana (Chairperson); Harsh Shah; Ashok Sethi; Sanjay Nayar and Pratik Agarwal.	The quorum shall be at least two members of the Allotment Committee.	As and when required.
Risk Management Committee	Not applicable	Rahul Asthana (Chairperson); Ashok Sethi;	The quorum shall be at least two members, of which 50% shall be	As and when required.

Name of committee	Composition	Present Members	Quorum	Frequency of meetings
		Tarun Kataria; Sanjay Nayar and Pratik Agarwal.	Independent Directors.	
Bidding Committee	The Bidding Committee shall comprise of the board of directors of the Investment Manager who are not subject to potential conflicts of interest, with 50% of the members, including the chairperson being independent directors.	Tarun Kataria (Chairperson); Rahul Asthana, Sanjay Nayar and Harsh Shah	The quorum shall be one third of the total strength of the Committee or two members which is higher, however, presence of at least one independent director is mandatory.	As and when required.

For details of the scope of each committee, please see below.

Investment Committee

Terms of reference of the Investment Committee

The terms of reference of the Investment Committee include the following:

(i) Reviewing investment decisions with respect to the underlying assets or projects of IndiGrid from the Sponsors including any further investments or divestments to ensure protection of the interest of unitholders including, investment decisions which are related party transactions;

(ii) Approving any proposal in relation to acquisition of assets, further issue of units including in relation to acquisition or assets; and

(iii) Formulating any policy for the Investment Manager as necessary, in relation to its functions, as specified above.

Audit Committee

Terms of reference of the Audit Committee

The terms of reference of the Audit Committee include the following:

(i) Provide recommendations to the board of directors regarding any proposed distributions;

(ii) Overseeing IndiGrid's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;

(iii) Giving recommendations to the board of directors regarding appointment, re-appointment and replacement, remuneration and terms of appointment of the statutory auditor of IndiGrid and the audit fee, subject to the approval of the unitholders;

(iv) Reviewing and monitoring the independence and performance of the statutory auditor of IndiGrid, and effectiveness of audit process;

(v) Approving payments to statutory auditors of IndiGrid for any other services rendered by such statutory auditors;

(vi) Reviewing the annual financial statements and auditor's report thereon of IndiGrid, before submission to the board of directors for approval, with particular reference to:

- changes, if any, in accounting policies and practices and reasons for such change;
- major accounting entries involving estimates based on the exercise of judgment by management;
- significant adjustments made in the financial statements arising out of audit findings;
- compliance with listing and other legal requirements relating to financial statements;
- disclosure of any related party transactions; and
- qualifications in the draft audit report;

(vii) Reviewing, with the management, all periodic financial statements, including but not limited to half-yearly and annual financial statements of IndiGrid before submission to the board of directors for approval;

(viii) Reviewing, with the management, the statement of uses/application of funds raised through an issue of units by IndiGrid (public issue, rights issue, preferential issue, etc.) and the statement of funds utilised for purposes other than those stated in the offer documents/ notice, and making appropriate recommendations to the board of directors for follow-up action;

(ix) Approval or any subsequent modifications of transactions of IndiGrid with related parties including, reviewing agreements or transactions in this regard;

(x) Scrutinising loans and investments of IndiGrid;

(xi) Reviewing all valuation reports required to be prepared under applicable law, periodically, and as required, under applicable law;

(xii) Evaluating financial controls and risk management systems of IndiGrid;

(xiii) Reviewing, with the management, the performance of statutory auditors of IndiGrid, and adequacy of the internal control systems, as necessary;

(xiv) Reviewing the adequacy of internal audit function if any of IndiGrid, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(xv) Reviewing the findings of any internal investigations in relation to IndiGrid, into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board of directors;

(xvi) Reviewing the procedures put in place by the Investment Manager for managing any conflict that may arise between the interests of the unitholders, the parties to IndiGrid and the interests of the Investment Manager, including related party transactions, the indemnification of expenses or liabilities incurred by the Investment Manager, and the setting of fee or charges payable out of IndiGrid's assets;

(xvii) Discussing with statutory auditors and valuers prior to commencement of the audit or valuation, respectively, about the nature and scope, as well as post-audit/ valuation discussion to ascertain any area of concern;

(xviii) Reviewing and monitoring the independence and performance of the valuer of IndiGrid;

(xix) Giving recommendations to the board of directors regarding appointment, re-appointment and replacement, remuneration and terms of appointment of the valuer of IndiGrid;

(xx) Evaluating any defaults or delay in payment of distributions to the unitholders or dividends by the Portfolio Assets to IndiGrid and payments to any creditors of IndiGrid or the Portfolio Assets, and recommending remedial measures;

(xxi) Management's discussion and analysis of financial condition and results of operations;

(xxii) Reviewing the statement of significant related party transactions, submitted by the management;

(xxiii) Reviewing the management letters/letters of internal control weaknesses issued by the statutory auditors; and

(xxiv) Formulating any policy for the Investment Manager as necessary, in relation to its functions, as specified above.

Stakeholders' Relationship Committee

Terms of reference of the Stakeholders' Relationship Committee

The terms of reference of the Stakeholders' Relationship Committee shall include the following:

(i) Considering and resolving grievances of the unitholders, including complaints related to the transfer of units, non-receipt of annual report and non-receipt of declared distributions;

(ii) Reviewing of any litigation related to unitholders' grievances;

(iii) Undertaking all functions in relation to protection of Unitholders' interests and resolution of any conflicts, including reviewing agreements or transactions in this regard;

(iv) Updating unitholders on acquisition / sale of assets by IndiGrid and any change in the capital structure of the Portfolio Assets;

(v) Reporting specific material litigation related to unitholders' grievances to the board of directors; and

(vi) Approving report on investor grievances to be submitted to the Trustee.

Nomination and Remuneration Committee

Terms of reference of the Nomination and Remuneration Committee

The terms of reference of the Nomination and Remuneration Committee include the following:

(i) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors of the Investment Manager a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

(ii) Formulation of criteria for evaluation of performance of independent directors and the board of directors;

(iii) Devising a policy on board diversity;

(iv) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal and evaluation of director's performance;

(v) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

(vi) Carrying out any other function as prescribed under applicable law;

(vii) Endeavour to appoint new key employee to replace any resigning key employee within six months from the date of receipt of notice of resignation and recommend such appointment to the Board, if necessary; and

(viii) Performing such other activities as may be delegated by the board of directors of the Investment Manager and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

Allotment Committee

Terms of reference of the Allotment Committee

The terms of reference of the Allotment Committee include the following:

(i) Deciding the final terms of allotment of debentures;

(ii) Approving allotment of debentures; and

(iii) Taking decisions on all authorities conferred by the resolution constituting the Allotment Committee and/or for all the matters which are necessary for effective implementation of the resolution constituting the Allotment Committee.

Risk Management Committee

Terms of reference of the Risk Management Committee

The terms of reference of the Risk Management Committee include the following:

(i) To identify, assess, mitigate and monitor the existing as well as potential risks to the Trust (including risks associated with cyber security and financial risk), to recommend the strategies to the Board of Directors to overcome them and review key leading indicators in this regard;

(ii) To periodically review and approve the Risk Management framework including the risk management processes and practices of the Trust;

(iii) To evaluate significant risk exposures of the Trust and assess management's actions to mitigate the exposures in a timely manner;

(iv) To develop and implement action plans to mitigate the risks;

(v) To coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice);

(vi) To oversee at such intervals as may be necessary, the adequacy of Trust's resources to perform its risk management responsibilities and achieve its objectives;

(vii) To review and periodically assess the Trust's performance against the identified risks of the Investment Manager.

<u>*Bidding Committee*</u>

Terms of reference of the Bidding Committee

The terms of reference of the Bidding Committee include the following:

(i) To consider matters with respect to prospective investment opportunities during the development phase of infrastructure projects.

Policies of the Board of Directors of the Investment Manager in relation to IndiGrid

The Investment Manager has adopted the following policies in relation to IndiGrid, which have previously been published or issued, and shall be incorporated in, and form part of, this Draft Letter of Offer, as on the date of this Draft Letter of Offer:

Sr. No.	Title of Document	Available at
1.	Borrowing Policy	https://www.indigrid.co.in/pdf/Borrowing_Policy.pdf
2.	Policy in relation to Related Party Transactions and Conflict of Interests	https://www.indigrid.co.in/pdf/RPT_Policy.pdf
3.	Policy on Appointment of Auditor and Valuer	https://www.indigrid.co.in/pdf/Policy_on_Appointment_of_Auditor_and_Valuer.pdf
4.	Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons	https://www.indigrid.co.in/pdf/CODE_OF_INTERNAL_PROCEDURES_AND_CONDUCT_FOR_REGULATING_MONITORING_AND_REPORTING_OF_TRADING_BY_DESIGNATED_PERSONS.pdf
5.	Policy for Determining Materiality of Information for Periodic Disclosures	https://www.indigrid.co.in/pdf/Amended_Policy_for_determining_Materiality_of_Information_25.07.17.pdf
6.	Document Archival Policy	https://www.indigrid.co.in/pdf/Document_Archival_Policy.pdf
7.	Nomination & Remuneration Policy	https://www.indigrid.co.in/pdf/NRC_Policy.pdf
8.	Distribution Policy	https://www.indigrid.co.in/pdf/Distribution_Policy.pdf

For details of the Distribution Policy in relation to IndiGrid, see the section entitled "*Distribution – Distribution Policy*" on page 224.

2. Portfolio Assets

Representatives on the Board of Directors of each Portfolio Asset

The Investment Manager, in consultation with the Trustee, has the power to appoint the majority of the board of directors of each of the Portfolio Assets. Further, the Investment Manager shall ensure that in every meeting, including annual general meetings of any of the Portfolio Assets, the voting of IndiGrid is exercised.

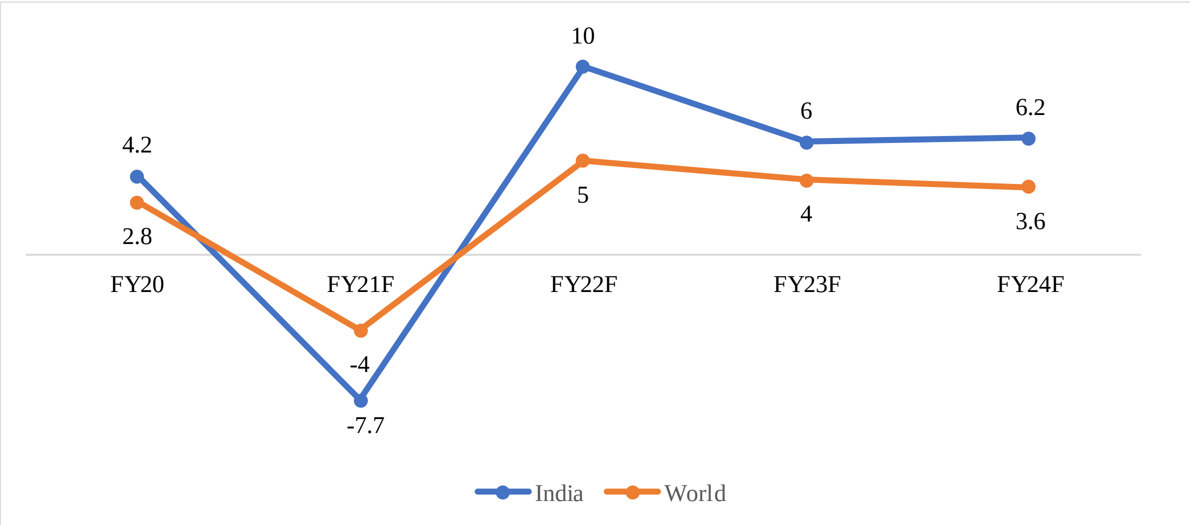
INDUSTRY OVERVIEW

The information in this section is derived from the report entitled "Market Assessment of Indian Power Transmission Sector", February 2021, prepared by CRISIL Research (the "CRISIL Report") except for other publicly available information as cited in this section. We commissioned the CRISIL Report for the purposes of confirming our understanding of the industry in connection with the Issue. Neither IndiGrid, the Sponsors, the Investment Manager, the Trustee, any of the Lead Managers, nor any other person connected with the Issue has verified the industry and market data in the CRISIL Report or other publicly available information cited in this section. Further, the CRISIL Report was prepared based on information as of specific dates which may no longer be current or reflect current trends and opinions in the CRISIL Report may be based on estimates, projections, forecasts and assumptions that may prove to be incorrect. CRISIL Research, a division of CRISIL Limited ("CRISIL"), has advised that while it has taken due care and caution in preparing the CRISIL Report based on the information obtained by CRISIL from sources which it considers reliable, it does not guarantee the accuracy, adequacy or completeness of the CRISIL Report or the data therein and is not responsible for any errors or omissions or for the results obtained from the use of CRISIL Report or the data therein. Further, the CRISIL Report is not a recommendation to invest / disinvest in any company covered in the report. CRISIL especially states that it has no liability whatsoever to the subscribers/ users / transmitters / distributors of the CRISIL Report. CRISIL Research operates independently of and does not have access to information obtained by CRISIL's Ratings Division or CRISIL Risk and Infrastructure Solutions Limited ("CRISL"), which may, in their regular operations, obtain information of a confidential nature. The views expressed in the CRISIL Report are that of CRISIL Research and not of CRISIL's Ratings Division or CRISIL. Prospective investors are advised not to unduly rely on the CRISIL Report.

Indian Economy

In the next three fiscals, India's GDP growth is expected to be above the world's but below its own trend. For fiscal 2022, GDP growth for India is expected to shoot up to 10% supported by a very weak base and some benefit as the global economy fares better and provides a lift to India's exports. Services will take longer to recover than manufacturing. Beyond that, growth is seen averaging at ~6.2% annually between fiscals 2023 and 2025. In this scenario, a catch-up to trend GDP is unlikely in the next three fiscals. It is estimated that the permanent loss on account of this will be ~12% in real GDP terms. Even with that, India is seen growing faster than the world beyond fiscal 2022.

Long term outlook for India vs. the world



Note: Forecasts for world GDP are for calendar year; FY20=2019
Source: S&P Global Ratings, CRISIL Research

Real GDP growth Forecast of Major Economies

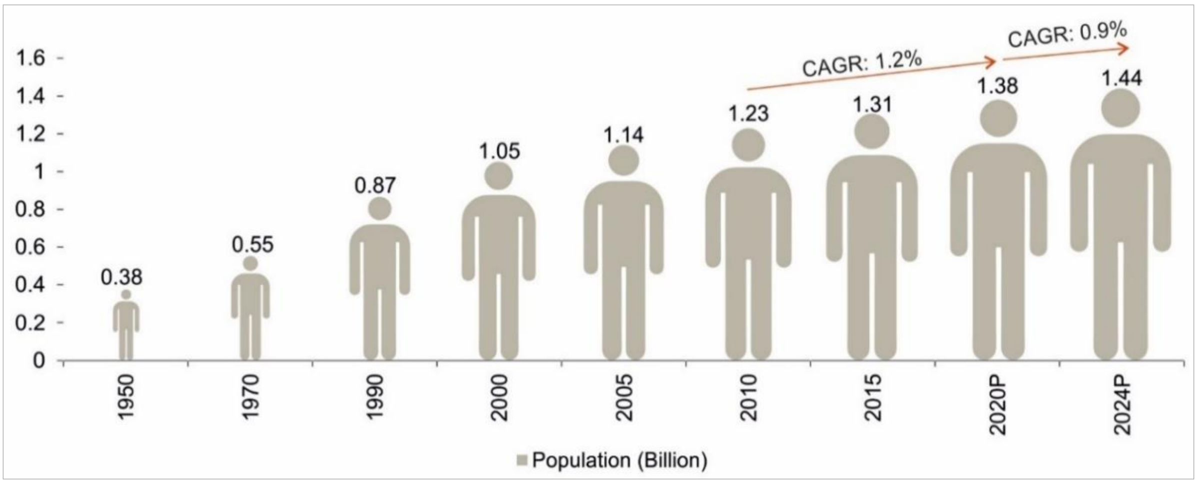
Brazil	Impact of pandemic, plunging investment, and soft global commodity prices will lead to fall in GDP by 4.7% in 2020. An expected recovery to 3.2% growth in 2021 is based on the assumption of a steady fading of the factors that weighed on activity in 2020, as well as a restarting of the tax and business environment reform agenda that had been put on hold to prioritize response to the pandemic.
Russia	Economic activity in Russia is expected to contract 3.5% in 2020, reflecting a sharp rise in domestic cases of the pandemic, as well as OPEC+ production cuts and the collapse in oil prices. The shortfall in government revenues from low oil prices is expected to be partly compensated by transfers from the National Wealth Fund, which was ~9% of GDP at the start of 2020.
Euro Area	The widespread pandemic through the Euro Area prompted the governments to impose mitigation measures. These have significantly disrupted domestic economic activity. Many Euro Area members are heavily reliant on tourism, a sector virtually shut down by government policies, and particularly prone to slow recoveries. This is likely to contract the output by 7.2% in 2020. Growth is expected to rebound to 4.8% in 2021, reflecting fading

	pandemic-related drag, and the eventual effects of accommodative fiscal and monetary policy.
China	Growth in China contracted sharply in 2020 with private consumption and non-financial services being especially hard-hit by the pandemic and an extended period of restrictions to stem it. Reflecting the major disruptions caused by the pandemic, growth is projected to decelerate sharply, from 6.1% in 2019 to 2% in 2020. Growth will likely rebound in 2021, reaching 7%, partly reflecting a projected recovery in global demand.
Sub-Saharan Africa	Economic activity has collapsed in Sub-Saharan Africa because of the rapid spread of the pandemic. Moreover, the region has suffered as a result of pandemic's impact on key trading partners, the disruption to global travel and supply chains, and the collapse in global commodity prices—particularly those of oil and industrial metals. Growth in the region is expected to rebound to 3.1% in 2021 when the impact of pandemic fades and commodity prices recover.
Indonesia	Economic activity is expected fall to 0% percent in 2020 from 5% percent in 2019 owing to the pandemic. Growth is expected to rebound to 4.8% in 2021, supported by increased spending and economic revival with the adverse impact of the pandemic withdrawing

Source: World Bank, S&P Global Economics, CRISIL Research

With a population of over 1.3 billion and an estimated GDP of Rs 145 trillion in fiscal 2020, India is the seventh largest economy. The country has favourable demographics because of one of the largest young populations, with a median age of 28 years. About 90% of Indians will be aged below 60 in calendar year 2020. Of them, 63% will be aged between 15 and 59 years, as per United Nations Department of Economic and Social affairs. Further, working population of India is more than the total population of countries, such as Russia, Brazil, and the US. The working population, which rose at a ~2% compound annual growth rate (CAGR) over 2008 to 2018, is expected to increase further, thereby driving consumption and growth.

India's population growth trajectory



Note: P: Projected

Source: United Nations Department of Economic and Social affairs, CRISIL Research

Key Projections

	2016-17	2017-18	2018-19	2019-20	2020-21F
GDP growth (%)	8.2	7.2	6.1	4.2	-7.7
CPI (%, average)	4.5	3.6	3.4	4.8	6.4
CAD/GDP (%)	0.7	1.8	2.1	0.9	-0.8
Exchange rate (Rs/USD M, March-end)	65.9	65	69.5	74.4	74
10-year G-sec yield (%, March-end)	6.8	7.6	7.5	6.2	6.2

F: Forecast
Source: Central Statistics Office (CSO), Reserve Bank of India (RBI) and CRISIL estimates

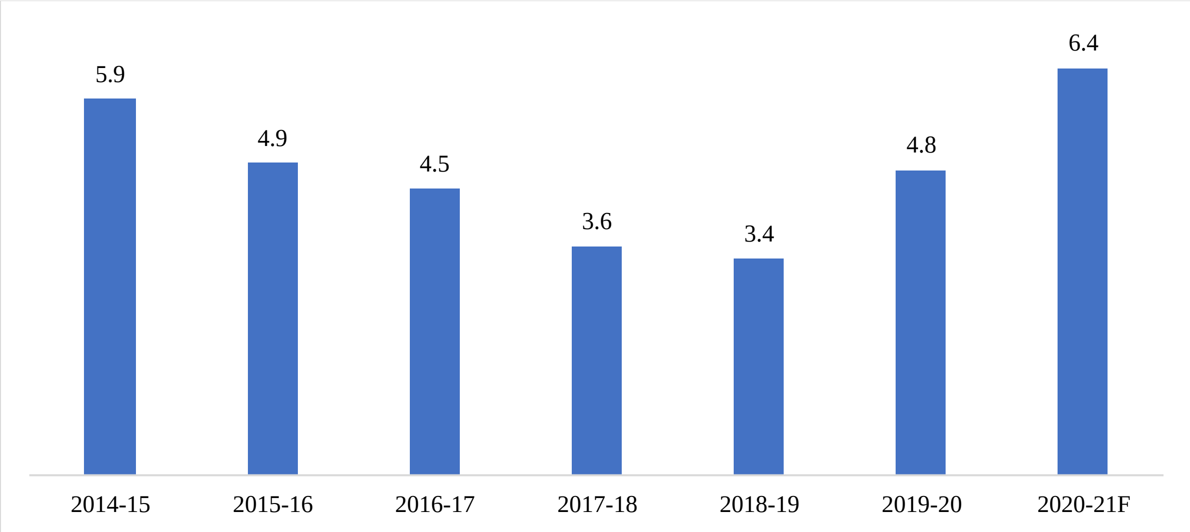
Inflation

Fiscal consolidation had helped keep inflation under check and indirectly benefitted the economy by bringing down cost of borrowing for both the government and the private sector over the past few years.

However, in fiscal 2021, the Indian economy continues to grapple with high and stubborn inflation. The Consumer Price Index (CPI) inflation rose to 7.3% in September, and further to 7.6% in October, led by double-digit food inflation and dogged core inflation. The RBI's Monetary Policy Committee (MPC) revised up its CPI inflation forecast to 6.8% for the third quarter of fiscal 2021 and 5.8% for the fourth quarter (from 5.4-4.5% for H2 fiscal 2021 earlier), which comes to 6.5% for the fiscal as a whole.

CRISIL Research expects inflation to remain at 6.4% in fiscal 2021. That said, inflation is likely to be on a downward trajectory in the third and fourth quarters, after having reached 6.9% in the second quarter. The healthy sowing trends for the rabi season augur well for food inflation control. Once inflation starts to come down in a meaningful manner, room for a further rate cut could open up.

Inflation gearing up



Source: CSO, CRISIL Research

Impact of Covid-19

The global economy is deeply hit by the widespread Covid-19 pandemic, as it represents the largest economic shock the world economy has witnessed in decades, causing a collapse in global economic activity. The World Bank, in its June 2020 Global Economic Prospects, has forecast a contraction of 5.2% in global GDP in 2020, the deepest global recession in eight decades, despite unprecedented policy support. The International Monetary Fund (IMF), in its World Economic Outlook October 2020 report, has forecasted the global economy to shrink by 4.4% in 2020. According to the IMF report, the developed economies are expected to witness a contraction of -5.8% but revive with 3.9% GDP growth in 2021. Emerging economies are expected to witness a de-growth of 3.3% in 2020 followed by a revival of 6.0% in 2021.

The global economy continues to operate under the spectre of COVID-19, though the worst of the pandemic seems to have passed in most countries. The pandemic's epicentre has shifted to emerging markets, but second waves continue to appear in the advanced economies.

Global GDP is expected to contract by 4% in 2020. As economies begin to recover from the depths of the COVID-19 crisis, the risks to baseline estimates remain on the downside.

Despite the weaker outlook in the next few quarters, meaning the global economy will limp into 2021, the exit path from COVID-19 and the associated challenges are becoming clearer. The recent vaccination drive should spell the beginning of the end of the crisis. Uncertainty will no longer be “radical.” This will decisively shift the macro focus from damage control to the recovery path, including structural changes. Although a strong recovery is envisioned in 2021, with global growth reaching 5%, output is not expected to return to its previously expected levels.

Steps taken by Government

Reviving private consumption, lowering non-performing assets (NPA) of banks, improving the investment climate and many such steps are critical to support domestic economic growth. Following are a few steps taken by the government in this regard:

Improve investment climate through ease of doing business: The government has initiated several measures to ease the business environment (big moves such as GST and insolvency law and a number of other steps such as introducing online single-window model for providing clearances and filing compliances, removing Foreign Investment Promotion Board (FIPB) for fast-track foreign investments, and setting up National Investment and Infrastructure Fund (NIIF). Further, India’s ranking in the World Bank’s Ease of Doing Business (EODB) has also improved from 134 in 2014 to 63 in 2020.

Introduction of the Goods and Services Tax: The GST bill was passed in both the houses of Parliament in August 2016 and was ratified by 36 states and union territories of India by the time it was rolled out from July 1, 2017. Under the GST mechanism, a four-tier tax rate structure – 5%, 12%, 18% and 28% – has been finalised with essential items of daily use attracting the lowest rate and demerit/temptation goods the highest. The impact on the power sector of GST imposition is mixed, as coal (the primary fuel used in power generation) has been brought under the 5% taxation bracket in the GST regime from ~12% in the previous regime, which included VAT and excise duties. However, the impact has been slightly adverse for the power-transmission segment, as goods and services utilised in the generation, transmission and distribution segment were earlier getting some tax credits, which are absent under the current GST regime, resulting in a rise in working capital requirement of players.

Affordable housing: The government has been furthering the housing sector through its Housing for All by 2022 scheme. The government has given remarkable incentives to develop affordable houses and to provide home to buyers through credit-linked subsidy schemes. With the effective implementation of RERA, the sector has seen improved transparency, timely delivery, and organised operations. These measures combined will lead to further investments in the housing sector.

Manufacturing thrust: The government has made some progress in improving labour market efficiency through various programmes, such as Skilling India and Make in India, which are more or less at the inception stage. Overall, the reforms process remains very gradual and states will have to take the lead in implementing these. Further, the Finance minister has recently (September 2019) announced Taxation Laws (Amendment) Ordinance 2019 to make certain amendments in the Income-Tax Act 1961 to allow any domestic company an option to pay income-tax at the rate of 22% subject to condition that they will not avail any exemption/incentive. The effective tax rate for these companies shall be 25.17% inclusive of surcharge & cess. Also, such companies shall not be required to pay Minimum Alternate Tax.

Consumption growth: Given favourable demographics and rising disposable income, increasing middle-class population is expected to spur consumption growth in India. However, keeping inflation and interest rates in check would be important to support consumption.

Development of financial markets: To develop the financial markets, the government has instituted steps such as Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), higher foreign direct investment (FDI) in insurance, a better monetary policy framework, and the passage of bankruptcy code. Further, the Securities and Exchange Board of India (SEBI), which is the capital market regulator in India, approved the framework for business trusts in India. SEBI has approved the Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) framework, both of which are new asset classes for investors. While REITs are an investment vehicle that allow monetisation of real estate assets, InvITs help promoters to monetise their completed infrastructure projects (having concessionaire/development agreement).Also, under the Union Budget 2019-20, to encourage capital inflows, foreign portfolio investors have been allowed to subscribe to listed debt securities issued by REITs and InvITs. They will also be permitted early exit from debt securities of IDF–NBFCs. Further, the non-resident Indian portfolio investment scheme route is proposed to be merged with the FPI route to channel more money into the domestic capital market. The budget also proposes to rationalise and streamline the existing know-your-customer norms for FPIs to make them more investor-friendly without compromising the integrity of cross-border capital flows. Further, tax exemptions for sovereign wealth funds with respect to investments before March 31, 2024, and increase in FPI limits on corporate bonds, announced under Union Budget 2020-21, are likely to support higher capital inflows in the country.

Digitalisation: The government has been quick to board the technology bandwagon with its 'Digital India' programme, which aims to speed up financial inclusion and deliver government services electronically, by increasing internet connectivity and improving online infrastructure.

Atma Nirbhar Bharat Abhiyan: The government has adopted several measures in order to contain the economic fallout of the Covid-19 pandemic. A relief package of nearly Rs 20.9 lakh (~ USD 290 billion) crore has been released, taking into account key sections of the economy, such as migrant labourers, small vendors, farmers and MSMEs. The scheme is focussed towards helping India recover from the pandemic while also making the nation more self-reliant.

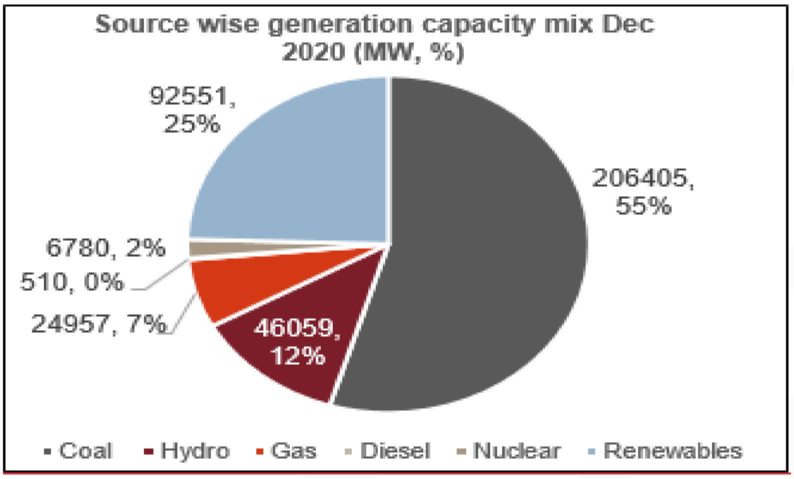
It takes time for structural reforms to impact the economy. Hence, the quantum of improvement depends on how the repairs and reforms are carried out. This is not the first time in the past decade that India's GDP has risen from lows. This time around, while growth has been slow to pick up, it appears sustainable and qualitatively superior since it is accompanied by prudent fiscal and monetary policies and a 'repair-and-reform-oriented' policy approach. However, the adverse impact of the widespread pandemic is likely to contract the Indian economy in the short term.

CRISIL Research expects India's GDP to contract 7.7% in fiscal 2021 from an estimated growth of 4.2% in fiscal 2020. The country shrank in 7.5 per cent in the fiscal second quarter, after seeing a record contraction of 23.9 per cent in Q1. Pent-up demand, support from agriculture, and select export sectors, and cost savings for corporates, engineered this recovery in Q2. The manufacturing and construction sectors made a jump in the July-September quarter. While the fall in construction sector narrowed from 50.3 per cent in Q1 to 8.6 per cent in Q2, the manufacturing sector registered a 0.6 per cent growth in Q2, against a contraction of 39.3 per cent in Q1.

The Indian Power Sector

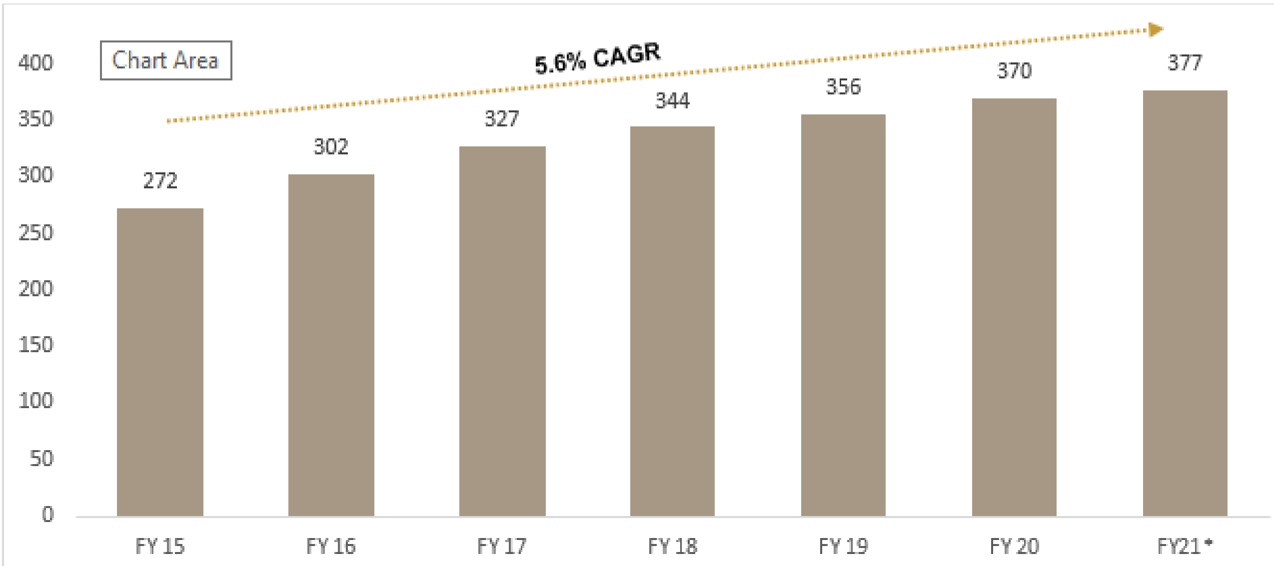
Overview

Electricity consumption in India (1201 TWh) was the third highest after China (6010 TWh) and the US (~3900 TWh), with a 5.4% global share in 2018. In line with this, India was also the third largest producer of electricity, after China and the US, with 5.92% global share in electricity generation in 2018. The total installed generation capacity at the end of December 2020 was 377 GW, of which approximately 105 GW of capacity was added over fiscals 2015-2021. Coal and lignite-based installed power generation capacity has maintained its dominant position over the years and accounts for 55% as on December 2020. However, renewable energy installations have more than tripled to ~92.5 GW capacity as on December 2020, compared with 25 GW as on March 2012 (Source: MNRE), constituting ~25% of total installed generation capacity as of date. In particular, this growth has been led by solar power, which grew at breakneck speed to ~38.7 GW from 0.9 GW over the period.



Source: CEA, CRISIL Research

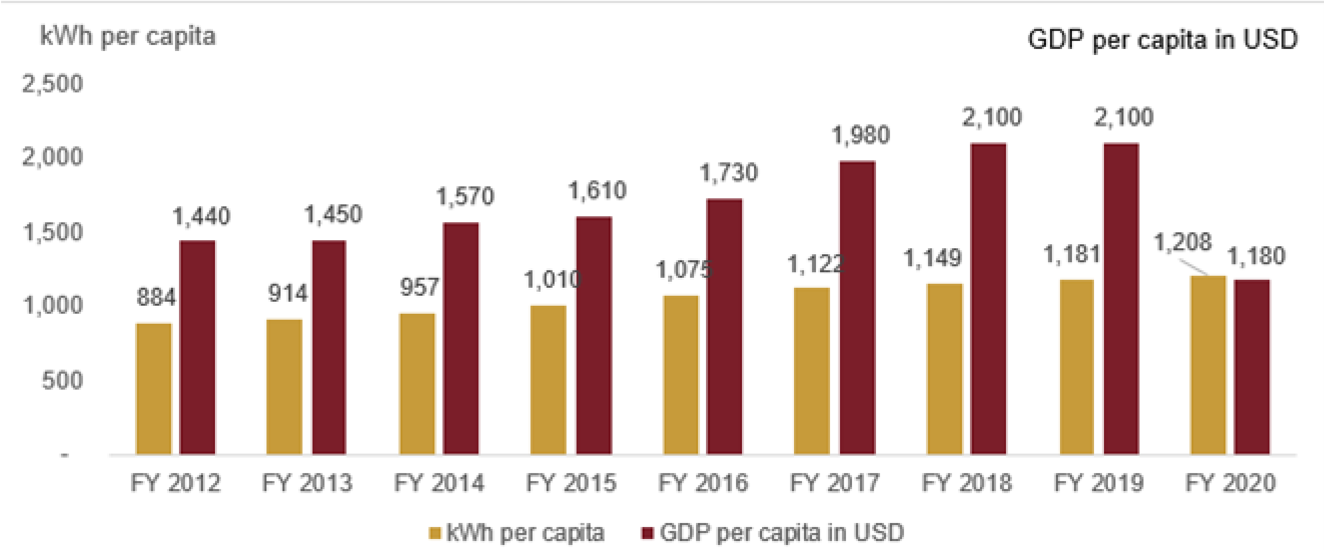
Evolution of Installed Generation Capacity (GW)



**till Dec 2020*
Note: *6.3% CAGR is for capacity additions growth between fiscal 2015-fiscal 2020*
Source: CEA, CRISIL Research

The total installed generation capacity at the end of December 2020 was 377 GW, of which approximately 105 GW of capacity was added over fiscals 2015-2021. Coal and lignite-based installed power generation capacity has maintained its dominant position over the years and accounts for 55% as on December 2020. However, renewable energy installations have more than tripled to ~92.5 GW capacity as on December 2020, compared with 25 GW as on March 2012 (Source: MNRE), constituting ~25% of total installed generation capacity as of date. In particular, this growth has been led by solar power, which grew at breakneck speed to ~38.7 GW from 0.9 GW over the period.

Growth in per capita power consumption in India rising at CAGR-~4% and is in sync with per capita GDP growing at CAGR 6%



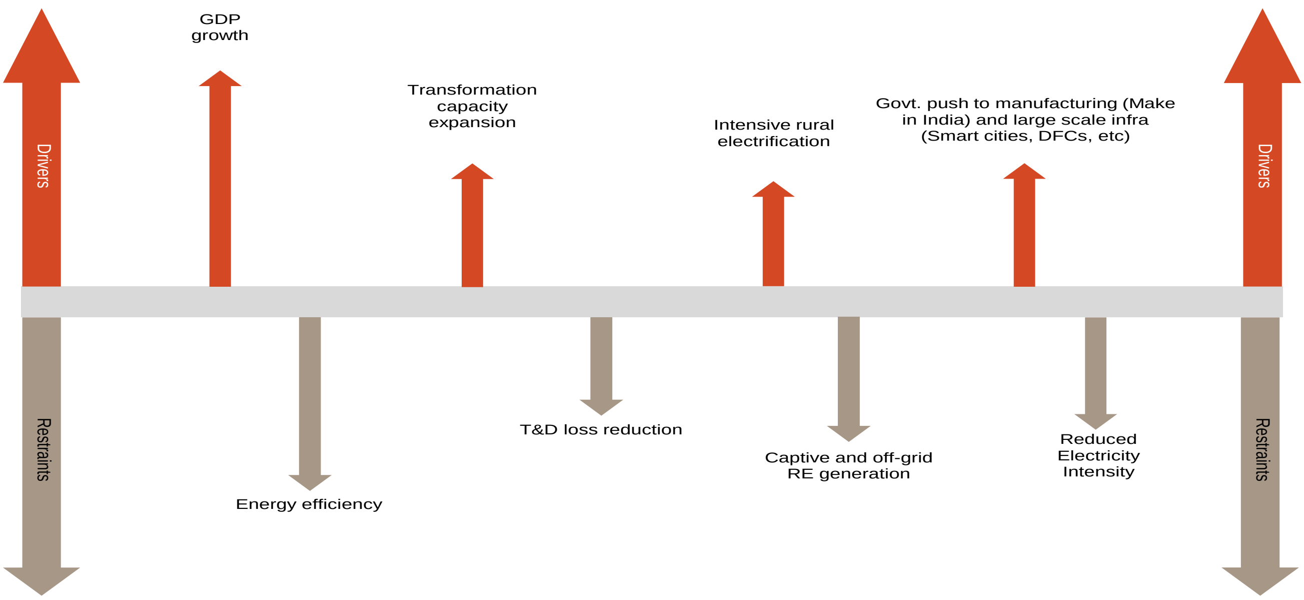
Source: International Monetary Fund (IMF), CEA, CRISIL Research

Historically, the power demand growth has largely followed GDP growth trend. However, in the past 5 years, the power demand has remained low despite average GDP growth of ~7.5%, largely on account of following reasons:

- Well-distributed and satisfactory monsoon over the period leading to lower power consumption by agricultural pumps and also lower cooling demand from urban commercial centres.
- Improvement in energy efficiency: Government distribution of LEDs and efficient appliances under the Unnat Jeevan by Affordable LEDs All (UJALA) scheme as well as streetlight national program has resulted in ~47.6 billion units of energy savings as on November 2020, which is equivalent to ~3.6% of India's energy requirement.
- Reduction in AT&C losses- from 24.6% at the end of fiscal 2015 to 18.73% in June 2020.
- Power cuts & load shedding owing to weak financial health: At all India level, ~6 to 7 hours/day of power cuts still exist (as of June 2019) in rural areas and in states like Jharkhand, the duration is as high as 9 hours/day.

With industrial & commercial activity expected to get restored to normal and economic growth is expected to make a comeback coupled with a low base effect as well as government spending on infrastructure, the power demand is expected to return to positive territory in fiscal 2022. Demand is expected to gradually pick up on the back of healthy recovery in economic growth, expansion in reach via strengthening of transmission and distribution (T&D) infrastructure, and improved power quality, thereby registering ~3% CAGR between fiscals 2021 and 2025.

Factors influencing power demand

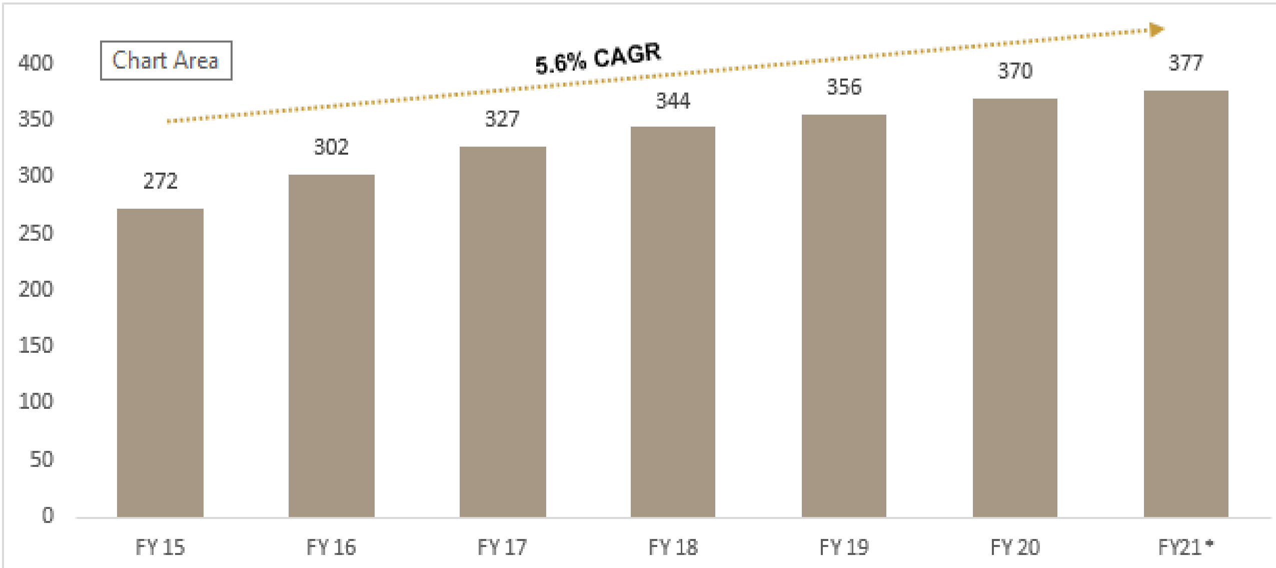


Source: CRISIL Research

With the government's focus on alleviating congestion, transmission capacities are expected to witness robust growth. About 330-350 gigavolt ampere (GVA) transformation capacity (above 220 kV level) is expected to be added between fiscals 2021 to 2025 to reach the cumulative transformation capacity of 1,300-1,350 GVA by fiscal 2025. In particular, we expect robust growth in high voltage (HV) lines of 400 kV and 765 kV due to its importance in interstate transmission lines.

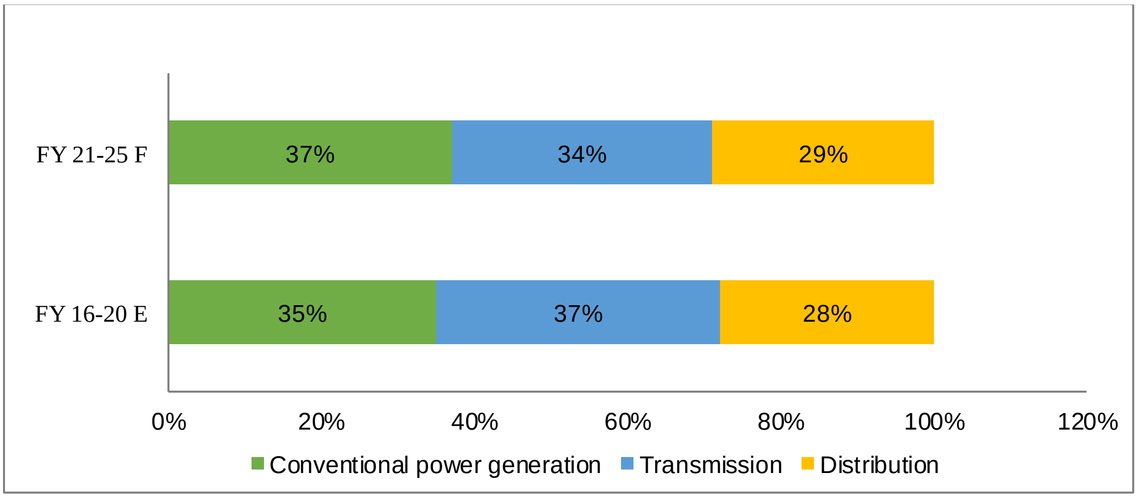
Investment in the generation segment is expected to be marginally higher despite lower capacity addition. The reason for this is higher capacity addition in the nuclear segment, which is costlier on a per MW basis. Investment in distribution is likely to be subdued in the short to medium term on account of the financial stress of state utilities, which account for more than 90% share in distribution investment.

Evolution of installed generation capacity (GW)



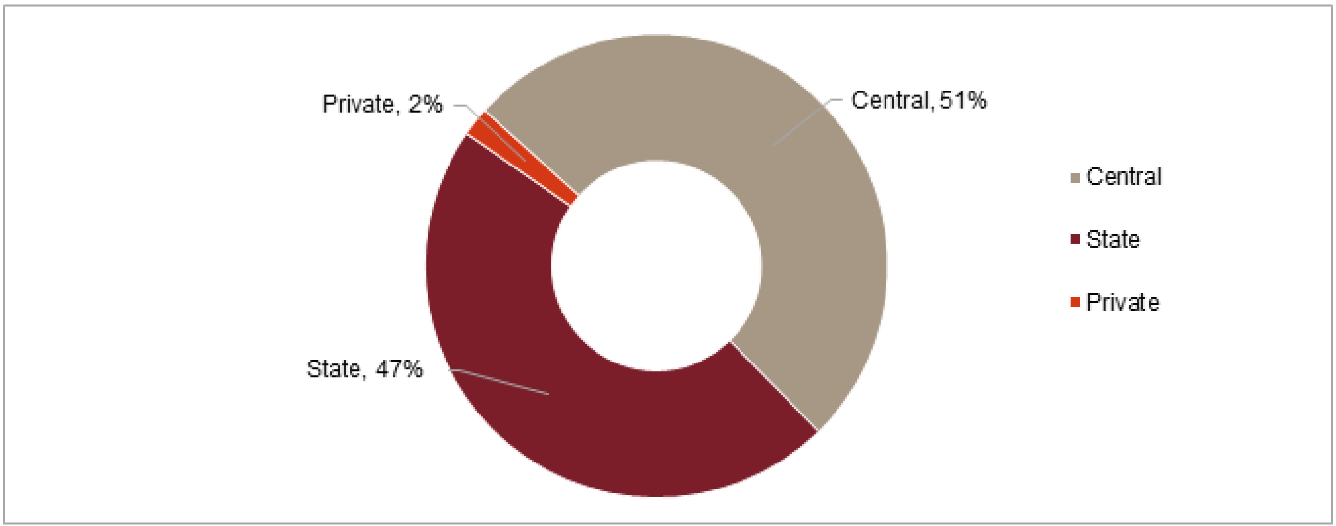
**till Dec 2020*
Note: *5.6% CAGR is for capacity additions growth between fiscal 2015-fiscal 2021*
Source: CEA, CRISIL Research

Share of investments across power sector value chain



Source: CRISIL Research

Sector wise break-up of estimated cumulative capacity additions of ~37.5 GW over (fiscals 2021-2025)

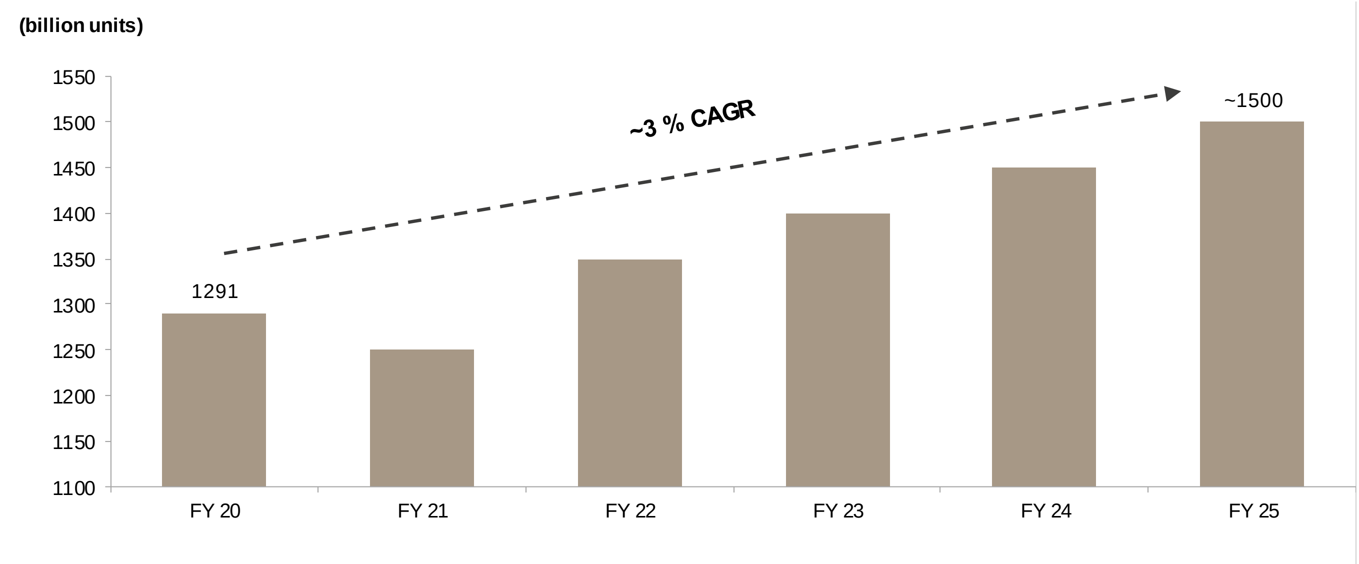


Source: CEA, CRISIL Research

Key Trends

Energy requirement to rise at ~3% CAGR over 2020-25

Energy requirement growth over next five years



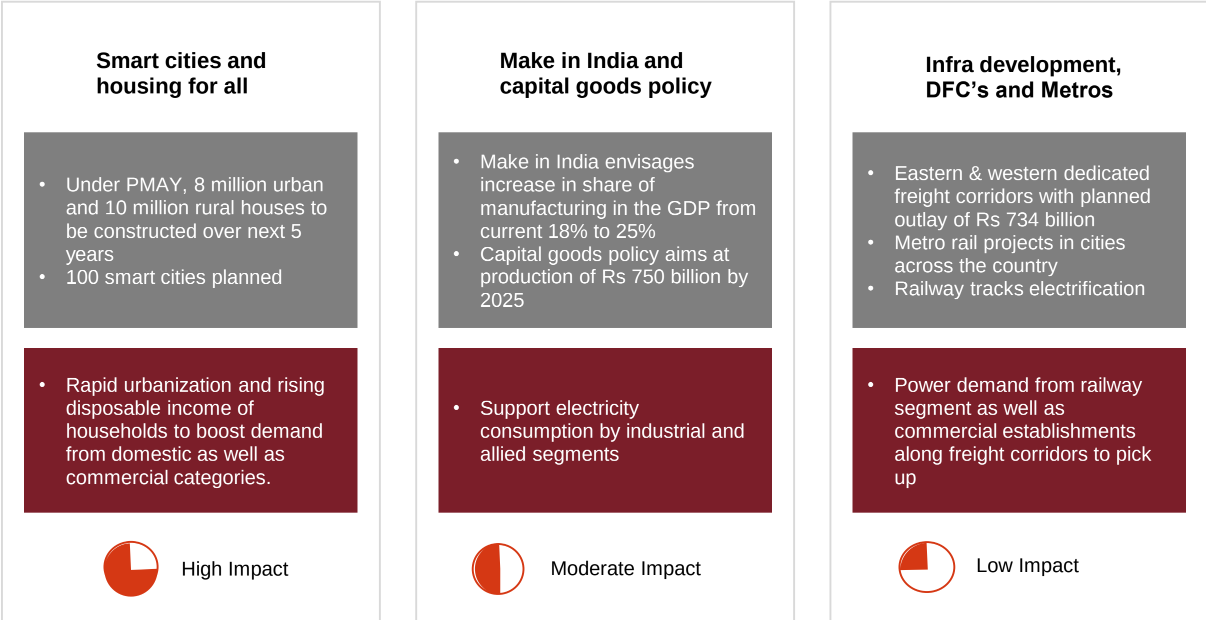
Source: CRISIL Research

CRISIL Research expects energy requirement to grow at ~3% CAGR over fiscals 2021 to 2025. The beginning of fiscal 2021 has seen power demand slip as the nation went into lockdown to tackle the Covid-19 pandemic, bringing all economic activity to a screeching halt. With industrial & commercial activity expected to get restored to normal and economic growth is expected to make a comeback coupled with a low base effect as well as government spending on infrastructure, the power demand is expected to return to positive territory in fiscal 2022. Demand is expected to gradually pick up on the back of healthy recovery in economic growth, expansion in reach via strengthening of transmission and distribution (T&D) infrastructure, and improved power quality, thereby registering ~3% CAGR between fiscals 2021 and 2025.

Gradual pick-up in GDP growth and infrastructure development to support power demand

India's economy is expected to recover slowly after fiscal 2021, with a gradual pick-up in industrial growth over the subsequent four years. Trickle-down effect of the Aatmanirbhar Bharat relief package, government spending on infrastructure through the National Infrastructure Pipeline (NIP), dedicated freight corridors (DFCs) infrastructure, service industry expansion, rapid urbanization, and higher farm income from agri-related reforms are key macroeconomic factors that will provide a boost. The NIP has about 128 opportunities in the electricity transmission sub-sector, out of the total 529 opportunities with NIP worth USD 412.55 billion in the energy sector. In terms of commercial infrastructure, the NIP has 633 opportunities across sub-sectors like common infrastructure for industries, tourism infra, cold chain, etc., worth USD 82.77 billion.

Infrastructure development to drive power demand



Source: CRISIL Research

Various government initiatives such as Make in India, Smart Cities Mission, dedicated freight corridors, metro rail projects, railway track electrification, etc, are expected to boost infrastructural development in the country, albeit towards the end of our forecast period.

T&D network augmentation to support demand growth

With the government's focus on alleviating congestion, transmission capacities are expected to witness robust growth. About 330-350 gigavolt ampere (GVA) transformation capacity (above 220 kV level) is expected to be added between fiscals 2021 to 2025 to reach the cumulative transformation capacity of 1,300-1,350 GVA by fiscal 2025. In particular, we expect robust growth in high voltage (HV) lines of 400 kV and 765 kV due to its importance in interstate transmission lines on account of the following government targets:

- Inter-regional transmission capacity expansion to 145 gigawatts (GW) by fiscal 2024 from 102 GW in March 2020
- Ultra-high capacity green energy corridors with expected investments worth Rs 430 billion

Thus, the expected improvement in T&D infrastructure coupled with agricultural feeder separation and extensive rural electrification under the Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) will drive power demand upwards over the next five years.

DDUGJY to boost rural demand

Rural electrification, segregation of agricultural and non-agricultural feeders, strengthening and augmentation of T&D infrastructure in rural areas and metering of transformers, feeders and consumers are expected to boost power demand in the agriculture sector over the next five years. While 100% rural electrification has been achieved as of April 2018, 22% villages are yet to be intensively electrified. Thus, there exists strong potential for growth in electricity consumption in rural areas, which would be achieved under DDUGJY during fiscals 2019 to 2023.

CRISIL Research expects demand from the commercial segment to improve sharply on account of rising urbanisation, which in turn will lead to growth in commercial spaces such as hospitals, educational institutions, malls and offices. The Government of India has also announced the Smart Cities Mission to develop 109 cities all over the country making them citizen friendly and sustainable. The government has already selected 100 cities which would be beneficiaries of government financing. Some of the cities selected like Bhubaneswar, Pune, and Ahmedabad have already started project preparations and implementation. This move is expected to provide a fillip to infrastructure and real estate development and spur energy demand towards the end of our forecast period. Increasing reliance on services industry for GDP growth would also increase the share of commercial segment in overall power consumption. However, penetration of energy efficient applications in this segment will restrict growth to some extent.

Improving energy efficiency, reducing energy intensity and fall in AT&C losses to restrict power demand

Although power demand is expected to be healthy, we believe some factors will partly offset this growth. Energy efficiency will play a significant role in curtailing power demand. Wide-scale distribution of LEDs at a subsidized cost, use of star-rated appliances as well as other demand-side management activities by state discoms will restrict energy requirement. Energy efficiency and demand side management measures are expected to reduce power demand by 270-300 billion units by fiscal 2025. Also, with reducing AT&C losses on the back of improvement in infrastructure augmentation (through schemes including UDAY, DDUGJY), growth in power requirement from discoms will be lower. With boost to rooftop solar and the declining cost of renewable energy generation, the off-grid/captive/rooftop solar generation is expected to increase, reducing power demand from the grid. By fiscal 2025, 7-8 GW of rooftop solar capacities are expected to come up, resulting in reduction of 0.5-1% of the base demand. Other factors that would restrict grid demand include rising power tariffs. UDAY kick-started improvement in financial health of discoms.

UDAY improved liquidity and operational efficiency of discoms to an extent

In fiscal 2019, the ACS-ARR gap (i.e. the difference between average cost of supply and average revenue realisation) reduced to Rs 0.22 per unit while AT&C losses came down to ~19% from Rs 0.59 per unit and ~23%, respectively, in fiscal 2016. However, in fiscal 2020, the ACS-ARR gap increased to Rs 0.42 per unit and AT&C losses stood at 18.9%. Structural reforms such as timely tariff revisions and operational discipline are required to mitigate the gap on a sustainable basis. Thus operational & financial performance of utilities are expected to improve by fiscal 2022 post implementation some of the reforms planned by Central Government under proposed Electricity Act amendment bill 2020.

Distribution reforms planned by the government to revive the sector

The government plans to implement several policies to resolve the issues of the ailing distribution segment, as it impacts the entire value chain. Key announcements pertaining to the same are:

1. Fresh trajectory for reduction of AT&C losses to below 15%. Possible accumulation of targets and funds under DDUGJY and IPDS

2. Ensuring 24x7 power supply on a sustainable basis across India

3. Possible allocation of power subsidies via direct benefit transfer

4. A revised tariff policy to make tariff revisions more effective and cost encompassing, but at the same time, not passing on costs due to discom inefficiencies

5. Payment Security Mechanism: Power purchase agreements under the central level schemes have at least two layered payment security mechanisms (i.e. letter of credit and payment security funds). Additionally central agencies SECI & NTPC are beneficiaries to tripartite agreement between the Central government, State governments and RBI. Under this tri-partite agreement, in case of default by state-owned discoms, the Central government can withhold financial assistance payments to State governments. This has improved credit worthiness of SECI & NTPC resulting in better bid subscription from players. State level PPAs lack such multiple payment security mechanisms. This has resulted in significant rise in payment delays from state discoms over past few years. Central Government has taken following measures to address this issue:

6. Ministry of Power made it mandatory for discoms to open and maintain adequate Letter of Credit (LC) as Payment Security Mechanism under Power Purchase Agreements. Letter of credit (LC) mechanism was implemented from August 2019. However, on account of its limited success, the Payment Security Mechanism has been proposed in draft The Electricity Act amendment bill 2020 to ensure strict compliance across states. This is a positive step towards reducing gencos' overdues from utilities.

7. MNRE in October 2019, amended solar competitive bidding guidelines where in it has directed State governments to provide payment security mechanism to compensate generators in case of payment delays / defaults by state discoms.

Apart from the above, the central government also introduced Rs 900 billion stimulus for state distribution utilities within the economic relief package announced by the government in relation to the Covid-19 pandemic. The relief package will help discoms clear a significant portion of their outstanding dues to power generators. The latter is expected to be provided in the form of concessional loans (moratorium, lower interest rates) to the state distribution utilities, secured by discom receivables and state guarantees. Power Finance Corporation (PFC) / Rural Electrification Corporation (REC) have been identified as key lenders for this package. Further, the government has also directed central public sector power entities (NTPC, NHPC, NLC, PGCIL, etc) to defer payments related to fixed charges by three months (fixed charges in relation to power generation), which may lead to mounting receivables for these entities, while also asking them to provide a rebate on the same charges for the next three months.

Lack of PPAs, weak financial position of players slowing down capacity additions in conventional power

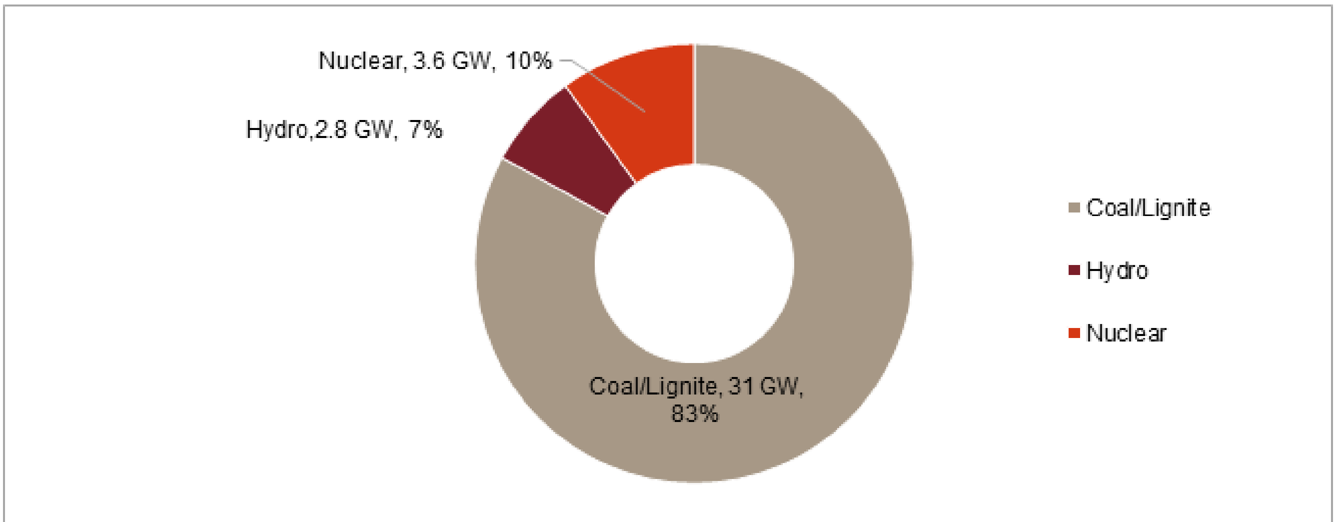
Capacity additions in conventional power generation are expected to slow down to 37.5 GW (excluding renewables) between fiscals 2021 to 2025 compared with 61.5 GW over the past five years. However, ~8.5 GW of old inefficient plants are expected to be retired, resulting in ~29 GW of net additions. There has been weak demand for fresh PPAs especially long term, and lately the movement has been towards short term PPAs. The average PLF of coal based thermal plants have declined from 64% in fiscal 2015 to around 56% in fiscal 2020. Low capacity utilisation of thermal capacities are poised to restrict future thermal capacity addition. Renewable Energy capacities on other hand are relatively better placed on account of "Must run status" awarded by the Government. As a result, projects that are at a nascent stage are expected to be postponed until the demand situation improves significantly.

Central & state sectors are expected to drive conventional capacity additions in the next five years, whereas the share of private sector capacity addition will remain low due to weak financials of players and presence of untied capacities. NTPC will dominate capacity additions with ~13.5 GW (~11 GW fully-owned, ~2.5 GW as joint ventures with state utilities) over the next five years. The entity is backed by a strong execution track record, sound financial strength as well as assured power off-take by PPA holder discoms which insulates it from any downward risk for upcoming capacities. Moreover, nuclear power plants aggregating to ~3.6 GW (Kalpakkam and extension projects at Kakrapar, Rajasthan, and Kudankulam) of Nuclear Power Corporation of India (NPCIL) and ~3 GW of hydro plants are also expected to be commissioned over fiscals 2021-2025. In private segment the trend has already been visible over the last three years when the private sector capacity additions declined to 5 GW in fiscal 2017, 4 GW in fiscal 2018, and ~1 GW in fiscal 2019, and further down to a minuscule 45 MW in fiscal 2020, compared with an average 12 GW being added annually in the preceding five years. Thus, private players would account for only ~1 GW (~2% of capacity additions) between fiscals 2021 and 2025.

On the other hand, capacity additions by the state sector are expected to pick up over the next five years owing to a large number of under-construction projects by major state generating companies (gencos). Of the 15-16 GW expected capacity additions by the gencos, majority are expansion projects, which will leverage on existing land banks. In particular, states such as Uttar Pradesh, Telangana, Tamil Nadu, Jharkhand and Bihar would drive capacity additions. Also, fresh project announcements are limited as players are opting for the inorganic route for expansion, given the availability of assets at reasonable valuations.

CRISIL Research expects ~31 GW of new coal-based capacities to commission between fiscals 2021 and 2025, led by a large number of planned projects and the fact that coal continues to remain the most widely available and economic source of fuel among the conventional sources. Moreover, the government's policy for flexibility in utilisation of domestic coal, new linkage policy (SHAKTI), and higher domestic coal production aimed at coal import substitution would lead to significant improvement in coal availability over the next three-five years for power plants. On the other hand, there will not be any significant gas-based capacity additions over the next five years on account of severe constraints in domestic gas availability. However, nuclear capacity addition of ~3.6 GW is expected by fiscal 2025 as major projects under construction (Kalpakkam, Kakrapar, and Kudankulam extension) are likely to be commissioned. Also, hydropower capacity additions are estimated at only ~2.8 GW between fiscal 2021 and 2025 on account of long gestation period owing to geographical and socioeconomic challenges at projects sites.

Fuel-wise break-up of conventional capacity addition over fiscals 2021 to 2025

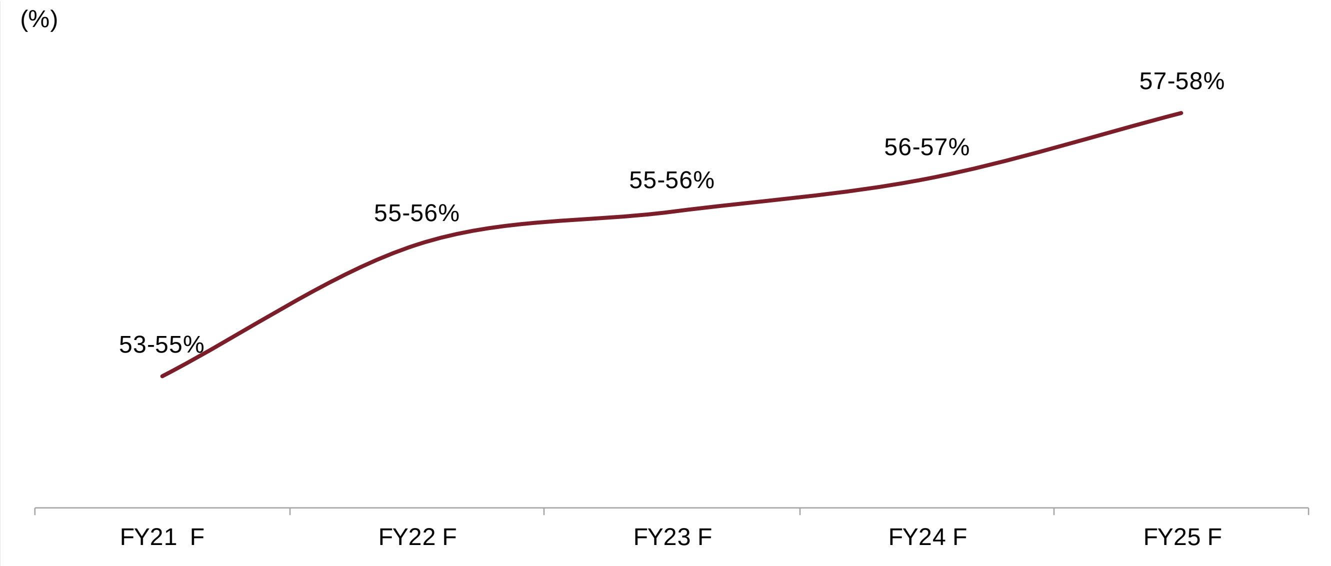


Source: CRISIL Research

Strong growth in renewable capacity additions to continue

CRISIL Research expects ~73-77 GW of renewable power generation capacities to be added between fiscals 2021-25 of which around 59-61 GW are estimated from solar followed by ~14-16 GW through wind. Capacity additions in the renewable energy segment are expected to witness robust growth. Additions in both wind and solar power are expected to be driven by strong government focus, which is evident from the fiscal and regulatory incentives, viability gap funding and execution support in terms of land and evacuation infrastructure. Improved availability of low-cost finance through various instruments / sources would also support renewable energy capacity additions. In solar power, in particular, a further drop in capital costs, and consequently tariffs, are expected to drive capacity additions.

Outlook on PLFs of coal-based power plants



Source: CRISIL Research

F: Forecast

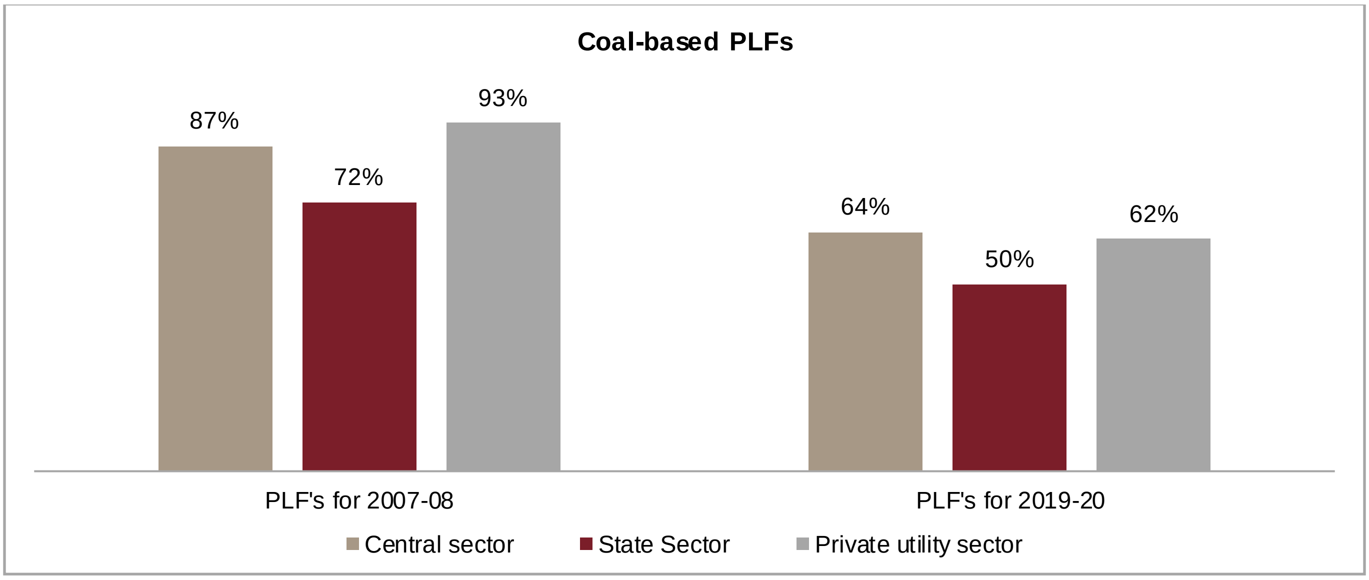
Coal-based PLFs, which had fallen from 61% in fiscal 2019 to 56% in fiscal 2020 due to weakening power demand and extended monsoon, are expected to dip further in fiscal 2021 on account of weakened economic activity in the aftermath of the Covid-19 pandemic. Industrial and commercial activity had stalled in April-May 2020. Reopening manufacturing facilities has been difficult in certain industries due to weak end-use demand, broken supply chains, and labour issues. Although domestic and agricultural demand has sustained during the lockdown period, power distribution companies (discoms) could resort to power cuts to reduce supply to these subsidised consumers in a bid to address financial stress arising from lower collections. Consequently, lower power demand could force power generation companies (gencos) to curtail generation, thereby pulling PLFs down to 53-55% in fiscal 2021.

However, from fiscal 2022 onwards, we expect an improvement in coal-based PLFs with a strong uptick in power demand, retirement of old plants, and a slowdown in capacity additions with completion of planned projects and no further announcements owing to stretched financials of developers, especially private. Improvement in coal supply over the medium term due to ramp-up in domestic production could aid PLFs, although large non-contracted capacities (~16 GW of operational projects not tied up with discoms) and lack of fresh PPAs are expected to limit growth in PLF. CRISIL Research believes that plants (especially owned by the private sector) will operate at lower PLFs due to lack of long-term PPAs. Additionally, with likely improvement in power offtake from renewable power plants due to accordance of 'must-run' status, discoms will likely have to reduce offtake from conventional power capacities, thereby posing a challenge to recovery in PLFs. Consequently, coal-based PLFs are expected to gradually inch up to around 57-58% by fiscal 2025.

Rising renewable energy capacity additions resulted in fall of thermal power plant PLFs

The total installed capacity of power plants in India as of March 2020 stands at 370 GW, of which, ~205.3 GW capacity is coal-based. Due to tepid growth in demand and rise in renewable energy capacity additions, the PLFs of coal-based power plants declined from ~79% in fiscal 2008 (i.e. at the start of the Eleventh Five Year Plan) to ~56% as of fiscal 2020. Further, the situation is worse for many state and private players as they have far lower PLFs. In fact, the year-round average in fiscal 2020 for PLFs of thermal power plants under the state and private categories is 50% and 62%, respectively.

Coal-based PLFs

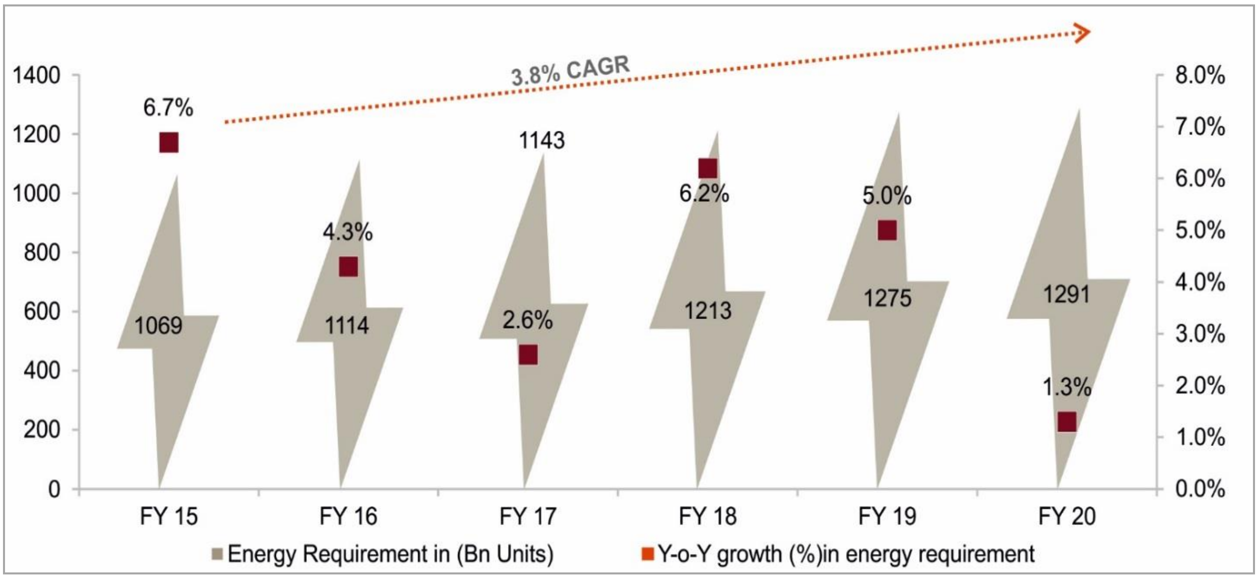


Source: CEA; CRISIL Research

This has resulted in operational inefficiencies for many coal-based plants as they were designed to operate at minimum ~55% PLF and have to be retrofitted for increased ramping requirements in order to integrate more renewable energy sources. Further, continued ramp-up in the renewable energy supplied on account of reducing grid constraints, rising renewable purchaser obligations and improvement in technology have resulted in decline of PLFs of coal-based power plants.

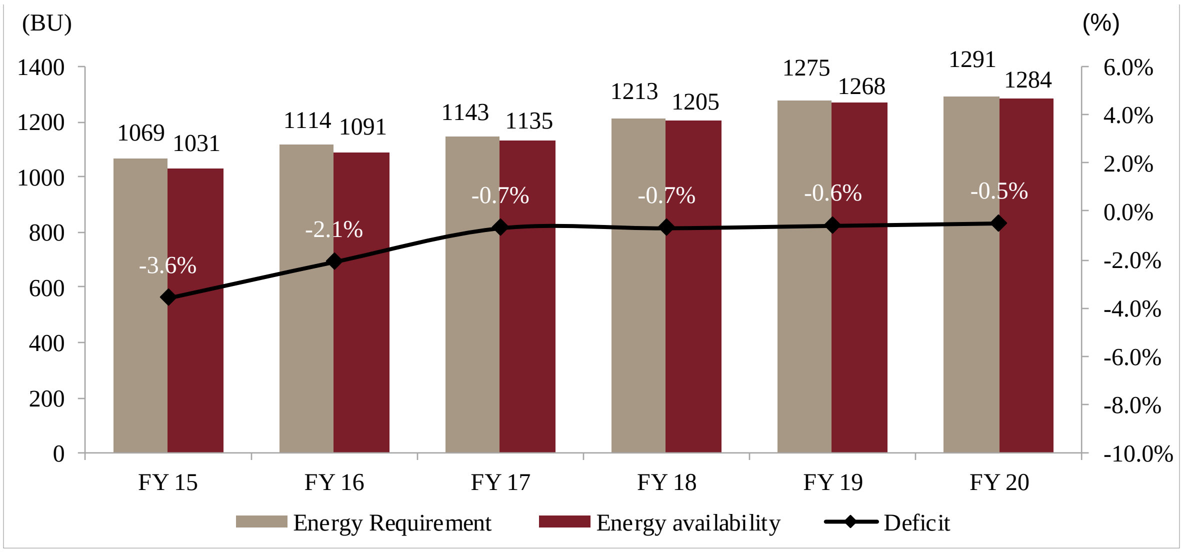
Increase in Energy Requirement and drop in power deficit - Energy requirement grew at 3.8% CAGR over fiscals 2015-20. Power demand stagnated in fiscal 2014 on account of lower off take owing to the weak financial health of discoms as well as slowing GDP growth. In fiscal 2015, demand growth revived to 6.7%, led by a pick-up in economic activity. Moreover, implementation of the financial restructuring pltran for discoms in seven states in fiscals 2014 and 2015 supported power off-take in these states. The growth tapered subsequently to 4.3% during fiscal 2016 and 2.6% in fiscal 2017 owing to slowdown in manufacturing activity. It improved to 6.2% in fiscal 2018, mainly driven by rising electrical connections under the rural electrification and Saubhagya schemes. Power demand growth was subdued at 1.3% on-year in fiscal 2020 owing to a slowing economy, with an extended monsoon till October 2019 further dampening demand. The extended monsoon resulted in lower cooling demand from domestic consumers as well as reducing irrigation demand from agricultural consumers. Demand recovered slightly in January-February 2020 with the onset of summer, but the pandemic downed the shutters on economic activity in March 2020, thereby pulling power demand growth into negative territory.

Trend in energy requirement - Energy requirement grew at 3.8% CAGR over fiscals 2015-20.



Note: CAGR is calculated between fiscal 15 and fiscal 20
Source: CEA, CRISIL Research

Aggregate power demand supply (in billion units)



Source: CEA, CRISIL Research

Energy demand grew at 3.8% CAGR while power supply increased at a faster 4.5% CAGR over fiscals 2015-20 on the back of strong capacity additions and improving transmission infrastructure. Thus, while energy deficit has been on a downward spiral, India remains a marginally power-deficit country in a growing demand scenario. The decline was sharp, particularly in fiscal 2017, on account of muted demand growth of 2.5%. The low demand was the result of a decline in consumption across categories owing to energy efficiency measures, transmission, and distribution (T&D) loss reduction in key states driven by adoption of UDAY scheme.

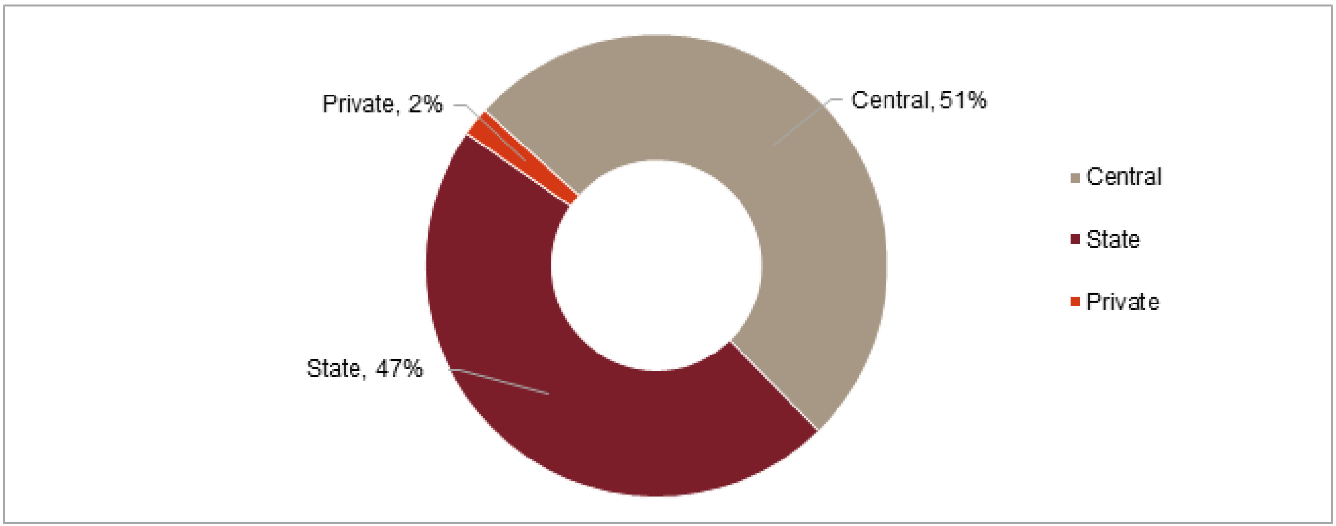
In fiscals 2018 and 2019, power demand grew at 6.2% and 5% on-year, respectively, led by a low base and gradual pickup in consumption across categories with impetus from electrification of un-electrified households, transmission and distribution network expansions, healthy economic activity, etc. Strengthening of inter-regional power transmission capacity over the past five years has supported the rapid fall in deficit levels as it reduced supply constraints on account of congestion and lower transmission corridor availability, thereby lowering the deficit to 0.6% in fiscal 2019. Poor demand growth in fiscal 2020 owing to weakening economic activity and extended monsoon further improved the deficit to 0.5%

However, the energy deficit across regions is different, which implies that transmission capacity augmentation would be critical to effectively utilize assets. Energy deficit in the southern region declined to ~0% in fiscal 2020 from 4.1% in fiscal 2015. Considerable deficit still exists (3.7% in fiscal 2020) in the north-eastern region, largely on account of transmission constraints and poor connectivity in Assam post the floods in fiscal 2020. Even the northern region had a higher deficit at 1.4% in fiscal 2020 as compared with a 0% deficit for the western and southern region and 0.2% for eastern regions during the fiscal.

However, this does not imply that the power deficit is negligible since off-grid untapped latent demand still persists and intensive rural electrification as well as '24X7 power supply to all' is yet to be achieved. Further, many towns and villages in the country are deprived of the 24 x 7 electricity supply on account of multiple technical (*such as highly loaded power line frequently tripping*) and commercial (*theft and pilferage, subsidized consumers, etc*.) issues.

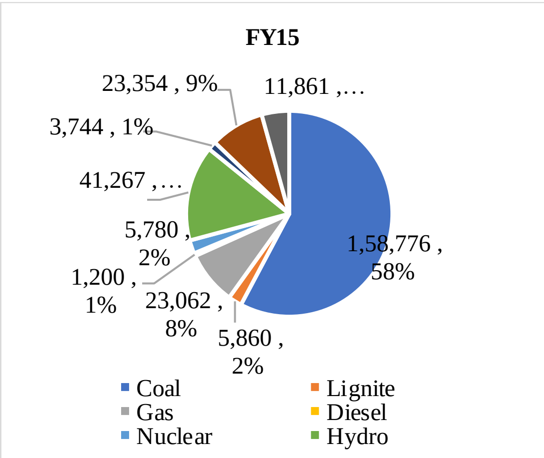
Investments in Power sector

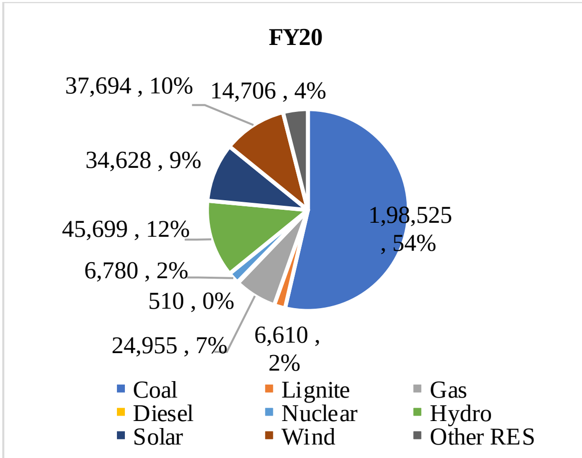
Central, State, Private Sector Participation - Central & state sectors are expected to drive conventional capacity additions in the next five years, whereas the share of private sector capacity addition will remain low due to weak financials of players and presence of untied capacities. NTPC will dominate capacity additions with ~13.5 GW (~11 GW fully owned, ~2.5 GW as joint ventures with state utilities) over the next five years. The entity is backed by a strong execution track record, sound financial strength as well as assured power off-take by PPA holder discoms which insulates it from any downward risk for upcoming capacities. Moreover, nuclear power plants aggregating to ~3.6 GW (Kalpakkam and extension projects at Kakrapar, Rajasthan, and Kudankulam) of Nuclear Power Corporation of India (NPCIL) and ~3 GW of hydro plants are also expected to be commissioned over fiscals 2021-2025. In private segment the trend has already been visible over the last three years when the private sector capacity additions declined to 5 GW in fiscal 2017, 4 GW in fiscal 2018, and ~1 GW in fiscal 2019, and further down to a minuscule 45 MW in fiscal 2020, compared with an average 12 GW being added annually in the preceding five years. Thus, private players would account for only ~1 GW (~2% of capacity additions) between fiscals 2021 and 2025.



Source: CEA, CRISIL Research

Increase in Renewable energy generation capacity: Renewable energy installations have more than tripled to ~92.5 GW capacity as on December 2020, compared with 25 GW as on March 2012 (Source: MNRE), constituting ~25% of total installed generation capacity as of date. In particular, this growth has been led by solar power, which grew at breakneck speed to ~38.7 GW from 0.9 GW over the period.



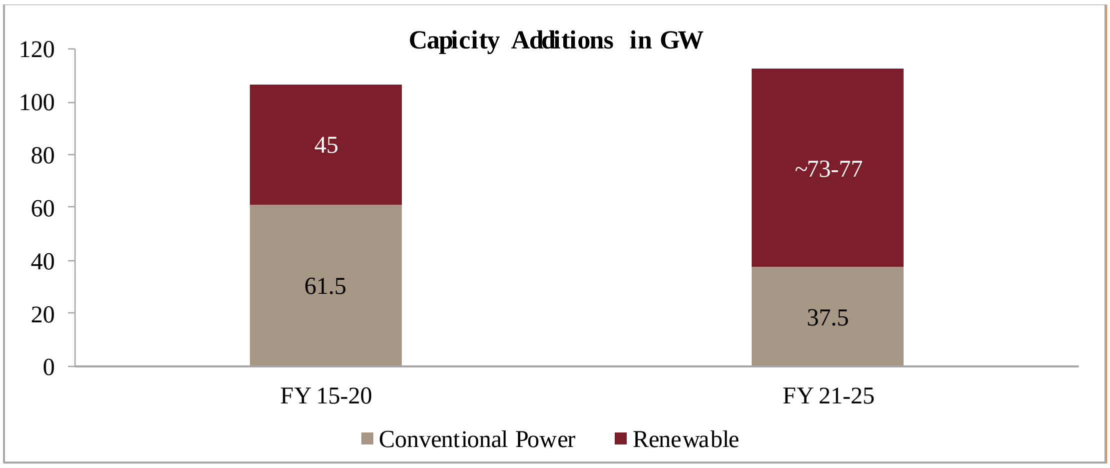


Total installed capacity: 274.9 GW	**Total installed capacity: 370.1 GW**

Source: CEA, CRISIL Research

CRISIL Research expects ~73-77 GW of renewable power generation capacities to be added between fiscals 2021-25 of which around 59-61 GW are estimated from solar followed by ~14-16 GW through wind. Capacity additions in the renewable energy segment are expected to witness robust growth. Additions in both wind and solar power are expected to be driven by strong government focus, which is evident from the fiscal and regulatory incentives, viability gap funding and execution support in terms of land and evacuation infrastructure. Improved availability of low-cost finance through various instruments / sources would also support renewable energy capacity additions. In solar power, in particular, a further drop in capital costs, and consequently tariffs, are expected to drive capacity additions.

Expected trend in power generation capacity addition

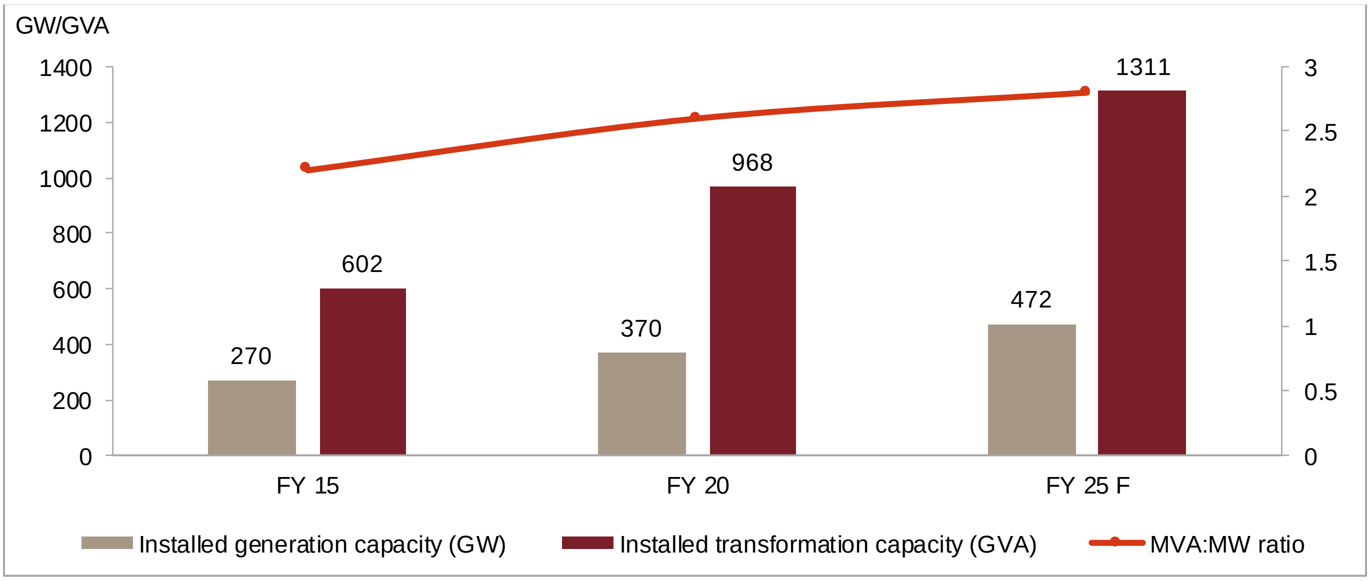


Note: Renewables consists of Solar and Wind power capacities only.
Source: CEA, CRISIL Research

Paris climate deal to push investments in renewable energy capacity: The growth in renewable energy will also be on account of India's commitment to curb carbon emissions. The country targets to achieve 175 GW of renewable energy by fiscal 2022. As part of the Paris climate deal, it has further committed to increase renewable share in total generation to 40% by fiscal 2030.

Transmission segment investment to rise to ~Rs 3.35 trillion over next five years - In order to service a large generation installed base, the investment requirement of the transmission sector is estimated at ~Rs 3.35 trillion over the next five years. Investment in the sector is expected to be driven by the need for a robust and reliable transmission system to support continued addition of generation capacity and a strong push for the renewable energy sector and rural electrification. Increasing private sector participation. with favourable risk-return profile of transmission projects will also boost the investment. It could slow down slightly in fiscal 2021 due to the Covid-19 pandemic but is expected to rebound strongly in the subsequent years. Transformation capacity of 330-350 GVA is expected to be commissioned in the next five years. In the transmission line segment, we expect moderate growth in HV lines of 400 and 765 kV due to their importance in inter-state transmission lines. Thus, CRISIL Research believes the MVA-MW ratio would further improve to ~2.8 by fiscal 2025.

Outlook for transmission capacity addition



Source: CEA, Power Finance Corporation, CRISIL Research
F: Forecast

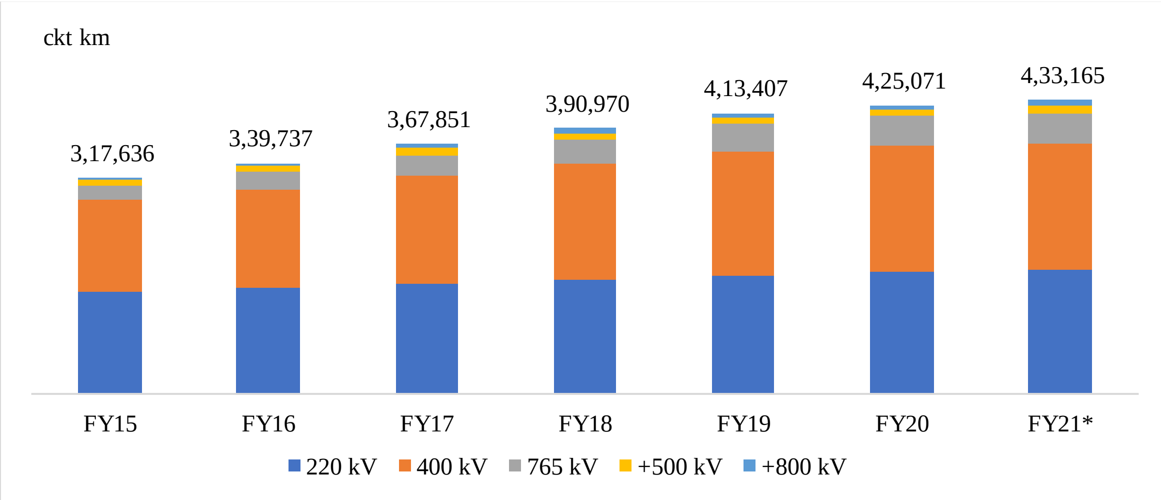
Power Transmission and Distribution Sector in India

The transmission segment plays a key role in transmitting power continuously to various distribution entities across the country. The transmission sector needs concomitant capacity addition, in line with generation capacity addition, in order to enable seamless flow of power. In India, the T&D system is a three-tier structure comprising distribution networks, state grids, and regional grids. The distribution networks and state grids are owned and operated by the respective state transmission utilities or state governments (through state electricity departments). Most inter-state and inter-regional transmission links are owned and operated by the Power Grid Corporation of India Ltd (PGCIL) which facilitates the transfer of power from a surplus region to one with deficit. The T&D system in India operates at several voltage levels:

- Extra high voltage (EHV): 765 kV, 400 kV and 220 kV
- High voltage: 132 kV and 66 kV
- Medium voltage: 33 kV, 11 kV, 6.6 kV and 3.3 kV
- Low voltage: 1.1 kV, 220 volts and below

There has been strong growth in the transmission system at higher voltage levels and substation capacities. This is a result of increased requirement of the transmission network to carry bulk power over longer distances and at the same time optimise the right of way, minimise losses and improve grid reliability.

Strong growth in the length of high voltage transmission lines (220 kV and above)



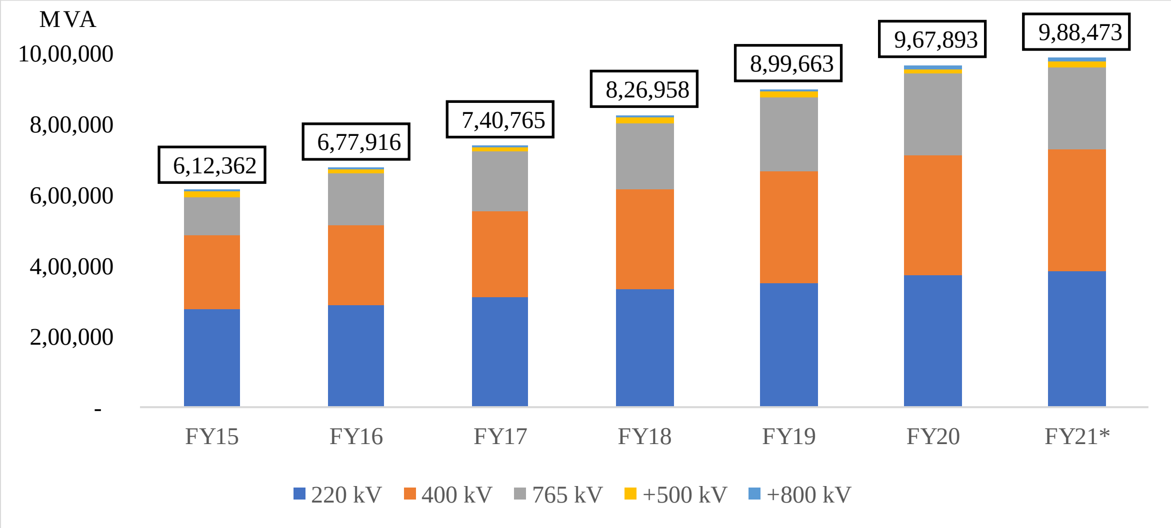
* *Note: Till Dec 2020*
Source: CEA, CRISIL Research

The Electricity Act, 2003 coupled with tariff based competitive bidding or Tariff-Based Competitive Bidding (TBCB) for power procurement, encouraged private participation in the power transmission sector and has supported the growth of transmission lines in India sector.

The total transmission line length (above 220 kV) has increased at 5.4% CAGR from fiscal 2015 to fiscal 2021*. This increase can also be attributed to an increase in the commissioning of the 765-KV lines, growing at a CAGR of 19.9% over the same time period. 765 kV lines have higher transfer capacity and lower technical losses thereby reducing the overall number of lines and rights of way required to deliver equivalent capacity. Performance in a transmission line improves as voltage increases and as 765 kV lines use one of the highest voltage levels, they experience comparatively lesser amount of line loss. 800 kV lines have also shown strong growth momentum, rising at 18.5% CAGR over the last 6 fiscals, majorly owing to strong investments by the central sector.

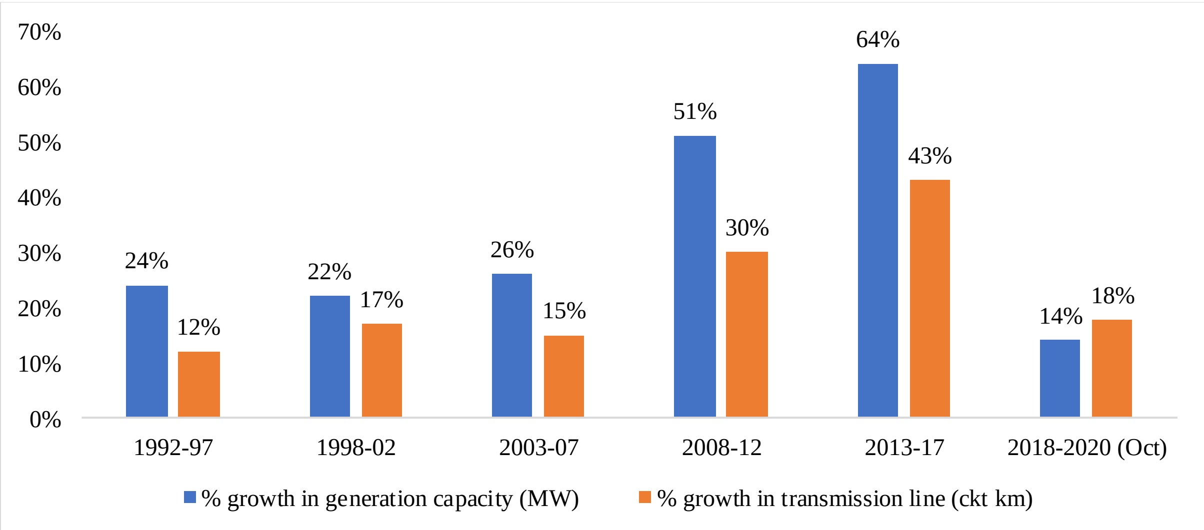
Sub-station capacities in the country have grown from 612,362 MVA in fiscal 2015 to reach 997,843 MVA in fiscal 2021*, at a CAGR of 8.4%.. The growth in sub-station capacities have majorly seen traction in 220 kV, 400 kV and 765 kV segments, contributing to 28%, 36% and 33% of the incremental additions between fiscals 2015 and 2021 (up to December 2020).

Robust growth in high voltage sub-station capacity (above 220 kV)



*Note: *Up to Dec 2020*
Source: CEA, CRISIL Research

Transmission line growth has lagged generation capacity

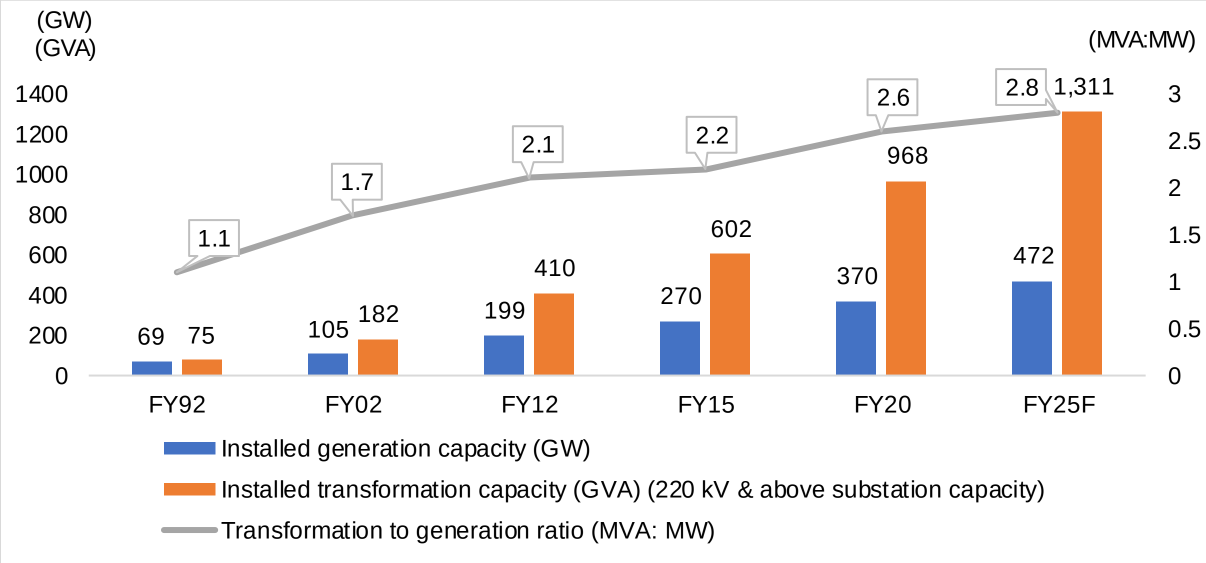


Source: CEA, CRISIL Research

In the 13th 5-year plan (2018-22), generation growth has slowed down owing to oversupply situation, lack of fresh power purchase agreements, stretched financials of private players in the conventional power segment and delays in commissioning of large hydro and nuclear projects.

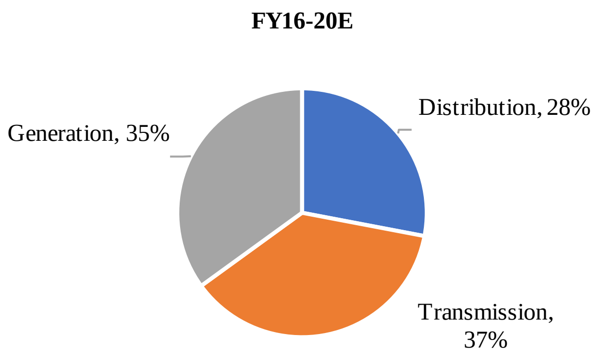
To ensure free and uninterrupted flow of power, every megawatt of new generation capacity needs a certain transformation capacity added to the system. In the Indian context, 220 kV and above level transformation to generation addition ratio (MVA: MW) has remained low over the years. At the end of March 1985, this ratio was 1.1 times and has only improved to 2.6 times by the end of March 2020. Lower transformation capacity results in line congestion, which has been visible particularly in inter-state transmission of power. With government's focus on alleviating congestion, transmission capacities are expected to witness robust growth in transformation capacity additions during the 13th Five Year Plan.

Outlook on transformation capacity additions

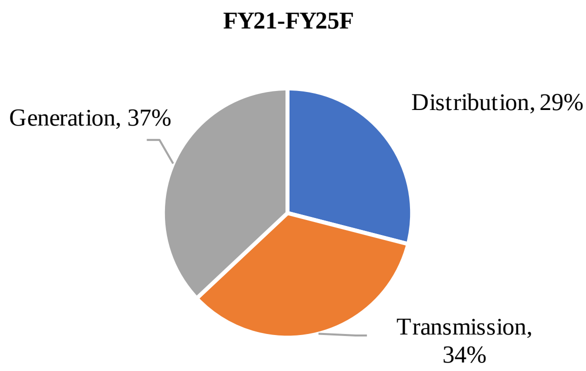


Source: CEA, Power Finance Corporation (PFC), CRISIL Research

Segment-wise break-up of total investments



Total investments: Rs. ~8.4 trillion



Total investments: Rs. ~9.5-10 trillion

Based on the 19th Electrical Power survey conducted by CEA, the total installed capacity by the end of fiscal 2022 is expected to reach ~480.4 GW. This would necessitate ~110,000 ckm of transmission lines and ~383,000 MVA of transformation capacity in substations at 220 kV and above.

Planned Transmission capacity additions by CEA during period 2017-2022

Transmission system type/ voltage class	Unit	At the end of 12th plan (March 2017)	Required to be added during the plan period 2017-22	Required ckm/ MVA (cumulative) at the end of plan period i.e. by 2021-22
Transmission lines				
(a) HVDC ± 500 kV/ 800 kV bipole	ckm	15,556	4,040	19,596
(b) 765 kV	ckm	31,240	21,603	52,843
(c) 400 kV	ckm	1,57,787	48,092	2,05,879
(d) 230/ 220 kV	ckm	1,63,268	36,546	1,99,814
Total transmission lines	ckm	3,67,851	1,10,281	4,78,132
Substations				
(a) 765 kV	MVA	1,67,500	1,09,500	2,77,000
(b) 400 kV	MVA	2,40,807	1,78,610	4,19,417
(c) 230/ 220 kV	MVA	3,12,958	95,580	4,08,538
Total substations		7,21,265	3,83,690	1,104,955
HVDC				
(a) Bi-pole link capacity	MW	16,500	14,000	30,500
(b) Back to back capacity	MW	3,000	0	3,000
Total HVDC		19,500	14,000	33,500

Source: National Electricity Plan, CEA, CRISIL Research

As a result, investments in the T&D segments are expected to witness a growth of 12% in fiscals 2021-25 over fiscals 2016-20. Strong execution capability, coupled with healthy financials of PGCIL, will drive investments. Moreover, the rising private-sector participation with favourable risk-return profile of transmission projects will also support growth in investments. In the 13th FYP, the private sector investment in power transmission sector is expected to be steady at ~10% of the total investment. Further in the 13th year plan, share of private player investments in the freshly bid transmission lines are expected to be over 50%. This is expected to mobilize ~Rs. 1.7-2 trillion of private player investments in over the next 5 fiscals.

Transformation capacity of 330-350 GVA is expected to be commissioned in the next five years. In the transmission line segment, we expect moderate growth (~5%-7%) in HV lines of 400 and 765 kV due to their importance in inter-state transmission lines. Higher voltage level enhances power density, reduces losses and efficiently delivers bulk power. Moreover, it reduces requirement of right of way, a key challenge facing the transmission sector. Thus, CRISIL Research believes the MVA:MW ratio would further improve to ~2.8 by fiscal 2025.

Investments in the transmission sector grew at ~9.5% CAGR over the last five years and aggregated to ~Rs 3.1 trillion. While installed transformation capacity (220 kV and above) increased to 968 giga volt ampere (GVA) as of March 2020, from 602 GVA in March 2015, the total installed capacity of transmission lines at 220 kV and above increased to 425,071 circuit kilometres (ckm) from 313,437 ckm over the period. This was led by robust line additions by Power Grid Corporation of India Limited (PGCIL). Also, a few state transcos, particularly in Maharashtra, Haryana, Andhra Pradesh and Rajasthan, witnessed healthy additions to transmission lines.

Going forward, installed transformation capacity is expected to reach 1,311 GVA by March 2025 and grow at a CAGR of ~6.2%. In the transmission line segment, moderate growth in HV lines of 400 and 765 kV due to their importance in inter-state transmission lines.

The following will also drive investments in the transmission sector:

Inter-regional transmission capacity to rise led by regional system strengthening schemes

CRISIL Research believes that the northern and southern regions would be required to import power and the other three regions would be in a position to export power in fiscal 2025. To cater to this import/export requirement, a number of inter-regional transmission corridors have been planned, and some of these high capacity transmission corridors are in various stages of implementation. Newly sanctioned projects under the North-Eastern System Strengthening Scheme and system strengthening schemes focused in the Ladakh region are also expected to augment investments in the transmission segment.

In addition, the following schemes in the North-East and Kashmir are funded by the Centre, with an estimated cumulative cost of Rs 116 billion:

- North-Eastern region power system improvement project
- Comprehensive scheme of transmission and distribution system in Arunachal Pradesh and Sikkim
- 220 kV transmission system from Alusteng (Srinagar) to Leh (via Drass, Kargil, Khalsti and Leh Sub-stations in Jammu and Kashmir)

Overall, the inter-regional transmission capacity is expected to increase from 102 GW in March 2020 to ~145 GW by fiscal 2024.

Inter-connection with neighbouring countries to boost investments

In order to ensure effective utilisation of regional resources, India is actively planning to inter-connect the national grid with neighbouring countries like Nepal, Bhutan, Sri Lanka and Bangladesh. Nepal is radially connected with India through 11, 33 and 132 kV lines. India and Bhutan have transmission lines of 400, 220 and 132 kV to import ~2,850 MW of power. Further, for transfer of power from upcoming hydroelectric projects in Bhutan, India is implementing two cross-border inter-connection lines of 400 kV each. Between India and Bangladesh, 400 kV DC line connecting Baharampur (India) to Bheramara (Bangladesh) and 765 kV DC line connecting Katihar (India) to Parbotipur (Bangladesh) along with 500 MW HVDC back-to-back terminal at Parbotipur are planned. A feasibility study has been carried out for two 500 MW bi-pole lines between Madurai (India) and New Anuradhapura (Sri Lanka) including submarine cable for the sea portion. Implementation of these transmission projects is expected to support investments in T&D segments over the next five years.

Rising private sector participation to support transmission segment investments

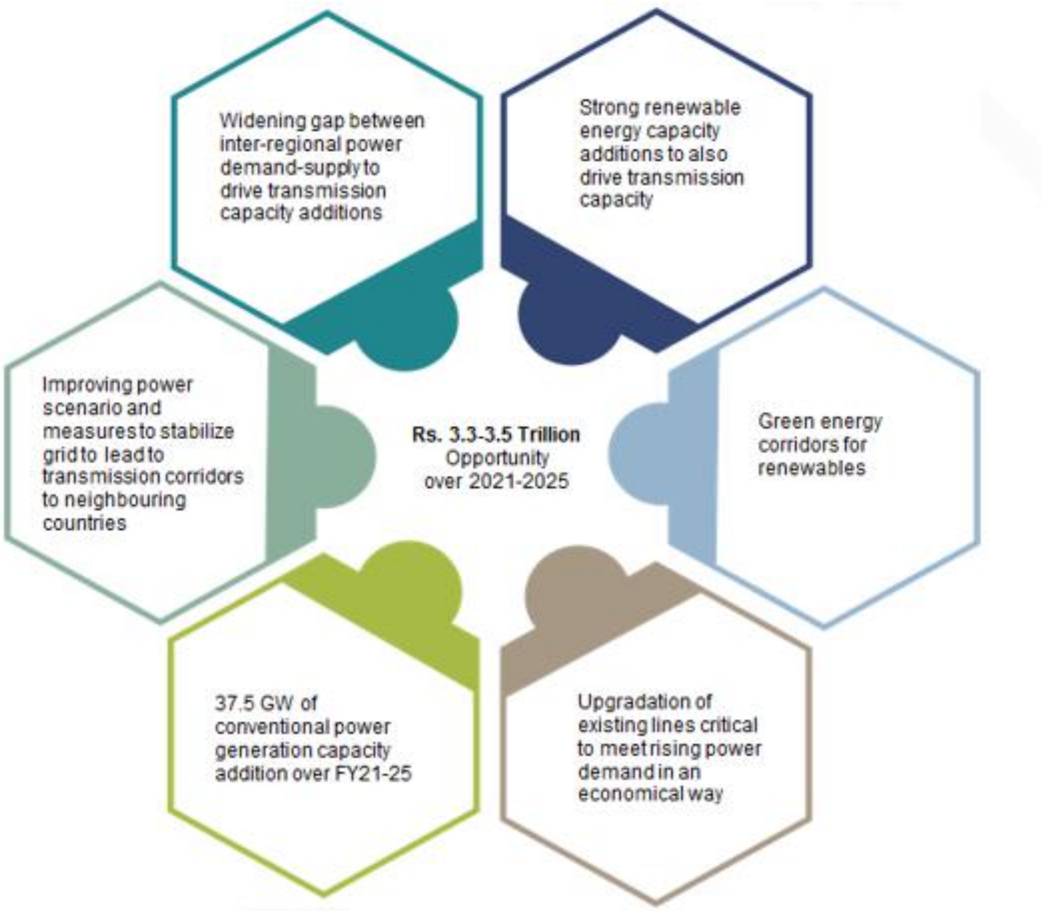
With a view to encourage participation of the private sector in building transmission capacity in India, procurement of transmission has been made mandatory on competitive bidding basis, except for urgent projects, which are required to be commissioned within 2-3-years and continue to be allotted on a cost plus basis to PGCIL. Under TBCB, interested parties are required to quote a levelised tariff through the life of the asset. Transmission schemes including 765 and 400 kV transmission system strengthening schemes in the northern, western, southern, north-eastern regions, would facilitate transfer of power from power surplus states such as Chhattisgarh and Odisha and new hydro-electric projects in Bhutan.

As of October 2020, of the 56 transmission projects envisaged under TBCB, 28 have already been commissioned/ready for commissioning, while 22 are under construction/ partly commissioned. Construction of two projects could not be started due to litigations, while one project has been cancelled by CERC and another one is expected to be cancelled as per the request of the transmission service provider.

Along with such inter-state projects, there will be steady investments in transmission from the state sector as well, primarily driven by the construction of associated transmission systems for upcoming power projects. States such as Maharashtra, Gujarat, Rajasthan, Chhattisgarh, Andhra Pradesh and Karnataka are expected to witness significant investments in the transmission space.

Key Growth Drivers for growth in transmission sector

Some of the key growth drivers for the transmission segment in India are:



Source: CRISIL Research

1. *Widening gap between inter-regional power demand-supply to drive transmission capacity additions*

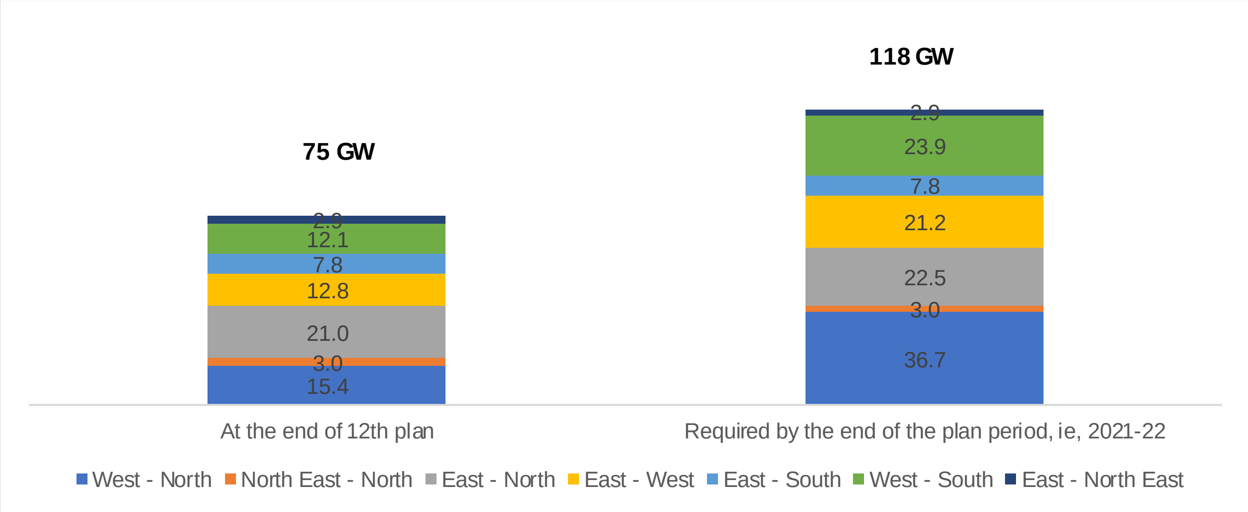
CRISIL Research believes that the total power generation capacity (including renewable energy) at a pan India would rise to ~472 GW in fiscal 2025 from ~370 GW in fiscal 2020. However, the upcoming generation capacity will not be spread evenly across India. Most of the upcoming renewable capacities would be concentrated in the western and southern regions of India, while significant thermal capacities would commission close to the coal mines in eastern and central regions of India. The addition of such large quantity of generation capacities would necessitate the investments in transmission segment to supply power to different demand centres.

Further, the infirm nature of renewable energy (extreme variations in the power output) would give rise to grid issues unless the generated power is distributed over longer distances and to multiple demand centres via transmission lines. Moreover, there exists significant variation in demand on account of seasonal differences and time of day demand differences, which will necessitate large inter-regional transmission capacities to prevent grid fluctuations.

As a result, to reduce the demand-supply mismatch, government has planned to increase the interregional power transfer capacity at 9.5% CAGR to 118,050 MW by FY 2022. Moreover the share of inter-regional transmission capacity is expected to increase from 13.9% in fiscal 2012 to 27% in fiscal 2022 (inter-regional transmission capacity as a fraction of total installed generation capacity), resulting in three times growth of investment in the power transmission sector.

To facilitate inter-regional power transfer capabilities from power surplus regions to deficit regions, CEA estimates regional power transmission capacity by 2021-22 at 118,050 MW.

Inter-regional transmission links and capacity (MW)



Source: National Electricity Plan, CEA, CRISIL Research

Despite healthy inter-regional transmission additions, on account of seasonal differences and time of day demand differences large inter-regional transmission capacities would be required to prevent grid fluctuations. As per Ministry of Power (Perspective Transmission Plan for Twenty Years, 2014-2034), it is estimated that the northern region would have a deficit of about 18,500 – 22,200 MW depending on the season, while the southern region will have a deficit of about 13,000 to 19,100 MW depending on the season at the end of fiscal 2022. Surplus in the western region is expected to be 11,500-15,900 MW in the summer peak, winter peak and winter-off peak conditions, while during the monsoon peak, the surplus is expected to drop to about 2,000 MW.

2. *Short-term open access availability limited; to drive further transmission capacity additions*

India has added ~26% (95 GW) of its total power capacity in the past six years (fiscals 2015 o 2020) itself, of which a reasonable proportion of capacity do not have long term PPAs. Consequently, there are under-utilized capacities, especially in the conventional power segment. Improved and enhanced transmission corridors, which should help evacuate power from surplus region through power trading, is an important requirement to bridge this gap and support PLFs. Further there exist significant transmission constraints for availing short-term open access between two regions. Despite overall inter-regional transmission capacity having increased 2.2 times to ~102 GW in fiscal 2020 from fiscal 2020, that available for short-term open access has remained range bound between 15-35% across the period. This is reflected from the significant disparity in merchant prices on power exchanges across various regions of India.

3. *Strong renewable energy capacity additions to also drive transmission capacity*

There has been a staggering growth in installed capacity of Renewable energy sources from 15.5 GW in fiscal 2010 to 87 GW in fiscal 20, further reaching 89.6 GW in October 2020. Furthermore, government has planned to achieve a total renewable capacity of 175 GW by fiscal 2022 which primarily includes wind and solar capacities. The share of renewable energy in the power generation mix is expected to reach ~19% in fiscal 2025 from 10% in fiscal 2020.

4. *Conventional power generation capacity additions of 37.5 GW to necessitate concomitant transmission capacity*

As discussed in the previous section, CRISIL Research expects ~37.5 GW worth of conventional power generation projects are expected to be commissioned over fiscals 2021-25. This coupled with estimated increase of ~3% in power demand is expected to necessitate augmenting of transmission capacities. Moreover, several upcoming capacities have long-term power purchase agreements with outside states, which will require inter-state transmission corridors.

5. *Several measures taken by government to facilitate execution of transmission projects*

Government has also eased norms to cut down approval time and administrative delays that could arise during the project execution period of a transmission line. To avoid the delay in Transmission line projects due to forest clearances and right of way issues, the government has steps such as an entity having stage I forest clearance can commence construction of the project even if approval for its stage II clearance is pending, the regional offices of

Ministry of Environment and Forest (MoEF) are empowered to issue clearances for up to 20 hectares of forest land as compared to 5 hectares earlier, faster approval of the planned transmission route etc. As per the section 164 of the act, the transmission licensee shall publish the route plan in the two local newspapers. The service provider would have to wait for two months to take into consideration the objection and representation of the stakeholder. Post which the licensee will submit all the necessary document to CEA and details will be published in government of India Gazette. The entire procedure currently takes only 6-9 months of time, which is a huge reduction as compared to more than 12 months earlier.

The transmission line developer does not require any special approval of Wildlife clearance for the project from a bench of the Supreme Court bench.

6. *Upgradation of existing lines critical to meet rising power demand in an economical way*

India has ~4.33 lakh ckm of transmission network as on October 2020 of which most of the lines are using the Aluminium core steel reinforced (ACSR) conductor. This type of conductor is having lower current carrying capacity and also lower withstand temperature (85 degree Celsius) capacity as compared to other latest available technology and substitutes.

7. *Improving power scenario and measures to stabilize grid to lead to transmission corridors to neighbouring countries*

Power deficit in India has been on a declining trajectory with base deficit shrinking to 1% for fiscal 2020 as compared 3.6% in fiscal 2015. India is expected to further expand its generation capacity (conventional power) by ~37.5 GW over the next 5 years. Thus, with healthy availability of power, India is evaluating opportunities to tap neighbouring countries for better integration and synergies. Currently India is trading electricity with Nepal, Bhutan and Bangladesh with 1,000 MW line capacity (~150 MW with Nepal, 500 MW with Bangladesh and ~300-400 MW with Bhutan), while it has plans to increase the inter-national exchange capacity to 3600 MW.

8. *Strong government support to also drive transmission investments*

Government support to power transmission is expected to continue. In the past, it has supported the transmission segment through several measures – increasing the concession period of a transmission asset, relaxation of norms to speed up project construction and implementation of UDAY scheme to boost power demand, which in turn, will eventually result in rise in transmission requirements.

Regulatory

Overview

The electricity sector in India, since independence, was largely controlled by government owned vertically integrated entities. With opening up of the Indian economy and rapid industrialization, demand for power witnessed an upsurge. This necessitated significant investments which compelled the government to open up the power sector for the private sector. In the below sections, we have elaborated the evolution of the regulatory framework and key provisions in the major reforms undertaken.

1. *Electricity Act 2003*

Key features and its impact on the Generation segment:

- No license required for generation;
- Competition to be encouraged through international competitive bidding;
- Captive power generation and sales to third party encouraged; and
- Direct access to retail consumers due to open access in Transmission & Distribution (T&D).

Key features and its impact on the transmission and distribution segment

- Open access in the T&D sector, thus providing choice to consumers
- Higher investments to improve existing infrastructure and
- Opportunities for competition in the distribution segment.

Other key features of the Electricity Act 2003 are as mentioned below:

- Regulators to play an important role in promoting competition, fixing tariffs of generation, transmission, and in determination of the open access charges.

- Increased in competition among various sources of players, leading to increase in efficiency and improving customer service standards

2. *National Tariff Policy, 2006*

Subsequent to the enactment of Electricity Act 2003, the Central government prepared the national electricity policy as per section 3 of the Electricity Act 2003, which led to formulation of National Tariff Policy in January 2006. Some of the key features of the policy include competitive bidding for the power to be procured by the distribution licensee, framework for determining tariffs for cost plus regulated return projects under generation, transmission as well as distribution, adoption of multi-year tariff framework for tariff determination process and increase in private sector investment in transmission through competitive bidding route.

3. *National Tariff Policy, 2016*

In January 2016, the Cabinet approved the proposal of the Ministry of Power for amendments in the Tariff Policy. It provides a holistic view of the power sector and comprehensive amendments have been made in the Tariff policy 2006. The amendments are also aimed at achieving the objectives of Ujwal Discom Assurance Yojana (UDAY).

Highlights of the amendments are:

- 24X7 supply of power to all consumers for which state governments and regulators will devise a power supply trajectory
- Power to be provided to remote unconnected villages through micro grids with provision for purchase of power into the grid as and when the grid reaches there
- Affordable power for people near coal mines by enabling procurement of power from coal washery reject based plants
- Reduce power cost to consumers through expansion of existing power plants
- Benefit from sale of un-requisitioned power to be shared allowing for reduction in overall power cost
- Transmission projects to be developed through competitive bidding process to ensure faster completion at lower cost
- Faster installation of Smart meters to enable Time of Day• metering, reduce theft and allow net-metering
- Lower power cost by creating transmission capacity for accessing power from across India
- Renewable purchase obligation (RPO): In order to promote renewable energy and energy security, 8% of electricity consumption excluding hydro power, shall be from solar energy by March 2022
- Renewable generation obligation (RGO): New coal/lignite based thermal plants after specified date to also establish/procure/purchase renewable capacity
- Affordable renewable power through bundling of renewable power with power from plants whose power purchase agreements (PPA) have expired or completed their useful life
- No inter-state transmission charges and losses to be levied for solar and wind power
- Remove market uncertainty by allowing pass through for impact of any change in domestic duties, levies, cess and taxes in competitively bid projects.

4. *CERC tariff regulations, 2019*

In February 2019, CERC notified final tariff regulations for the period over fiscals 2020 to 2024 for determination of tariff for power generation and transmission projects operating under the fixed-returns model.

Key policies for the transmission segment:

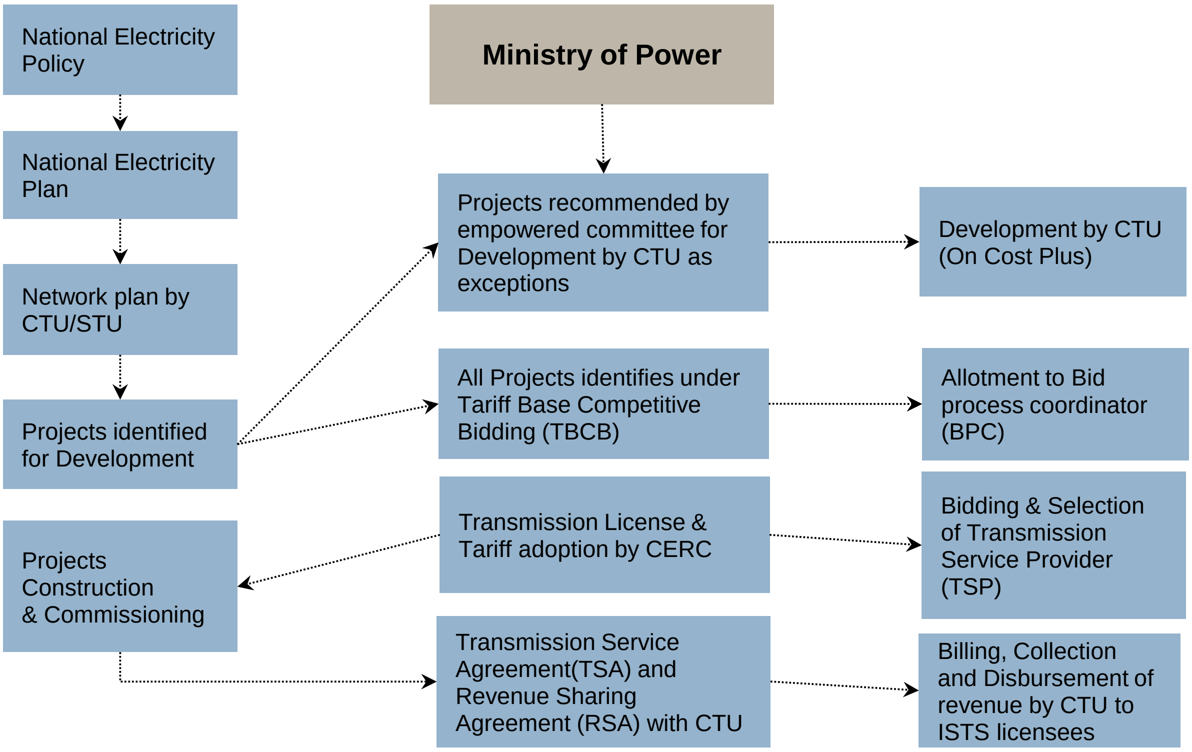
- For transmission projects also, CERC has maintained status quo on two of the key parameters:
  - Return on equity at 15.5 per cent and
  - Debt to equity ratio for inter-state power transmission projects at 70:30.

- The fixed cost of the transmission system or communication system forming part of transmission system shall be computed on annual basis and recovered on monthly basis as transmission charge from the users, who shall share these charges

1. *Electricity (Amendment) Bill 2020*

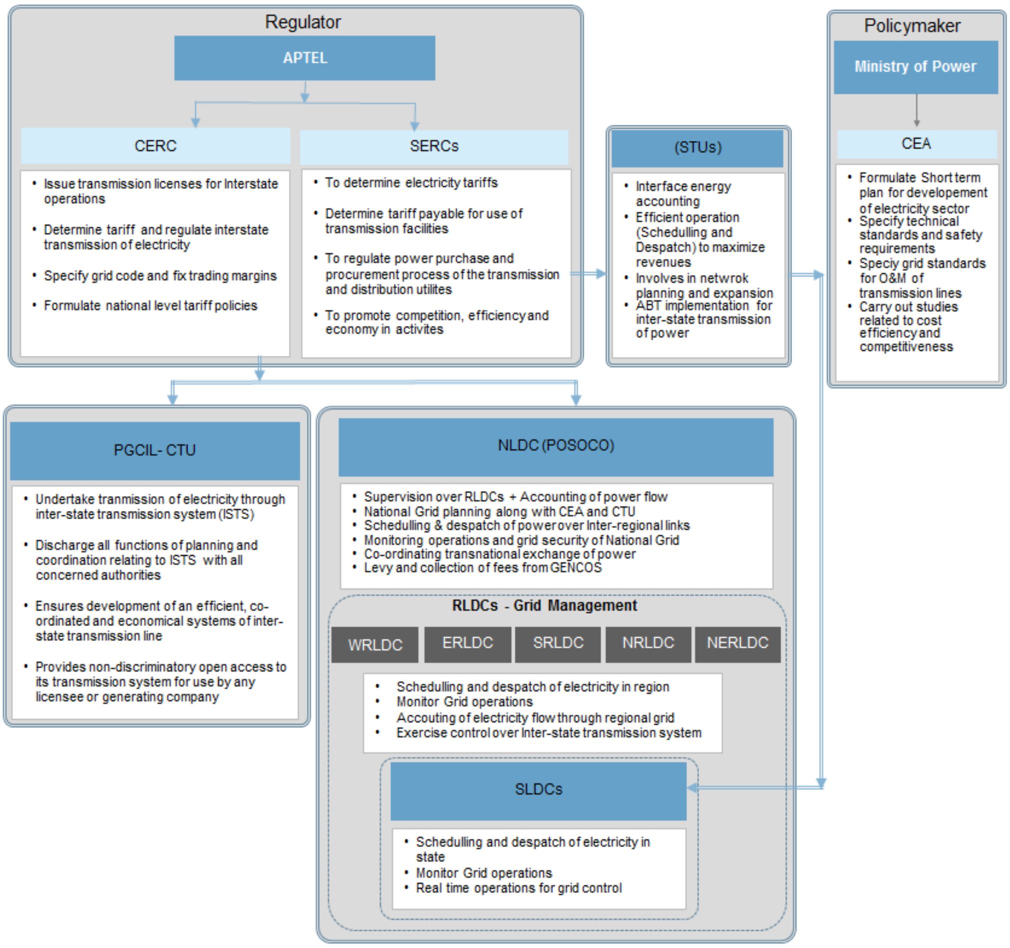
The Central government has introduced the Electricity (Amendment) Bill 2020 to amend various provisions in the Electricity Act 2003. The amendment aims to address critical issues weakening the commercial and investment activities in the electricity sector of the country. Key features of the Electricity (Amendment) Bill 2020 are establishment of Electricity Contract Enforcement Authority, empowering Load Dispatch Centre (LDC) to oversee the payment security mechanism, reduction of Cost reflective Tariff, Simplification of Tariff Structure & Cross Subsidy, establishing National Renewable Energy Policy and Deemed adoption of Tariff discovered through competitive Bid.

Mechanism of awarding of transmission projects



Source: Ministry of power; CRISIL Research

Institutional and structural framework



Note:
CERC- Central Electricity Regulatory Commission; CEA- Central Electricity Authority; WRLDC- Western Regional Load Despatch Centre; ERLDC- Eastern Regional Load Despatch Centre; SRDLC- Southern Regional Load Despatch Centre; NRLDC- Northern Regional Load Despatch Centre; NERLDC- North-Eastern Regional Load Despatch Centre; SLDC- State Load Despatch Centre; CTU- Central Transmission Utility; STU- State Transmission Utility.
Source: CRISIL Research

Tariff Structure

Overview

Being a critical link in the power sector value chain, the transmission sector needed more attention to cater to the growing power demand and the increasing generation capacity. Investments in the form of budgetary allocations, internal accruals and PSU borrowings were unable to fund this growing need. Keeping this in mind, the Electricity Act permitted private sector participation through the tariff based competitive bidding or TBCB route in the power transmission sector. Guidelines for the TBCB process were laid down in the National Tariff Policy, 2006.

Tariff based competitive bidding

Under the TBCB, tariff for projects is not on a cost-plus basis and bidders are required to quote tariff for a period of 35 years for establishing transmission lines. The bidder quoting the lowest levelized tariff, is selected. The successful bidder is then required to acquire a special purpose vehicle or SPV incorporated by the bid process coordinator or BPC. Once the process of acquisition is complete, the SPV approaches CERC to obtain a transmission license.

The **standard bidding document** to be provided in the RFQ includes:

1. Details of the project, including location and technical specifications.

2. Construction milestones to be specified by the bidders.

3. Financial requirements to be met by bidders, including minimum net worth and revenue, with necessary proof of the same, as outlined in the bid documents.

4. Details of model transmission service agreement, which shall include

- Description of interstate transmission system (ISTS).
- Description regarding sharing of transmission charges, other charges and transmission losses; and
- Procedure for metering and accounting.
- Billing, collection and disbursement of transmission charges.
- Force majeure clauses as per industry standards.
- Default conditions and cure thereof, and penalties.

5. Other technical, operational and safety criteria to be met by bidder/TSP, including the provisions of the IEGC/State Grid Code and relevant orders of the Appropriate Commission.

6. Bid evaluation methodology to be adopted by the BPC.

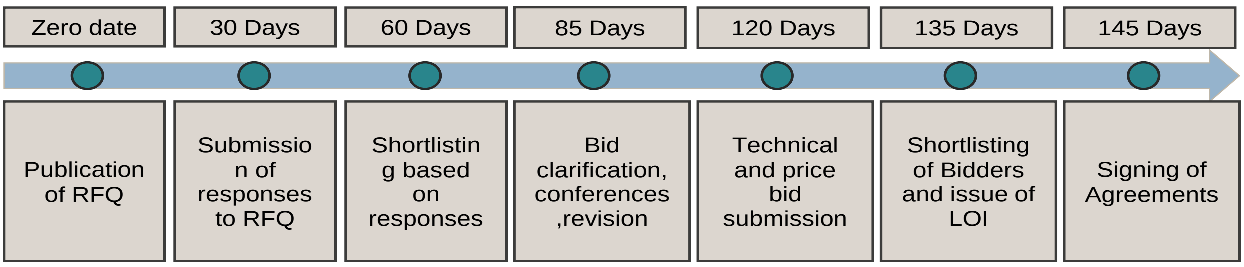
7. Discount Factor (DF) that would be used for evaluation of bids; and

8. Demonstration of financial commitments from lenders at the time of submission of the bids

After the submission of the RFQ, bid evaluation is undertaken by a committee constituting at least one member from the CEA. The bidder who has quoted the lowest transmission charge as per the evaluation procedure, shall be considered for the award. After selection, the bidder will make an application for grant of transmission license to the appropriate commission within one month of selection. The TSA shall be signed with the selected bidder, consequent to the selection process.

After selection, the bidder is required to acquire the project SPV from the BPC and make an application for grant of transmission license to CERC. The successful bidder is designated as the transmission service provider or TSP. The TSP commissions the line as per the schedule specified in the Transmission Service Agreement or TSA with the long-term service customers, the effective date for start of project development being the date of acquisition of SPV by the TSP. Further as per the MoP's order on "policy for incentivizing early commissioning of Transmission projects" dated 15th July 2015, the TSP which commissions the project before scheduled commissioning date is entitled to get revenues (entitlement of transmission charges) and incentives from the actual date of commissioning.

The entire two-stage bidding process of a transmission line typically takes 145 days. The timeline from the release of RFQ to signing of a TSA is as given below:



Source: CERC regulations; CRISIL Research

Point of Connection Mechanism

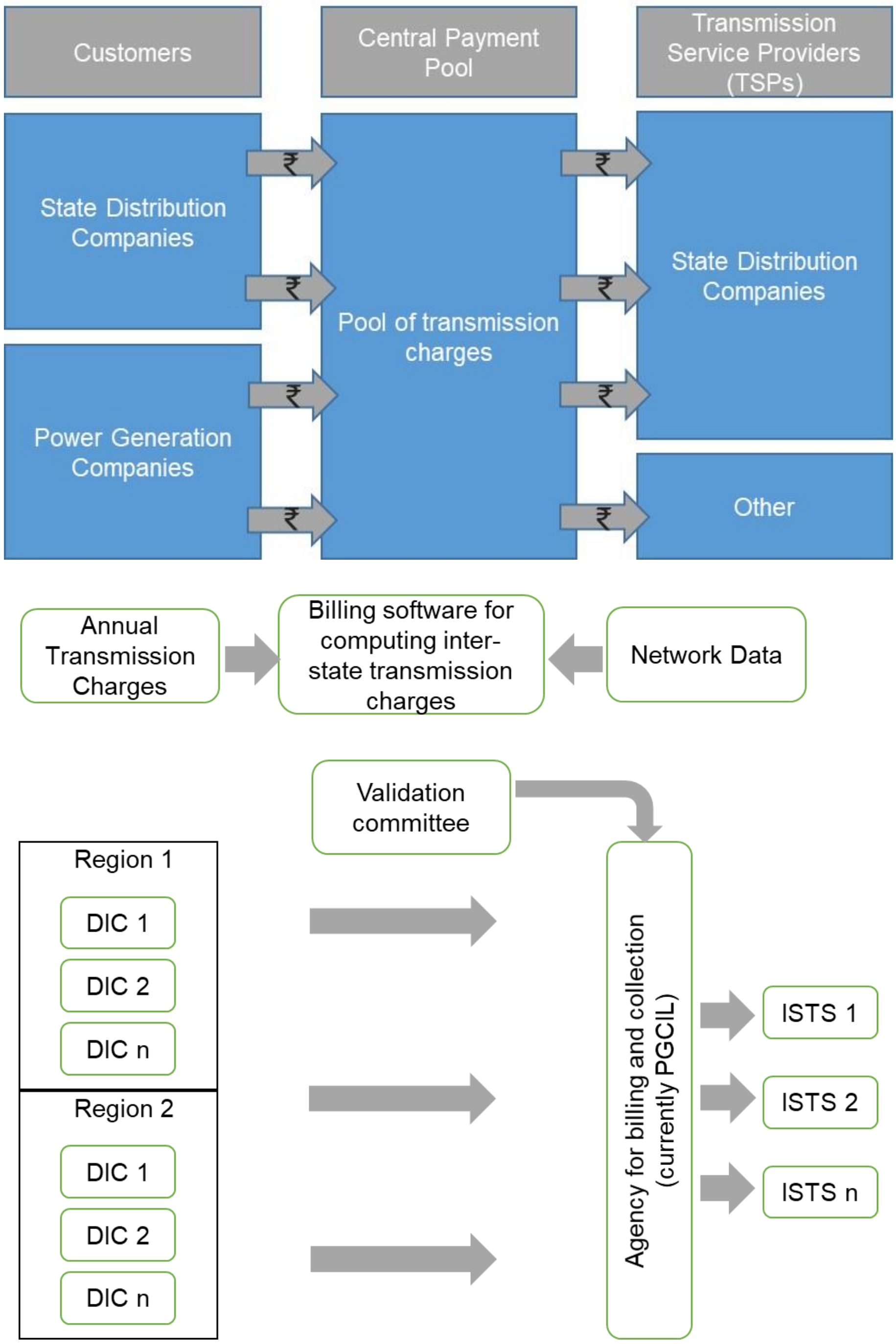
Overview: In 2011, the CERC introduced the 'Point of Connection' (PoC) method for determining inter-state transmission charges. The PoC methodology was introduced to meet the requirements of an integrated grid with rapidly increasing inter-regional transmission of power. It replaced the regional postage stamp method, which was more suited to simple power flows restricted to a small geographical area or electric network. With the new system, the regulator also aims to promote an efficient transmission pricing regime that is sensitive to distance, direction and quantum of power flow – factors which were not addressed by the postage stamp method.

About PoC: In the PoC method, the transmission charges to be recovered from the entire system have been allocated between users based on their location in the grid. The inter-state grid has been divided into generation and withdrawal (demand) zones, and prices for each zone are determined by an algorithm based on the load profile of the zone. Separate transmission charges are attributable to both generators and distribution companies as they are both deemed to be beneficiaries of the transmission network. However, in almost all cases, transmission charges attributed to the generator are recovered from the discoms. The transmission grid is divided into injection and withdrawal nodes and for the sake of simplicity, various nodes of a contiguous region have been further aggregated into zones. The charges for each node are determined by an algorithm. The algorithm is based on load flow analysis of the entire transmission network and how a change in injection or withdrawal of 1 MW of power at each node affects the network. Thus, it captures the network utilisation of each zone. The algorithm also takes into account the electrical distance and direction of power flows for each node in the system.

Also, earlier, each transmission licensee would sign a Bulk Power Transmission Agreement (BPTA) for each transmission asset with multiple discoms. As a result, the licensee would be responsible for recovering his annual transmission charges (ATC) from multiple discoms across regions, resulting in high transaction complexity. However with the PoC mechanism, BPTAs will no longer be signed for individual transmission assets; instead, a universal Transmission Service Agreement (TSA) and revenue sharing agreement (RSA) is in place and all beneficiaries including ISTS Licensees, Deemed ISTS Licensees, other non-ISTS Licensees whose assets have been certified as being used for interstate transmission by the RPCs will be default signatories to the TSA and RSA approved by CERC. Post the commissioning of transmission line RSA determines the terms and conditions for billing, collection and disbursement procedure for the ISTS licenses and DICs while TSA determines the terms and conditions for revenue accrual and other operation related parameters.

Procedure for Payment: Under the PoC mechanism, the CTU or PGCIL acts as the revenue aggregator and collects payments from all the DICs based on the inputs received related to utilization of the transmission network. The CTU is responsible for billing and collecting these charges from the various users and disbursing them to transmission licensees. The CTU is responsible for billing and collection of these charges from the various users and disbursing them to the transmission licensees. The CTU functions as a single point of contact between transmission licensees and the users.

Procedure for payment pooling mechanism



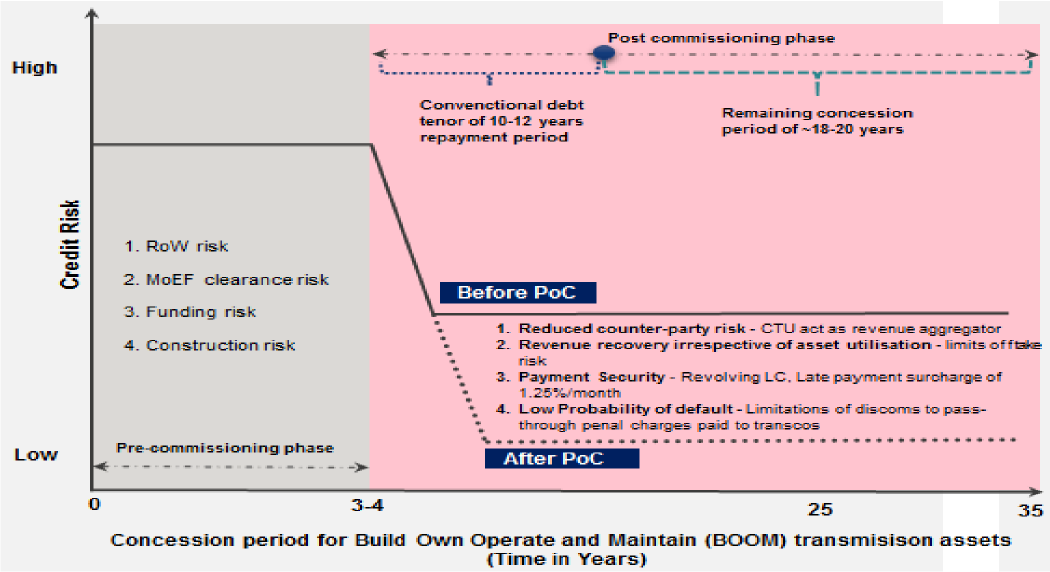
Source: CERC; CRISIL Research

Factors Encouraging Investments in Power Transmission in India

- *Operational power transmission projects have minimal risks:* In the project construction phase, transmission assets face execution risks including right of way, forest and environment clearances, increase in raw material prices etc. However, post commissioning, with the implementation of POC mechanism, there is limited offtake and price risk as described below. Thus, operational transmission projects have annuity like cash flows and stea dy project returns. Tariffs payable to the ISTS have a fixed escalable component which ensures stability in cash flows while variable component is linked to the inflation index in India, which is relatively a smaller component of the tariff.

- *Revenue recovery irrespective of asset utilisation limits off-take risk:* Under TBCB, the interested parties are required to quote a levelized tariff through the life of the asset. The tariff rates comprises of a fixed non-escalable charge and a variable escalable charge which in linked to the inflation index in India which is published by CERC every 6 months.

Credit risk through a project life cycle



Source: CEA; CRISIL Research

- *Availability based regime:* The transmission line developer is entitled to get an incentive amount (if availability is more than 98.5% for HVDC and more than 99.75% for HVAC) in the ratio of the transmission charges paid or actually payable at the end of the contract year. Also, in the case of low availability, a transmission licensee is liable to pay a penalty under the TSA, which will be apportioned in favour of the customers. Maintaining availability in excess of the targeted availability gives the relevant asset the right to claim incentives at pre-determined rates, ensuring an adequate upside to maintaining availability. However adequate training and deployment of advanced techniques such as use of helicopters for live line aerial patrolling, hot line maintenance, equipment condition monitoring including dynamic testing and use of thermos-vision scanning may result in higher transmission network availability. Hence, revenue recovery is not linked to volume of power flowing through transmission assets as long as normative line availability is met.

- *Counter-party risk diversified:* Given pan-India aggregation of revenue among all ISTS beneficiaries (TSPs) and not asset specific billing, the counter party risk is diversified. As the load growth increases, the pool of beneficiaries as well as transmission providers is likely to go up resulting in further diversification. Considering that no single counter party is over 15% of the pool, weighted average credit quality of the pool is significantly better than individu al constituents. If a particular beneficiary delays or defaults, the delay or shortfall is prorated amongst all the licensees Thus, delays or defaults by a particular beneficiary will have limited impact, which will be proportionate to its share in overall ISTS. Assuming the system has 3 ISTS licensees (L1, L2 and L3). The total tra nsmission charge for any given period is INR 100 /- which is to be paid to the 3 licensees in the proportion of 50%, 30% and 20%.

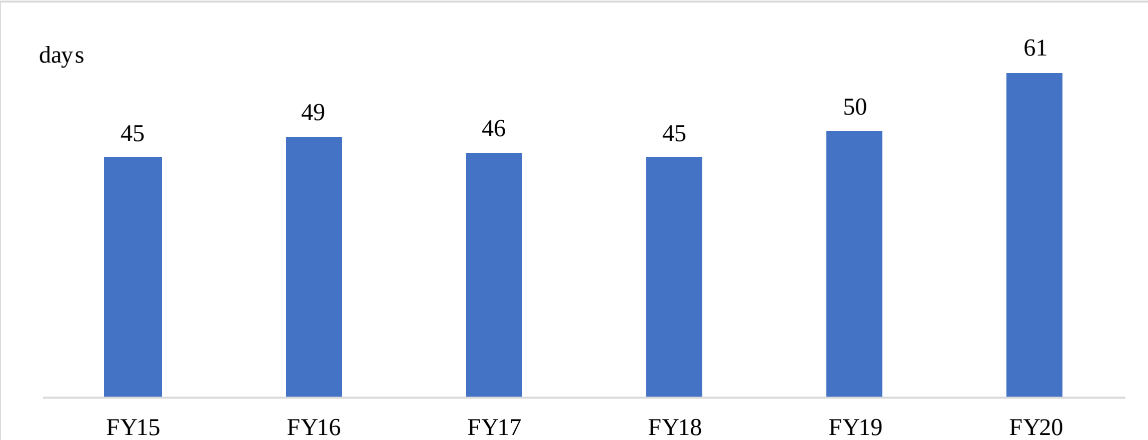
- Assuming the recovery or total amount aggregated by PGCIL is INR 90 /- (shortfall of INR 10/-), the collection would be distributed to the 3 licensees in the proportion of their billing amounts as illustrated below:

ISTS Licensee	Transmission Charge (INR)	Collection from DICs (INR)	Proceeds to ISTS Licensees (INR)
L1	50	90	45
L2	30		27
L3	20		19
Total	**100**		**90**

Source: CRISIL Research

- *Collection risk offset owing to presence of CTU*: According to CERC (sharing of inter-state transmission charges and losses) regulations, 2010, PGCIL as central transmission utility (CTU) - a AAA rated "Navratna" government owned entity - has been assigned the responsibility of carrying out activities including raising of transmission charge bills on behalf of all ISTS licensees, collecting the amount and disbursing the same to ISTS licensees. The CTU functions as a single point of contact between transmission licensees and the users. Thus, a private transmission licensee no longer needs to collect transmission charges from multiple discoms for each transmission project. Instead, the transmission revenue payable to the licensee is disbursed by the CTU on a monthly basis. Moreover, the collection track-record of the CTU is fairly good. Further the receivable collection cycle has shown considerable improvement over the past few years. PGCIL do not possess any history of payment default to the transmission service provider under the PoC mechanism.

Trend in receivable days of PGCIL



Source: PGCIL Annual Reports; CRISIL Research

- *Payment security:* The agreement includes an arrangement for payment security, which reduces under-recovery of revenues. Payment security is available in terms of a revolving letter of credit of required amount that can be utilized to meet the revenue requirement in case of a shortfall. Further in the event of default by discoms the impacted generation company can sell the regulated volumes of power to third party buyers and proceeds from such transaction will be paid to Transco on the pro-rata basis, after adjustment of energy charges and incidental expenses by the GENCO.

- *Relatively low probability of default:* Beneficiaries are less likely to default on transmission charges as there exists limited alternative infrastructure to supply / off-take the power. In fact, transmission licensees have the right to restrict long-term/medium-term access to transmission network. As per the CERC's order dated 2.9.2015 on Regulation of power supply, PGCIL in consultation with power system operation corporation limited (POSOCO) can deny STOA/MTOA/LTA to the defaulting utility which can be treated as transmission constraint and POSOCO may issue schedule to the defaulting beneficiary in case of transmission constraint. Also, there exists a late payment surcharge of 1.25% per month for delay in payment beyond 60 days from the date of billing. Further there are limitations on transmission utilities to pass on the additional cost incurred on account of penal interest to the end users. Given a confluence of the above factors, the beneficiaries are less likely to default. Moreover transmission costs form a relatively lower proportion of the total operational costs. In fact, for Karnataka, Madhya Pradesh and Rajasthan the interstate transmission charges account for less than 5% of the total power purchase cost.

- *Pace of Awarding Projects under TBCB has increased in the last few fiscals:* Between 2010-11 and 2014-15, the pace of award of project was slow with only Rs. 180-190 billion (~USD 2.48-2.62 billion) of projects being awarded. However, the pace of award of project has significantly increased. In fact, in 2015-16, projects aggregating to ~Rs.

260 billion (~USD 3.58 billion) were awarded. Awarding of projects through TBCB picked up from fiscal 2017 onwards. In fact, between fiscals 2017 and 2020, projects worth ~312 billion have been awarded by BPCs (REC, PFC). This is sharp contrast with the tenure from fiscals 2011 to 2016 where cumulatively ~400 billion of transmission projects were awarded by the BPCs. Presently, 28 projects, awarded under the TBCB route have been commissioned.

List of projects under bidding with REC as BPC

Sl. No	Project Name
1	Development Of Intra-state Transmission Work In M.P. Through Tariff Based Competitive Bidding: Package- I
2	Development Of Intra-state Transmission Work In M.P. Through Tariff Based Competitive Bidding: Package- II
3	Transmission System for evacuation of power from RE Projects in Osmanabad area (1 GW) in Maharashtra
4	Transmission System for Transmission Scheme for Solar Energy Zone in Gadag (2500 MW), Karnataka – Part A
5	Transmission System for evacuation of power from RE projects in Rajgarh (2500 MW) SEZ in Madhya Pradesh
6	Transmission Scheme for Solar Energy Zone in Bidar (2500 MW), Karnataka
7	Transmission System Strengthening in Jharkhand State (Package-1)
8	Transmission System Strengthening in Jharkhand State (Package-2)
9	Transmission System Strengthening in Jharkhand State (Package-3)
10	Transmission System Strengthening in Jharkhand State (Package-4)

Note: Projects likely to be bid out and awarded in the next 1-2 fiscals
Source: REC, CRISIL Research

List of projects under bidding with PFC as BPC

Sl. No	Project Name
1	Evacuation of power from RE sources in Koppal Wind Energy Zone (Karnataka) (2500MW)
2	Evacuation of Power from RE Sources in Karur/ Tiruppur Wind Energy Zone (Tamil Nadu) (2500 MW)
3	Transmission scheme for Solar Energy Zone in Ananthpuram (Ananthapur) (2500 MW) and Kurnool (1000 MW), Andhra Pradesh
4	Transmission system strengthening scheme for evacuation of power from solar energy zones in Rajasthan (8.1 GW) under Phase-II Part-E
6	Transmission system strengthening scheme for evacuation of power from solar energy zones in Rajasthan (8.1 GW) under Phase-II-Part G

Note: Projects are likely to be bid out and awarded over the next 1-2 fiscals
Source: PFC, CRISIL Research

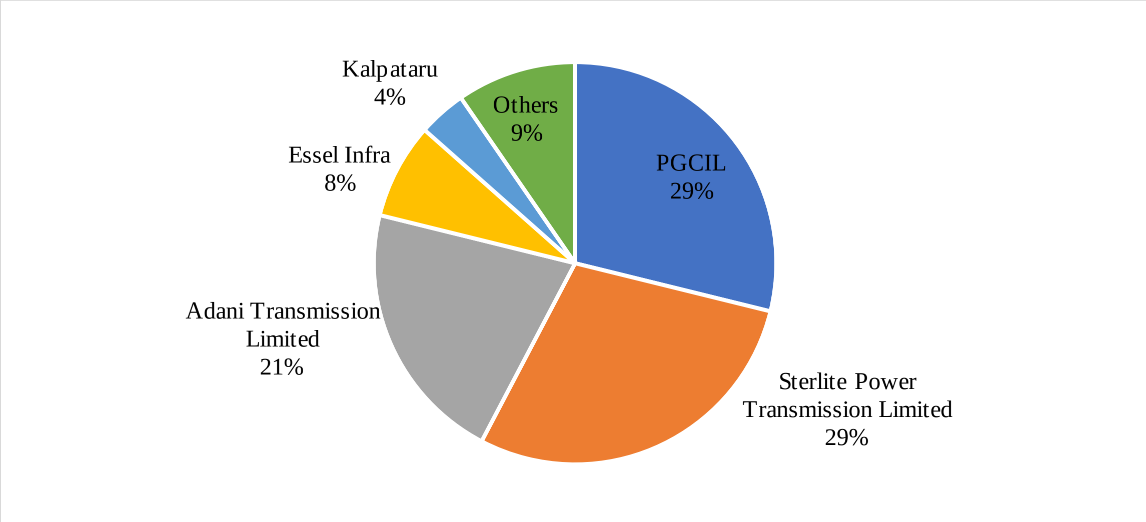
Key transmission projects identified under NIP

Sl. No.	Name of scheme/ project	Region	Estimated Project Cost (in USD)
1	Pan-India Power Transmission Project A	Pan India	12.02 bn
2	Chennai Power Transmission Project	Tamil Nadu	6.95 bn
3	Pan-India Power Transmission Project B	Pan India	6.52 bn
4	Lucknow Power Transmission Project	Uttar Pradesh	3.39 bn
5	Hyderabad Power Transmission Project	Telangana	2.79 bn
6	HVDC bipole between western region (Raigarh, Chhattisgarh) and Southern Region (Pugalur, Tamil Nadu)	Chhattisgarh, Kerala, Maharashtra, Tamil Nadu, Telangana	2.26 bn
7	LT and HT distribution infrastructure development project	Tamil Nadu	2.04 bn
8	HVDC bipole between western region (Raigarh, Chhattisgarh) and Southern Region (Pugalur, Tamil Nadu)- North Trichur [Kerala] Scheme 1 - Raigarh Pugalur 6000 MW HVDC system	Pan India	2 bn
9	North East - North West Interconnector 1	Pan India	2 bn
10	Bangalore power transmission project	Karnataka	1.79 bn
11	Underground cable replacement project	Uttar Pradesh	1.63 bn
12	LT AG connection to HVDS development project	Maharashtra	1.38 bn
13	Creation of intra state transmission system in 8 RE rich states	Andhra Pradesh, Gujarat, Himachal Pradesh, Karnataka, Rajasthan Tamil Nadu	1.38 bn
14	Gandhinagar power transmission project	Gujarat	1.36 bn
15	Kamrup Metropolitan power transmission project	Assam	1.11 bn
16	Guntur power transmission project	Andhra Pradesh	1.04 bn
17	Jaipur power transmission project	Rajasthan	991.78 mn
18	Mumbai city power transmission project	Maharashtra	989.78 mn
19	HVDS pump energizaton project	Maharashtra	781.47 mn
20	Bhopal power transmission project	Madhya Pradesh	706.34 mn

Note: These projects are likely to be bid out and awarded in the next 4-5 fiscals depending on government thrust and private player participation
Source: India Investment Grid portal, CRISIL Research

- *Market Share:* Out of 52 transmission projects commissioned/ awarded through TBCM route, with the centre being as counterparty, of which 37 are won by private players while remaining 15 are won by the PGCIL. Furthermore, among private developers, Sterlite Power Transmission Limited (SPTL) is the leading player with a market share of 29% (in terms of project portfolio) followed by Adani Transmission Limited (11 projects awarded, 21% project share). PGCIL remains a strong player in the TBCB mode as well. This shows that the public sector entity has fared well, even when it was not safeguarded or protected from competition

Market share of players among central transmission projects awarded through TBCB mode



Source: Monthly progress report as of Oct 2020 of transmission projects awarded through TBCM (CEA), CRISIL Research

- *Power Transmission infrastructure has better risk return profile as compared to other infrastructure projects:* Returns from various infrastructure projects (other than transmission line projects) like roads, ports and power generation rely mostly on the operational performance of the assets, which in turn is dependent on factors where developers have limited control. For instance, in the roads sector (non-annuity based project) the company's profits are dependent on collection of toll revenues, the port sector bears risk of cargo traffic, while in the case of power generation, it depends on availability of fuel and offtake by distribution companies. For instance, in the roads sector, in particular, there have been several projects which commissioned during the economic slowdown during FY'11 to FY'13. In fact, for about 15 national highway stretches, the traffic growth, estimated at 7-8 per cent in the past, had declined to about 3-4 per cent in 2011-12 and further down to 2-3 per cent in 2012-13 owing to economic slowdown and the sharp deceleration in railway freight. Also, for 6 highways, the actual base traffic was 20-40 per cent lower than NHAI estimates. Further, the counter party risk is higher in annuity based roads projects as the sole revenue counter party for annuity based payments is National Highway Authority of India (NHAI), while in the case of ISTS transmission projects the revenue counter party is a pool of distribution and generation companies, thus reducing the counterparty risk based on account of diversification. Also, in the case of an inter-state transmission asset, the revenue stream is consistent based on the unitary charge (Rs. Million/annum) determined at the time of bidding for the entire concession period of 35 years. These charges are independent of the total power transmitted through the transmission lines and hence factors such as volume, traffic do not fluctuate the revenues. Moreover, inter-state transmission assets have limited O&M costs as compared to other infrastructure assets. Typically, transmission projects incur relatively low O&M costs of 7-8 per cent of revenues in order to ensure normative availability. In comparison, road projects incur as high as 35-40 per cent as O&M costs. In addition, transmission lines could also be used for providing telecom services thereby diversifying the revenue profile. Telecom and data service companies leverage reach of the transmission towers in potential semi-urban and rural regions to offer their services. The telecom companies could plan low cost and high quality telecom infrastructure on the existing and planned transmission line infrastructure. This can be done by using technologies such as OPGW – Optical Fibre Ground Wire over high voltage Transmission line and MPLS – Multi Protocol Label Switching. In fact, PGCIL has been able to leverage its assets by supporting telecom service providers. PGCIL operates its telecom business through a wholly-owned subsidiary named Powertel. During the year 2019-20, the Company's telecom network coverage increased to 66,922 km. The revenue from the telecom business rose to Rs. 698.21 Cr. in fiscal 2020, which constituted ~2% of its net revenues.

Comparison of transmission assets with other infrastructure assets

	Inter-state power transmission	Roads	Ports	Conventional power generation	Solar energy power generation	Wind energy power generation	Commercial Real Estate
Certainty of cash flows	● Driven by long-term agreements	◑ Traffic risk in BOT projects	◕ End-user industry risk	◑ Offtake and cost of fuel	● Broadly driven by long term agreements	● Broadly driven by long term agreements	◑ Preffered by global institutional investors and HNI investors but risks of seasonality
Counterparty risk	◕ Exposure limited to systemic risk	◑ Cost overruns, limited O&M impact toll collection	◑ Exposure to multiple end users	◑ Direct exposure to debt laden SEBs	◕ Faster clearance to payments under NVVN/ SECI Scheme (2-3 months). Weaker discoms delay the payments (5-6 months)	◕ Faster clearance to payments under NVVN/ SECI Scheme (2-3 months). Weaker discoms delay the payments (5-6 months)	◑ Regular challenges of delays and cancellations
Operational Risk	● Limited O&M requirements	◑ High O&M required	◕ Limited O&M requirements	◑ Substantial periodic maintenance needs	● Limited O&M requirements	◕ Substantial periodic O&M requirements	◕ Limited O&M requirements
Future Growth Potential	● Severe deficit in power transmission capacity	◕ High growth potential	◑ Good potential, limited by feasible locations	◑ Moderate potential from baseload power demand	● Governments to scale up capacity to 100 GW by FY2022 from ~12 GW in FY2017	● Governments to scale up capacity to 60 GW by FY2022 from ~32 GW in FY2017	◑ Pivoting towards hybrid models as work from home becomes more acceptable with digital means of communication
Competitive Environment	● Few credible players	◑ Highly competitive given multiple private players	◕ Few private players	◑ High competitiveness given multiple players	◑ Highly competitive given multiple private players	◑ Highly competitive given multiple private players	◑ Low number of large players, smaller ones merging due to impact on business
Summary	●	◑	◑	◑	●	●	◑

● Most Favourable ◕ Favourable ◑ Marginally Favourable

Source: CRISIL Research

- *Consolidation in the transmission segment constricting competition:* Prior to the competitive bidding, transmission projects were allocated on the fixed 15.5% return on equity basis. However, post 2011, competitive bidding for all interstate transmission lines were made mandatory which has led to rising competition among players intending to establish their presence in the sector. Players were competing to establish their presence and garner higher share in the market. Transmission business was perceived as a low risk business as annual levelized tariffs are independent of demand-supply dynamics and fluctuation in electricity tariffs. Further due to better payment security mechanism and assurance of payment from central and state transmission utilities, this business model has attracted many new players. String of acquisitions have squeezed the competition from the transmission segment. However, the entry of global capital majors like KKR and GIC into the segment ensues confidence and long-term prospects.

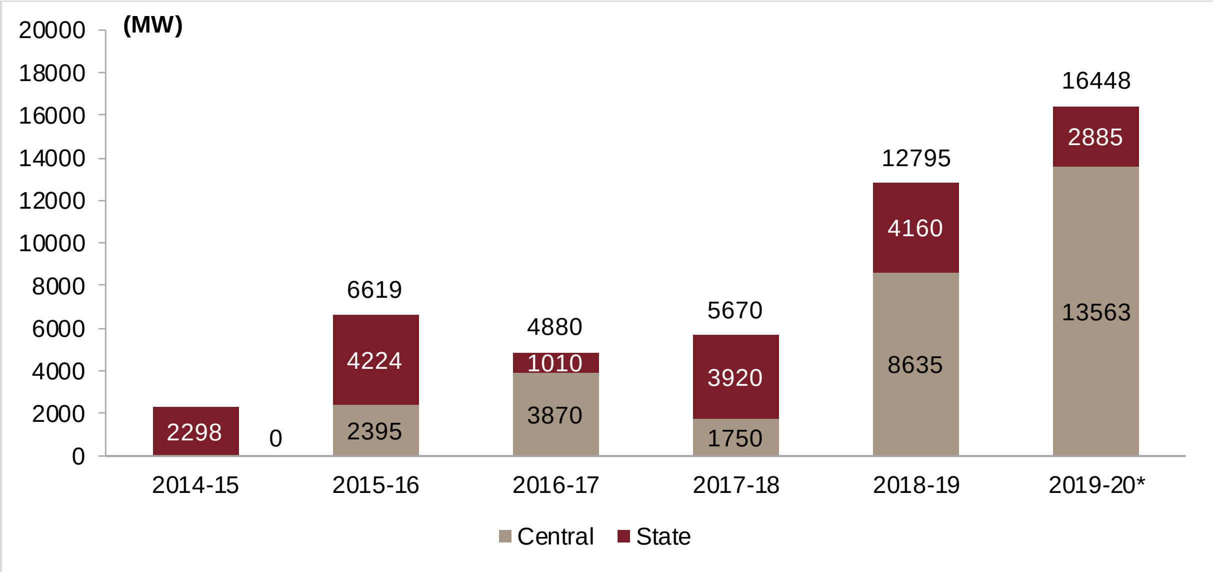
- *Key technology trends:* To meet the long-term power transfer requirement by FY 2022 and beyond there has been new innovative techniques used in the construction of transmission lines. For instance there have been use of Light Detection and Ranging (LIDAR) technology, which uses laser distance measuring technology to conduct topographic mapping with the help of aircrafts. Further, helicopters are used for stringing (heli stringing) of transmission lines. A helicopter pulls the rope through stringing wheels, which are attached to each arm of structure. Conductor is then pulled back through the stringing wheels using a machine located on the ground. Then the stringing wheels are removed from each arm while attachments including dampeners are used to minimize the vibration on the conductor. Other newer technologies which helps in automated inspection and maintenance planning such as drones are used to monitor lines spread over long distances. Further preventive maintenance of transmission lines are also done by modern equipment's which includes thermo vision scanning, punctured insulator detector, corona measurement devices etc.

Indian Solar Power Market

Evolution of Solar Power in India

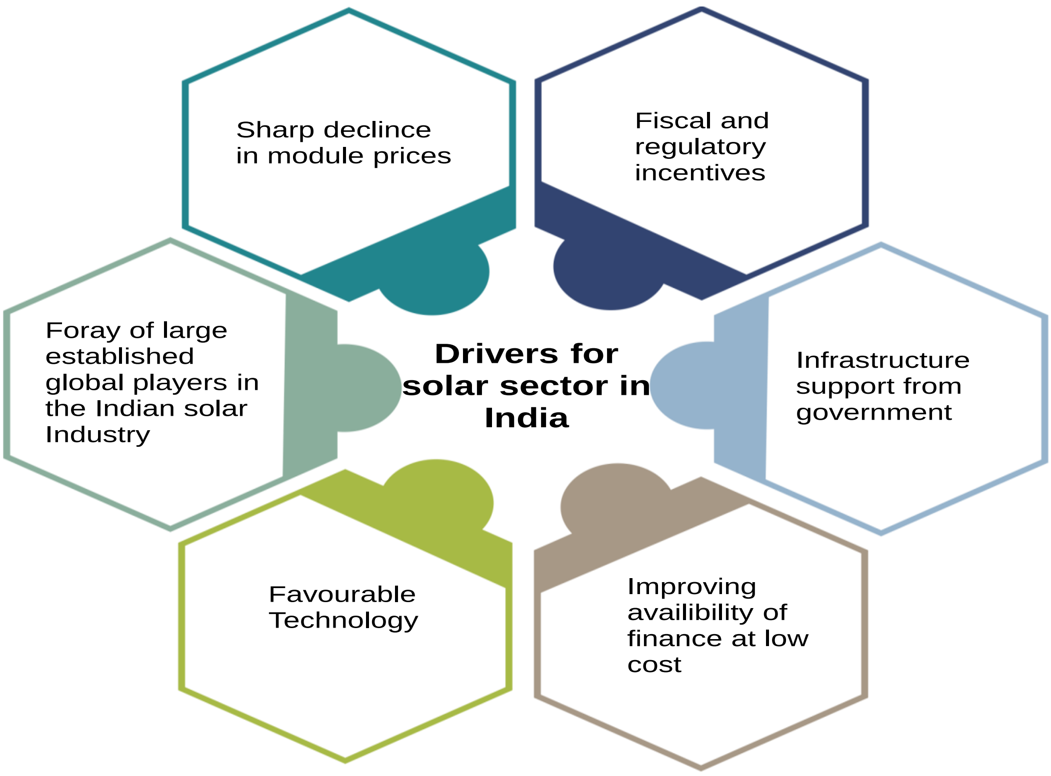
In the renewable energy basket as of September 2020, solar energy accounted for a share of 40.4%. Growth in the solar power sector over the last five years has been robust. As much as 31.5 GW capacity was added in the segment over fiscals 2016-2020 registering a CAGR of ~80%, although on a low base. However, in fiscal 2020 the solar capacity added was lower at 6,447 MW (6,529 MW in fiscal 2019) as the second half saw a 9% on-year decline. The slowdown was mainly due to several policy issues – additional taxation in the form of imposition of a safeguard duty, higher GST rate, and other policy issues such as cancellations / renegotiation that adversely impacted the developer sentiment.

Solar capacities (MW) allocated/tendered over fiscals 2015-2020 under Central and state government schemes



Note: The chart represents fiscal year (April-March). Central schemes include allocations/tendered by NVVN, NTPC and SECI, while state schemes include allocations by state discoms. Allocation under REWA is included under state allocation. Central rooftop (SECI) allocations have been excluded
**Includes re-issued tender*
Source: CRISIL Research

Growth drivers for Solar sector in India



Source: CRISIL Research

Declining module prices and tariffs - Global average solar module price, which constitutes 55-60% of the total system cost, crashed 73% to USD 0.47/watt sin 2016 (average for January-December) from USD 1.78/watt in 2010. In fact, prices continued to decline to USD 0.22/watt by end-August 2019, owing to the wide demand-supply gap in the global solar module manufacturing industry. Historically, global solar demand has been half of the total module manufacturing capacity. Moreover, innovation in the manufacturing processes has reduced cost, putting downward pressure on module prices. Further, declining inverter prices (6-7% of the capital cost), which fell to USD 21/watt by March 2020, reduced system costs. Module prices dropped further in the first quarter of fiscal 2021 to USD 0.19 per watt peak level.

Strong Government Thrust - The government has laid significant thrust on climate change for which it provided a framework, National Action Plan on Climate change (NAPCC), in 2008, where it proposed an eight pronged strategy – National Solar Mission (NSM), Energy efficiency, Sustainable habitat, Water planning, Himalayan ecosystem, afforestation, sustainable agriculture and strategic knowledge on climate change. As can be seen, the government has laid significant emphasis on the solar power. This is also evident from the 100 GW out of 175 GW targets set out by the government.

Infrastructure support by government to support additions – (a) Government plans to double solar park capacity to 40 GW to largely resolve any potential land issues. As on December 2019, solar parks of ~7.7 GW capacity are ready while others are under different stages of construction (b) The government has already tendered out Rs. 63 bn of transmission lines and substation projects under the green energy corridor scheme. Further MNRE has envisaged large renewable energy capacity additions across 6 complexes in India by fiscal 2030, it has commenced the transmission planning for these complexes. MNRE expects 200 GW of RE capacity by 2030 for which transmission corridors would be constructed utilizing the concessional loans from foreign funding agencies. These corridors would help in building lower cost transmission system for evacuating renewable power (c) State with large renewable energy potential such as Maharashtra, Andhra Pradesh, Telangana, Tamil Nadu and Karnataka are also adding transmission capacities to support offtake of power (d) Introduction of the Renewable Energy Act (e) Extension of timelines for solar projects.

Availability of Central and State level incentives - In order to facilitate growth of renewable energy and in particular the solar power sector, the government has provided several fiscal and regulatory incentives to developers. Below, we have elaborated each of these incentives:

- **Accelerated depreciation (AD)**: The government provided AD of 80% (till 2016-17) in the first year of operations, however in the budget for fiscal 2017, the government halved the A.D benefit to 40% for projects getting commissioned post April 2017, i.e. from fiscal 2018 onwards. Also, the 40% A.D benefit reduces the tariff required for earning healthy equity IRRs by Rs. 0.6-0.8/unit (assuming a capital cost Rs 40 Mn/MW). In fact, several players, particularly in industries such as infrastructure, real estate and constructions effectively used this incentive to offset profit and thereby reduce tax outflow at a company level. However government has plans to gradually cut off the incentives once the growth becomes market driven. In fact government has already discontinued GBI and 80 IA incentives for RE projects.

- **Generation based incentives (GBI):** This incentive was introduced on December 2009, for ~4 MW capacities. Under the incentive the wind energy developers were provided 50 paise per unit over and above the feed in tariff provided by the state for wind energy projects. The incentive amount was capped at Rs. 10 million/MW (~USD 0.14 million/MW) that needs to be claimed within first 10 years of the registration of the project. Further, there was an annual ceiling of ~Rs. 1.5 million/ MW (~USD 0.02 mn/MW) p.a in the first 4 years of registration. The GBI scheme was withdrawn on March 2012 and was re-introduced on September 2013 retrospectively and total disbursement for a given year was capped at one-fourth of the maximum limit of the incentive i.e. Rs. 2.5 million / MW (~USD 0.03 mn/MW) per annum during first four years of registration. The scheme ended on March 2017 and government has not provided any indications on renewing the scheme as wind energy sector has become a matured market. As reported by MNRE, IREDA has disbursed GBI of Rs. 2.38 billion (~USD 0.03 bn) from 01.01.2018 to 31.03.2019 to SPDs, under the scheme based on the claims received from respective State utilities.

- **Tax holiday under section 80IA**: Section 80 IA of the income tax has allowed developers to avail a tax waiver on the profits for 10 assessment years. The 80 IA benefit in the absence of A.D benefit helped in improving the project IRR by 100-110 bps. However, this provision has lapsed effective 1st April 2017, and developers will not be able to avail this benefit going forward.

- **Regulatory incentives**: Under central level allocations, government is providing various incentives to renewable energy projects such as must run status of renewable and deemed generation for projects. Under must –run status (as per regulation 5.2 (u) of the Grid code) there is provision of no backing down of renewable power. However most of the state discoms and state load dispatch centres believes that the must – run status is not absolute and restrictions must be imposed keeping in view the grid safety conditions. Further in most of the central level wind and solar allocations, there is provision of deemed generation. In fact MNRE under in bidding guidelines for solar and wind energy projects have mentioned the same. Under the deemed generation concept, the renewable energy generator is paid for its system availability *(based on the annual generation on pro-rata basis)* if electricity is not purchased on account of grid issues i.e. grid unavailability or incompleteness of the transmission line. Under state solar policies, there are several incentives for solar players like concessional wheeling and banking charges, concessional transmission charges and transmission losses, cross subsidy surcharges, reactive charges etc.

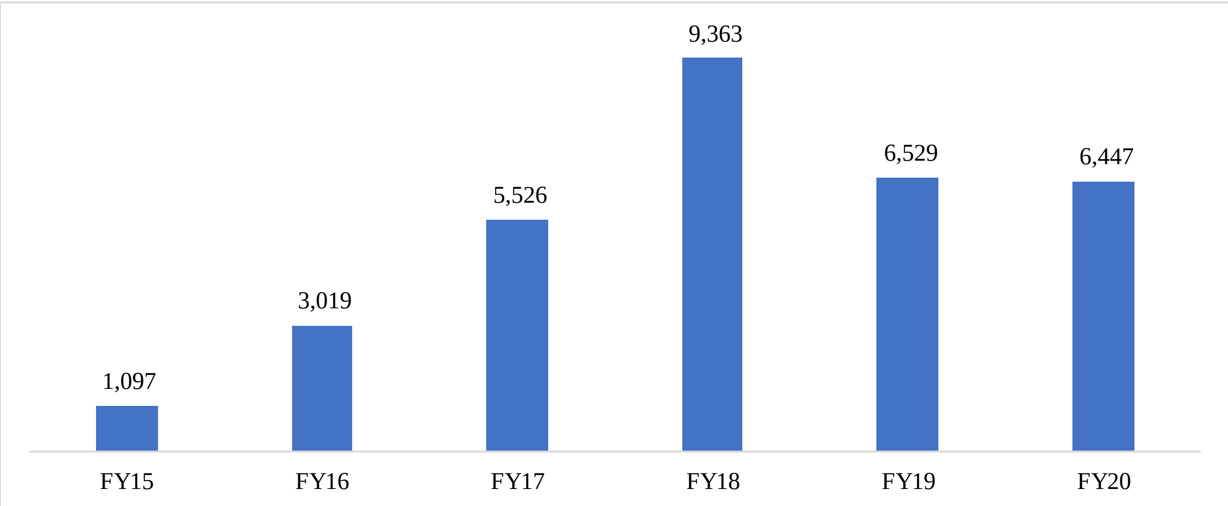
- **Subsidy / Viability gap funding (VGF):** The viability gap funding is a form of capital subsidy provided by SECI for signing PPAs at pre-determined tariffs. VGF available is Rs 1 crore/MW for open category (where source of cells/modules is not mentioned) projects. Players are expected to bid on expectation of VGF to set-up the project. It is available for developers setting up projects under various schemes (Phase II Batch II, III, IV and VI) to be awarded by SECI. This mechanism helps to reduce tariff rates at which solar power is available to discoms. As on 31.03.2019, VGF of around Rs.792 crore (~USD 0.11 bn) (including SECI's charges) has been released to SECI for onward disbursal to CPSUs/Govt and Organizations who have set up solar PV power projects under the Scheme. The government provides budgetary allocation to MNRE from the National Clean Energy Fund (NCEF) funds for disbursal of subsidies and VGF. Between fiscal 2012 to fiscal 2019 ~Rs. 212 billion (~USD 2.92 bn) of funds have been disbursed to MNRE. In 2018-19, budgetary allocation (Revised estimates) from NCEF funds to the MNRE stood at Rs 52.55 billion (~USD 0.72 bn).

Aggressive expansion plans by the central public sector undertakings - The government while allocating the 100 GW of solar capacity addition target, envisaged that CPSU's would contribute around 10 GW of grid connected solar power by fiscal 2022. However NTPC, India's largest thermal power company has alone targeted to add ~10 GW over the same time period. In fact as on November 2020, the company has already commissioned ~936 MW of solar projects, while 2290 MW solar capacity is under construction. The company is currently expanding capacities under the Batch V (1,000 MW) of the NSM scheme, which provides the viability gap funding to CPSUs for setting up solar projects. Apart from NTPC, Indian Railways, Coal India Limited (CIL), Neyveli lignite corporation (NLC), Airport Authority of India (AAI), National Hydro Power Corporation etc. have also planned to set up either ground mounted or rooftop solar capacities. For instance, Coal India has signed a MoU with SECI for setting up 1,000 MW solar capacity across various locations in India and CIL would use the land available in mines for this purpose. Also, Indian Railways for instance has plans to set up 5 GW solar projects by fiscal 2025 in a bid to consume ~25% of its power requirement from Renewables. Since most of these CPSUs are cash rich, solar power capacity additions from this segment is expected to be healthy given strong government focus.

Favourable technology, falling costs made solar a preferred source among fuels - Power generation in India typically takes place via various technologies, which includes conventional fossil fuels (like Coal, lignite and gas), large hydro power plants, nuclear power and renewable energy sources. In the below table, we have highlighted the key advantages and disadvantages across fuels and as we can see that solar power is favourable on most counts.

Major Developments in the Solar sector in India

Solar capacity additions in India (in MW)



Source: MNRE; CRISIL Research

Capacity additions in fiscal 2020 fell by 1.3% to 6,447 MW, from 6,529 MW solar capacity added in fiscal 2019. This was led by lower solar capacity addition in the second half of fiscal 2020, ~9% lower compared to second half of fiscal 2019.

Bid Tariffs on a downward spiral led by falling costs and rising competition

Competitive bidding for solar projects started in fiscal 2011 with the allocation of capacities under JNNSM phase I and this trend of allocating capacities continued for the solar energy sector in India. However, each year has witnessed new lows. With declining solar module prices, rising project size, stiff competition, and lower interest rates, bid tariffs have plummeted over the years. Awarding of projects in solar parks coupled with offtake from high credit worthy procurers has also contributed to drop in tariffs.

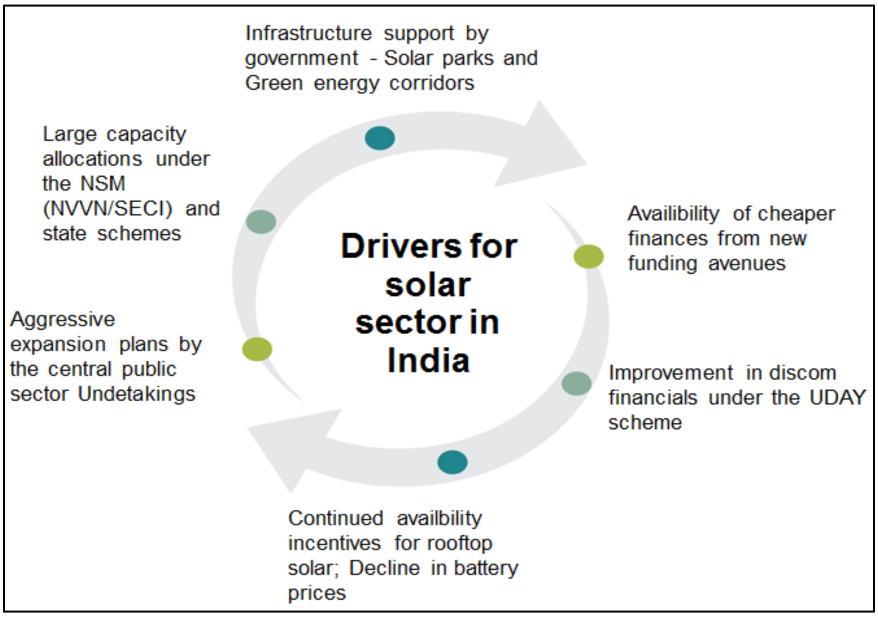
Sales model for Renewable Energy projects driven by Central and State allocations; REC and open access sales limited

In the current scenario there are four operating business models for solar PV systems and wind energy projects.

1. Sale of power to state discoms through long-term PPAs
2. Sale of power through long-term PPAs with NVNN and SECI under NSM
3. Sale of power under a bilateral agreement through the open access route
4. Captive consumption of renewable power via open access
5. Sale of power through the REC route

Outlook for Solar sector in India

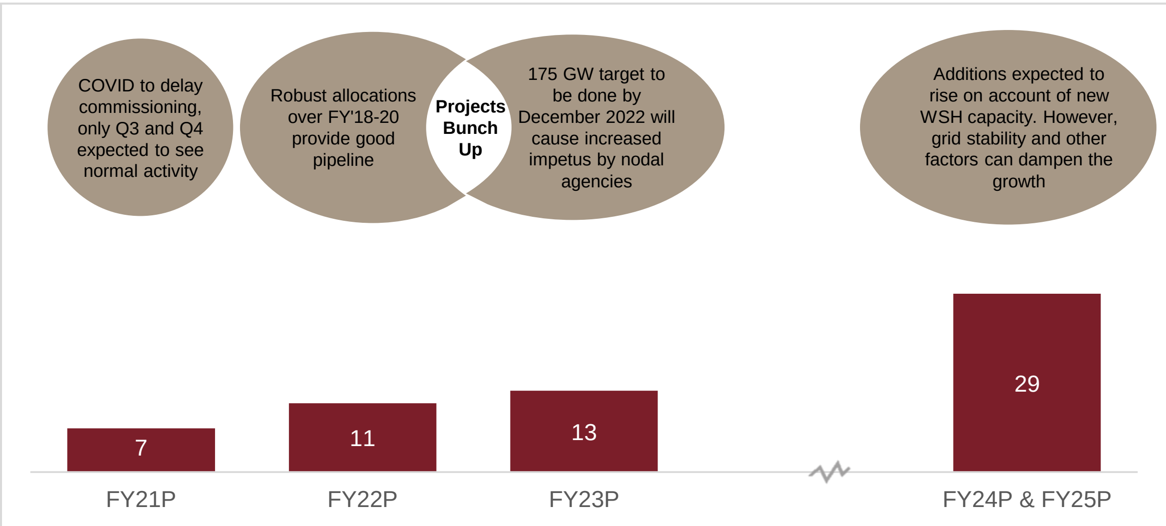
The key drivers that are likely to boost the growth in the solar capacity additions



Source; CRISIL Research

CRISIL Research expects solar capacity additions of 59-61 GW over fiscals 2021-2025, compared with ~31.5 GW added over the past five years (fiscals 2016-2020). We believe this growth will be driven by government support with an aggressive tendering roadmap outlined and being followed by the government so far. Some external factors such as improvement in technology (floating solar, module efficiency) and low capital costs are also key to enabling additions.

Solar capacity additions over fiscals 2021-2025



P- Projected
Source: MNRE, CRISIL Research

States such as Telangana, Karnataka, Rajasthan, Andhra Pradesh and Tamil Nadu to drive solar capacity additions

Telangana, Karnataka, Rajasthan, Andhra Pradesh and Madhya Pradesh together comprise ~65% of the installed solar capacity in India. Further, these states have allocated large capacities under various central and state schemes which are expected to be commissioned over the coming years. States where large solar parks are already allocated and construction process has started are most likely to be the drivers for capacity additions.

Andhra Pradesh, Rajasthan, Karnataka and Madhya Pradesh have already allocated large capacities under the solar park mode. Some like Andhra Pradesh, Rajasthan, Karnataka, and Tamil Nadu have also allocated GECs, which will ease transmission constraints in the state and prevent backing down of power. However timely implementation of GECs remains a key monitorable. States including Andhra Pradesh, Himachal Pradesh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra and Rajasthan have received an extension up to December 12, 2020 for completion of the intra-state transmission system (ISTS)

GEC Phase-I.

Further financial health of discoms is a major factor in determining growth in solar capacity additions in the state as it is a function of discoms ability to pay for power purchased. However states including Karnataka, Gujarat, Telangana, and Andhra Pradesh are having better financial position. Moreover all of these states are enrolled for UDAY scheme, which will alleviate the financial stress and in turn improve off take. However timely implementation and operational discipline under the UDAY scheme would be critical.

Energy storage solutions to improve the generation profile of RE plants by reducing variability of power fed into the grid

The battery based energy storage solutions can be utilised across the value chain (Generation, Transmission and distribution companies) to mitigate the fluctuations arising out of the large scale RE penetration.

Entity in the power value chain	Service application	Mitigation measures for grid fluctuations
Generation companies	Black start Frequency regulation Contingency service	1. Stores excess energy during off-peak period and sells it during high demand 2. Helps in maintain the grid parameters (voltage, frequency) under control during intermittent RE generation 3. Fast response to load fluctuations (minimal ramp-up, ramp down time), in case of RE plant going offline
Transmission and distribution companies	Voltage regulation Minimizing transmission congestion Maintaining system stability	1. Can be used for synchronizing the GECs/state transco line through load sharing 2. Stabilizing voltage fluctuations in the solar parks and areas with high density of RE capacities 3. Shortfall in the demand can be met temporarily through storage systems without service disruption
Ancillary services	Power reliability and energy management	1. Can be used for low voltage ride through service 2. Services can be sold to generation companies to avoid penalties under forecasting and scheduling mechanism 3. Helps in reducing power outages during minimal grid disturbances

Source: CRISIL Research

According to SECI, the present capacity of solar energy storage in the country is ~750 kWh. Additionally, under the government's R&D program, projects worth Rs. 11.58 crore (~USD 1.6 mn) in the area of energy storage have been sanctioned and Rs 4.82 crore (~USD 0.6 mn) released during the last four years.

With the continued decline in lithium ion-based battery storage solutions, more allocations are expected to come along with the grid connected battery storage. Energy storage solutions would help in maintaining constant generation, thereby producing a smooth generation curve and reducing a sharp ramp–up/ramp down for other plants connected to the grid.

Better payment security mechanism in the central level PPAs

In the recently concluded central level solar bids, the terms and conditions of PPA also played a major role in bringing down the solar tariffs. For instance REWA solar bids has provided the three tiered payment security mechanism (*i.e. Letter of credit signed in the name of developer, Payment security fund and state government guarantee*) while most of the upcoming PPAs under the central level schemes have at least two layered payment mechanisms i.e. letter of credit and payment security funds. However most of the state level PPAs lack such multiple payment security mechanisms. Going forward with the finalization of competitive bidding guidelines by MNRE, which has provisions for dual payment security mechanism, even state nodal agencies/discoms will have to keep such provisions.

However, given that tariffs have plummeted from ~Rs. 13/unit in fiscal 2011 under Gujarat solar policy, to Rs. 2.5/ unit in fiscal 2020, there is a high risk of PPA termination and renegotiation of PPAs. In fact, solar power prices have fallen to levels below the average power purchase cost across most states thereby increasing the risk of past PPAs coming under stress. In March 2020, MNRE announced the removal of the tariff ceiling provision from all future tendering by central agencies. This will enable developers to price in additional risk, especially over the medium term and improve subscription rates for tenders. CRISIL Research expects a further 5-6 GW fillip from the same over the medium term.

While there is a precedence of such a petition ruled in favour of the developer. Gujarat Electricity Regulatory commission as well as the Appellate Tribunal for Electricity have rejected Gujarat Urja Vikas Nigam Limited's petition in 2013 to renegotiate PPAs entered into at ~Rs 12.54 / unit), one cannot rule out such petitions being filed by other states.

Sale of Power to Discoms

DISCOMs in India are buying renewable power from developers at either feed in tariffs (FiTs) or, in most cases on the basis of the reverse e-auctions conducted by the state. Many states of India have come out with their solar and wind policies respectively and provide incentives (such as concessional wheeling and banking charges, nil cross subsidy surcharge, no electricity duty etc.) for setting up renewable energy projects in their respective states. The projects are allocated by discoms to meet their solar and Non- Solar RPOs and also to reduce the energy deficit in the state.

In order the assess the financial and operational performance of the discoms Ministry of power (MoP) have formulated an integrated rating methodology in June 2012, for discoms, which can be used as a quick reference by developers and lending institutions in order to identify the counterparty risk associated with the discoms. Further the MoP keeps updating discoms ratings annually based on the improvement/deterioration in their performance. The ratings are formulated based on the weights assigned to the operational and reform parameters undertaken by discoms and data submitted by them. The grading scale and integrated power ratings of discoms is as given below. Further of the 41 state distribution utilities spread across 22 states, only 20 discoms have above average operational and financial capability.

Grades of utilities

Sr. No	Grade	Grading definitions	No. of Utilities	Name of Utilities
1	A+	Very High Operational and Financial Performance Capability	7	Dakshin Gujarat Vij Company Limited, Uttar Gujarat Vij Company Limited, Madhya Gujarat Vij Company Limited, Bangalore Electricity Supply Company Limited, Paschim Gujarat Vij Company Limited Gujarat, Mangalore Electricity Supply Company Limited Karnataka, and Uttarakhand Power Corporation Limited Uttarakhand
2	A	High Operational and Financial Performance Capability	9	Chamundeshwari Electricity Supply Corporation Ltd. Karnataka, Punjab State Power Corporation Limited Punjab, Eastern Power Distribution Company of AP Limited Andhra Pradesh, Dakshin Haryana Bijli Vitran Nigam Limited Haryana, Gulbarga Electricity Supply Company Limited Karnataka, Maharashtra State Electricity Distribution Company Ltd Maharashtra, Madhya Pradesh Pash. Kshetra Vidyut Vitaran Co Ltd. Madhya Pradesh, Himachal Pradesh State Electricity Board Limited Himachal Pradesh, and Uttar Haryana Bijli Vitran Nigam Limited Haryana
3	B+	Moderate Operational and Financial Performance Capability	9	Assam Power Distribution Company Limited Assam, Kerala State Electricity Board Limited Kerala, Southern Power Distribution Company of AP Limited Andhra Pradesh, Chhattisgarh State Power Distribution Company Ltd. Chhattisgarh, West Bengal State Electricity Distribution Company Ltd. West Bengal, North Bihar Power Distribution Co. Ltd. Bihar, Southern Power Distribution Company of Telengana Limited Telangana, Kanpur Electricity Supply Company Limited Uttar Pradesh, and South Bihar Power Distribution Co. Ltd. Bihar
4	B	Below Average Operational and Financial Performance Capability	8	Hubli Electricity Supply Company Limited, Jaipur Vidyut Vitran Nigam Limited Rajasthan, Ajmer Vidyut Vitran Nigam Limited Rajasthan, Northern Power Distribution Company of Telangana Limited Telangana, Jodhpur Vidyut Vitran Nigam Limited Rajasthan, Paschimanchal Vidyut Vitaran Nigam Limited Uttar Pradesh, Jharkhand Bijli Vitran Nigam Limited Jharkhand, and Tamil Nadu Generation and Distribution Corporation Tamil Nadu
5	C+	Low Operational and Financial Performance Capability	5	Madhya Pradesh Madhya Kshetra Vidyut Vitran Co Ltd Madhya Pradesh, Madhyanchal Vidyut Vitran Nigam Limited Uttar Pradesh, Purvanchal Vidyut Vitaran Nigam Limited Uttar Pradesh, Madhya Pradesh Poorv Kshetra Vidyut Vitaran Co Ltd Madhya Pradesh, and Dakshinanchal Vidyut Vitran Nigam Limited Uttar Pradesh
6	C	Very Low Operational and Financial Performance Capability	3	Tripura State Electricity Corporation Limited Tripura, Manipur State Power Distribution Company Limited Manipur, and Meghalaya Power Distribution Corporation Limited Meghalaya

Source: Seventh Annual Integrated Ratings (October 2019) of Discoms by Ministry of Power, CRISIL Research

Sale of renewable power to power trading companies such as NVVN and SECI under NSM

As a part of the national solar mission, the government has appointed NTPC Vidhyut Vyapar Nigam limited (NVVN) as the nodal agency for buying the solar power (competitively bid), bundling it with the existing thermal power units generated by NTPC plants and sell it to the discoms at a bundled cost. The government has introduced a frame work under the national solar mission to allocate solar capacities under various batches. The various batches created under the scheme is as given below:

Phase II Batch II Tranche I (3000 MW) – NVVN

Phase II Batch III (~2000 MW) – SECI State specific VGF scheme

Phase II Batch IV (~5000 MW) – SECI State specific VGF scheme; 300 MW to be allocated under storage systems

Phase II Batch V (~1000 MW) – Capacity additions by Central Public sector undertakings (CPSU's)

Phase II Batch VI (~50 MW) – SECI Capacity additions with storage technologies in high visibility areas.

NVVN under its bundling scheme had targeted to buy ~15 GW of solar power over fiscals 2015-22 under three tranches. Of this capacity, ~3 GW under the tranche I of the scheme already has been allocated, out of which ~250 MW is left to be commissioned and is expected by end of fiscal 2019. The scheme was initially planned in three tranches, with the remaining two tranches having a cumulative capacity of ~12 GW (Tranche II - 5,000 MW and Tranche III - 7,000 MW). However, with solar tariffs falling below thermal power tariffs, the scheme has been curtailed till Tranche I.

So far, ~ 6 GW of projects have already been tendered out under SECI's state specific VGF schemes under Batch III and Batch IV. Further under the Batch V, ~1 GW of capacity is allocated to various central public sector undertakings such as NTPC, Coal India Limited (CIL), NHPC, BHEL, NEEPCO etc.

Risks in the solar energy sector

Solar power projects face risks that are unique such as radiation variation, technology, solar panel quality, and counterparty payment etc. Since electricity generation is primarily dependent on solar radiation, the business is exposed to nature's vagaries too. Given below we have taken into account various risks, that impact the project returns and the risk mitigating initiatives.

Risks	What is the Risk ?	Impact if Risk Materializes	Segments with high risk	Risk Mitigants
Generation Risk	• Faulty solar modules, higher than anticipated degradation in generation	• 1st reduction in PLF cuts the equity IRR by ~150 bps for wind projects and by 250-300 bps for solar projects	• Risk in the solar power generation owing to rising ambient temperatures and decline in generation caused by it	• Use of tier 1, solar modules along with superior EPC quality to mitigate the risk
Counterparty Risk	• Poor credit quality of the counterparty leads to delayed payments which in turn stretches the working capital cycle	• Prolonged payment delays of 56 months reduce the EIRR by ~80-100 bps	• Risks are higher for states with poor financial condition, such as T.N., Raj. And U.P.	• Maintenance of DSRA • Maintenance of LCs • Interest on late payments • Geographic diversification
Off-Take Risk	• Risk of intermittent generation thereby increasing risk of supply interruption	• Adversely impact PLFs. • Projects may have to find new buyers for power or agree to the revised tariffs both will hamper project profitability	• Solar Projects are less susceptible as most of the upcoming capacities are expected to be tied up under the central schemes	• Deemed generation benefit critical for RE projects • Geographic diversification
Generation Risk	• Availability of contiguous parcels of land at attractive locations may be challenging, thus delaying projects. • Inadequate transmission infrastructure to lead to lower grid availability	• 10% increase in project cost due to delay could decrease equity IRR by ~220-260 bps • In case of inadequate evacuation arrangements, RE power could be backed down, thus lowering PLFs	• High installed base, coupled with large upcoming capacities in TN, Raj, AP, and MP to lead to infrastructure issues	• Arranging complete land and transmission infrastructure before to the tendering of project
Generation Risk	• Delay in tying up funds leads to delayed commissioning	• Delay in project commissioning may lead to encashment of bank guarantees by buyers • Moreover, it may increase capital cost and hurt returns	• Companies with poor balance sheet strength • Aggressively bid projects could result in delayed fund availability	• Factoring in construction and operational risks • Assessing payment delays from buyers, ensuring strong payment security
Generation Risk	• Infirm renewable energy results in higher fluctuation of power and grid issues	• Higher penetration of infirm power into a weak grid to result in back down	• States like AP, TN, Raj,. And MP are susceptible to higher grid disturbances owing to higher RE penetration	• Construction of Green Energy Corridors, forecasting and scheduling energy storage and ancillary services

OUR BUSINESS

Overview

We are India's first listed power sector infrastructure investment trust, sponsored by the KKR Sponsor and the Sterlite Sponsor. IndiGrid was established on October 21, 2016 and is registered with SEBI pursuant to the InvIT Regulations. IndiGrid was established to own and operate power transmission and renewable energy assets in India. We own twelve operating projects, consisting of 34 EHV overhead power transmission lines, comprising 7, 765 kV transmission lines and 27, 400 kV transmission lines, with a total circuit length of approximately 6,740 ckms and 9 substations with approximately 12,290 MVA of transformation capacity, across 15 states and 1 union territory, in India. IndiGrid has assets under management worth of approximately ₹ 142,000 million as on December 31, 2020. IndiGrid Investment Managers Limited (formerly known as Sterlite Investment Managers Limited), is the investment manager of the InvIT and is majority owned by Electron IM Pte. Ltd., an affiliate of KKR. We have consistently been given a corporate credit rating of 'CCA AAA/Stable' by CRISIL, 'IND AAA'/Stable by India Ratings and 'ICRA AAA (Stable)' by ICRA.

We are focused on providing stable and sustainable distributions to our Unitholders. We believe that we are well positioned to take advantage of the growth potential of India's power industry given the quality of our power transmission assets and our financial position, support from our Sponsors and the robust regulatory framework for power transmission and solar projects in India. We believe the infrastructure necessary to transmit and deliver electricity is vital to India's continued economic advancement, given the inter-regional power deficit in India resulting from a mismatch between power generation and load centers and the demand-supply deficit which is expected to result from India's projected GDP growth.

Private investment in transmission and renewable energy sectors is a key focus area for India's Ministry of Power. Our diversification into solar assets will result in significant synergies with our existing business model. Our continued focus and strategy will be on accretive acquisition of power transmission and solar projects with annuity profile in their respective TSAs and long terms PPAs yielding stable cash flows, operational track record, good quality equipment and financially strong and creditworthy counterparties. For further details, please see the section entitled "*Industry Overview*" on page 136.

We own twelve fully commissioned projects, (i) BDTCL, JTCL, PKTCL, 49% of RTCL (and 74% as of date), 49% of MTL, NTL, OGPTL and ENICL, that we acquired from the Sterlite Sponsor in May 2017, May 2017, February 2018, February 2018, February 2018, June 2019, July 2019, May 2020, respectively and 49% of GPTL (with 100% economic ownership) that we acquired from SGL4 in August 2020; (ii) 46% of PTCL (74% as of date), that we acquired from TEECL and TPGCL in August 2018; (iii) JKTPL that we acquired from KPTL and TEECL in October 2020; and (iv) 74% of PrKTCL that we acquired from Reliance Infrastructure Limited in January 2021 (together the "**Portfolio Assets**").

Esoteric II Pte. Ltd. is one of the Sponsors of IndiGrid. Esoteric II Pte. Ltd. is a company affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR. Founded in 1976, KKR is a leading global investment firm with approximately US$252 billion of assets under management as of December 31, 2020. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. Esoteric II Pte. Ltd. had invested ₹ 10,840 million in IndiGrid in May 2019 and currently owns over 23% stake in IndiGrid. Separately, Electron IM Pte. Ltd., an affiliate of KKR, currently owns 60% of the issued, paid-up and subscribed capital of the Investment Manager and has further agreed to acquire another 14% in the Investment Manager, subject to the terms and conditions of the IM SSPA.

The Sterlite Sponsor is one of the leading independent power transmission companies operating in the private sector in India. Sterlite Sponsor generated consolidated total income of ₹ 51,583.16 million as of March 31, 2020 and had consolidated total assets of ₹ 91,464.99 million as of March 31, 2020. The Sterlite Sponsor also serves as our Project Manager for all Portfolio Assets (other than JKTPL and PrKTCL) with the responsibility of operating and managing all our power transmission assets and has extensive experience in bidding, designing, financing, constructing and maintaining power transmission projects across India and Brazil.

Pursuant to the Framework Agreement among the Sterlite Sponsor, the Trustee and the Investment Manager, IndiGrid had agreed to acquire three projects, GPTL, KTL and NER from the Sterlite Sponsor, out of which 49% shares of GPTL (with 100% economic ownership) has already been acquired from SGL4 (GPTL, KTL and NER, collectively referred to as the "**Framework Assets**"). Pursuant to the ROFO Deed, as amended, we had a 'right of first offer' to acquire one project, ENICL from the Sterlite Sponsor, which we acquired in May 2020. Further, we have acquired, two projects, NTL and OGPTL, which were part of the ROFO Deed from the Sterlite Sponsor, in June 2019 and July 2019, respectively. IndiGrid intends to acquire 26% of the issued, subscribed and paid-up equity share capital of NER (the "**Target Asset**"), either directly or indirectly from the Sterlite Sponsor from the proceeds of this Issue. For further details, please see the section entitled "*Use of Proceeds*" on page 216. For further details on the Framework Agreement, the ROFO Deed and the share purchase agreements, please see the section entitled "*Related Party Transactions*" on page 243.

The Portfolio Assets, other than PTCL, JKTPL and PrKTCL, were originally awarded to the Sterlite Sponsor under the TBCB mechanism on a BOOM basis. The power transmission projects earn revenue pursuant to long-term TSAs and tariff orders passed by CERC in accordance with the Electricity Act . These projects receive availability-based tariffs under the TSAs irrespective of the actual quantum of power transmitted through the line. The tariff for inter-state power transmission projects in India, including our power transmission projects, is contracted for the period of the TSA, which is up to 35 years from the scheduled commission date of the asset (other than ENICL, which is 25 years), which may be renewed in accordance with the TSA and the Electricity Act. The revenues generated by intra-state transmission assets (being, JKTPL) are not dependent on a regulatory order and are dependent on tariffs as determined in terms of the relevant TSA, and such intra-state transmission assets recover tariffs equivalent to a base unitary charge which is subject to annual revisions. The transmission line business enjoys a longer asset life of 50 years as compared to other infrastructure projects, such as roads, according to CRISIL. For further details on the TBCB mechanism and the Indian electricity transmission industry, please see the section entitled "*Industry Overview*" on page 1.

Tariffs under these TSAs are billed and collected pursuant to the PoC mechanism, a regulatory payment pooling system offered to ISTS such as the systems operated by majority of our Portfolio Assets. Under the PoC mechanism, payments are made to a central payment pool and the proceeds are distributed proportionately to all transmission services providers, such as the Portfolio Assets. The availability-based tariffs and PoC payment mechanism enable a stable and certain cash flow stream. For further details, please see the section entitled "*Industry Overview*" on page 136.

While infrastructure investment trusts are required to distribute at least 90% of their net distributable cash flows to unitholders once at least every six months in every financial year, according to the InvIT Regulations, we have adopted a quarterly distribution policy. For further details on our distribution policy, please see the section entitled "*Distribution*" on page 224. We believe our assets, financial position and business model will enable us to offer stable distributions to our Unitholders.

Following the utilization of the Issue Proceeds, our aggregate consolidated borrowings and deferred payments (net of cash and cash equivalents) will not exceed 70% of the total value of our assets. The inter-state transmission projects are largely debt financed with a standard debt to equity ratio of 70:30, according to CRISIL.

Our consolidated total income was ₹ 12,785.94 million in fiscal 2020. EBITDA on a consolidated basis was ₹ 11,504.11 million in fiscal 2020. Further, our consolidated total income was ₹ 12,000.56 million for the nine month period ended December 31, 2020. EBITDA on a consolidated basis was ₹ 10,610.13 million for the nine month period ended December 31, 2020.

On the basis of our strengths and through the implementation of our strategies, we believe that we are well-positioned to capitalize on the growth potential of India's power transmission and renewable energy industry.

Competitive Strengths

Stable cash flows from assets with minimal counterparty risks

- Our revenues are derived out of contracted tariffs under long-term contracts (up to 35 years or (25 years for ENICL and JKTPL, unless extended)) from the majority of our Portfolio Assets with relatively low operating and maintenance costs.

- Inter-state power transmission projects receive tariffs on the basis of availability, irrespective of the quantum of actual power transmitted through the line.

- Power transmission projects are characterized by low levels of operating risk. The Portfolio Assets are operational power transmission projects. All our Portfolio Assets have an operating history of at least one year. The Portfolio Assets have minimal construction risks and are not subject to any major capital expenditure.

- We have maintained an annual availability for the majority of our Portfolio Assets in excess of 98% since commissioning for which we have earned maximum incentive revenues under the respective TSAs. Maintaining availability of such Portfolio Assets in excess of 98% gives us the right to claim incentives under the TSA, ensuring an adequate upside to maximize availability. The amount of incentive revenue earned increases as our availability levels increase, with a maximum incentive revenue earned for maintaining 99.75% or (or ranging between 98% to 100% in case of JKTPL and between 98.5% and 99.75% in case of PrKTCL) availability.

Tariffs under the ISTS project TSAs, which contribute to the majority of our Portfolio Assets, are billed and collected pursuant to the PoC mechanism. Under the PoC mechanism, payments are made to a central payment pool and the proceeds are distributed proportionately to all transmission services providers, such as the Portfolio Assets. Any shortfall in collection of transmission charges by the CTU is shared on a *pro rata* basis by all transmission service providers. Payment securities in the form of a revolving letter of credit, a late payment surcharge of 1.25% per month for delay in payment beyond 60 days from the date of billing, pursuant to provisions of the project TSAs (and a late payment surcharge of 1.50% per month pursuant to the Sharing of Charges and Losses Regulations)and lack of alternate power infrastructure, deter beneficiaries from defaulting. This mechanism diversifies counterparty risk, ensures a stable cash flow independent of asset utilization and provides payment security.

Strong financial position

- We have consistently been given a corporate credit rating of 'CCA AAA/Stable' by CRISIL, 'IND AAA'/Stable by India Ratings and 'ICRA AAA (Stable)' by ICRA. Following the utilization of the Issue Proceeds, our aggregate consolidated borrowings and deferred payments (net of cash and cash equivalents) will not exceed 70% of the total value of our assets. The inter-state transmission projects are largely debt financed with a standard debt to equity ratio of 70:30, according to CRISIL. We have also made continuous distributions for the past three years.

Ownership and location of assets

- All our Portfolio Assets are located in strategically important areas for electricity transmission connectivity, delivering power from generating centers to load centers to meet inter-regional power deficits. Once a transmission project has been commissioned, it requires relatively low levels of expenditure to operate and maintain, which means that the assets will have the benefit of owning a critical asset without incurring significant operational costs. The transmission line business enjoys a longer asset life of 50 years as compared to other infrastructure projects, such as roads, according to CRISIL.

- The transmission lines of the Portfolio Assets are predominantly located in areas where developing alternate lines may be challenging due to the terrain, challenges in obtaining rights of way, limited corridors and high construction costs. This puts us in an advantageous position to capitalize the opportunities to increase our power transmission capacity through the same corridor by upgrading our existing systems.

Strong lineage and support from the Sponsors

- Esoteric II Pte. Ltd. is one of the Sponsors of IndiGrid. Esoteric II Pte. Ltd. is a company affiliated with funds, vehicles and/or entities managed and/or advised of affiliates of KKR. Founded in 1976, KKR is a leading global investment firm with approximately US$252 billion of assets under management as of December 31, 2020. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities.

- In 2008, KKR established a dedicated infrastructure team and strategy focused on global investment opportunities. KKR has been one of the more active infrastructure investor globally over the past several years, having deployed more than $26 billion across over 40 infrastructure assets .

- Today, KKR's infrastructure platform has expanded to include approximately 52 dedicated investment professionals across 10 offices covering a broad spectrum of investment opportunities in various infrastructure subsectors, including: midstream energy, renewables, power & utilities, water and wastewater, waste, telecommunications and transportation, among others. KKR continually monitors infrastructure sectors and infrastructure-related investments for emerging trends,and may identify and prioritize investments in other sectors as conditions change or cycles evolve.

- We have leveraged and continue to leverage the experience and expertise of the Sterlite Sponsor, to gain a competitive advantage within the Indian power transmission industry. Sterlite Sponsor is one of the leading power transmission companies in the private sector, with extensive experience in identifying, successfully bidding, designing, financing, constructing, operating and maintaining power transmission projects across India.

- The Sterlite Sponsor is one of the leading independent power transmission companies operating in the private sector in India. Sterlite Sponsor has also won bids for transmission projects in Brazil. Sterlite Sponsor has worked alongside third party contractors, vendors, financial institutions, government agencies and regulators for the proper execution, development and functioning of the Portfolio Assets, the Framework Assets and other power transmission assets.

- Sterlite Sponsor is the leading player for the transmission projects commissioned or awarded through TBCB route, among the private developers, with a market share of 29% (in terms of project portfolio)., according to CRISIL. For further details, please see the section entitled "*Industry Overview*" on page 136.

Rights to the Sterlite Sponsor's pipeline of power transmission projects

Pursuant to the Framework Agreement, among the Sterlite Sponsor, the Trustee and the Investment Manager, IndiGrid had agreed to acquire the GPTL, KTL and NER from Sterlite Sponsor through separate share purchase agreements, out of which 49% of GPTL (with 100% economic ownership) has already been acquired from SGL4. KTL and NER have a transmission network of 9 power transmission lines of approximately 1,458 ckms and 3 substations, with a transformation capacity of 4,260 MVA. KTL and NER are under various stages of development.

Any potential acquisitions of power transmission projects are assessed for their suitability with our investment objective and are subject to mutual agreement between the Sterlite Sponsor, KKR Sponsor and the Investment Manager on behalf of us.

In addition, we intend to (i) acquire 26% of the issued, subscribed and paid-up equity share capital of NER, either directly or indirectly from the Sterlite Sponsor; and (ii) partially repay the outstanding external debt of OGPTL, and GPTL and debt proposed to be availed by IndiGrid. For further details, please see the section entitled "*Use of Proceeds*" on page 216.

Strong corporate governance and skilled and experienced Investment Manager

We benefit from the skills and experience of the board of directors and the management teams of our investment manager, IndiGrid Investment Managers Limited (formerly, Sterlite Investment Managers Limited), in investing and financially managing our power transmission and renewable energy assets for the beneficial interest of our Unitholders. Some of the members of our Investment Manager's board of directors and management teams have extensive experience in the power transmission sector and have established track records in negotiating, structuring and financing investments in power transmission assets and financially managing these assets as well as governing similar trusts internationally. For further details, please see the section entitled "*Parties to IndiGrid*" on page 96.

The InvIT Regulations set out the statutory requirements for, among other things, the board composition of an investment manager, which promotes strong corporate governance in IndiGrid. The key features of our corporate governance structure are as follows:

- The chairman of the board of our Investment Manager is an independent director with experience in governing international infrastructure trusts.
- The Investment Manager has constituted crucial committees of the board, including, the stakeholders' relationship committee, the audit committee, the investment committee and the risk management committee. All these committees are chaired by independent directors.
- All related party transactions with our Sponsors are required to be approved by the investment committee and the audit committee of the Investment Manager, which is majorly comprised of independent directors.
- All related party acquisitions made by IndiGrid respect to the Framework Assets or any other proposed acquisition from the Sterlite Sponsor must be approved by a majority of our Unitholders excluding the Sterlite Sponsor. For further details, please see the section entitled "*Corporate Governance – Investment Manager*" on page 130.
- Electron IM Pte. Ltd., an affiliate of KKR, owns 60% of the issued, paid-up and subscribed capital of the Investment Manager and has further agreed to acquire another 14% in the Investment Manager, subject to the terms and conditions of the IM SSPA.
- Esoteric II Pte. Ltd. was inducted as a sponsor of IndiGrid at the annual general meeting of IndiGrid held on September 28, 2020.

Business Strategy

Focused and diversified Portfolio Assets

We focus on owning power transmission and renewable energy assets with long-term contracts, low operating risks and stable cash flows consistent with the characteristics of our Portfolio Assets as well as other assets which we intend to acquire in the future. We believe that by focusing on this asset class and leveraging our Investment Manager's industry knowledge and experience, we will maximize our strategic opportunities and overall financial performance.

We are focused on the Indian market, where we believe that private participation in the power transmission sector will continue to grow significantly. This also allows us to leverage our Sponsors' existing relationships and proven track record of identifying, developing, constructing and acquiring critical infrastructure assets.

We believe that IndiGrid is suitably placed to diversify into other similar infrastructure asset class and further increase the returns for its Unitholders without diluting the risk profile. We believe that renewable energy sector in India has matured and our proposed diversification in solar energy projects would result in improved returns to Unitholders. We believe there is an attractive opportunity to aggregate good quality power transmission and solar projects, (i) having TSAs and an annuity profile in their respective long terms PPAs, respectively, which is also consistent with our investment philosophy of long term cash yielding stable projects; (ii) with operational track record for a well-capitalized platform like ours; (iii) with good quality equipment; and (iv) financially strong and creditworthy counterparties.

Pursue additional transmission revenue

We aim to achieve high availability to earn incentive revenue on a sustainable basis through a Reliability Centered Maintenance approach by deploying prudent asset management practices, conducting routine and predictive maintenance and using advanced technology, such as drones to monitor and maintain lines, thermo-vision scanning, puncture insulator detectors and corona measurement devices for preventive maintenance. We also intend to continue following prudent maintenance practices, which improve business performance, reduce our costs and increase revenues generated by the Portfolio Assets by maintaining high transmission availability. Maintenance of high availability rates entitle our projects to receive incentive revenues under the applicable TSA and tariff regulations. We have signed a multi-year collaboration agreement to build an artificial intelligence (AI)-enabled asset management platform to increase the efficiency of our assets. We intend to continue applying advanced technology to better manage and operate our Portfolio Assets.

We also intend to capitalize on such capacity enhancement opportunities, once the framework for compensating existing transmission lines is crystalized by the government.

Institute and maintain optimal capital structure

We intend to maintain a balanced capital structure and consolidated leverage to provide for a stable and predictable cash flow. Following the utilization of the Issue Proceeds, our consolidated borrowings and deferred payments net of cash and cash equivalents will be below 70% of the total value of our assets, as prescribed by the InvIT Regulations. If such borrowings and payments exceed 49%, we are required to obtain a credit rating of "AAA" or equivalent for the consolidated borrowing and proposed borrowing under the InvIT Regulations. The inter-state transmission projects are largely debt financed with a standard debt to equity ratio of 70:30, according to CRISIL.

We intend to consider both private and public markets for debt capital to provide the most balanced and optimal capital structure to acquire additional power transmission and renewable energy projects. We also intend to maintain appropriate risk policies to help mitigate foreign exchange and market risks.

Value accretive growth through acquisitions

Our future growth is intended to be derived mainly from our Investment Manager's value accretive acquisition strategy, which will be focused primarily on acquiring power transmission projects, which provide long-term, regular and predictable cash flows, demonstrate potential to maintain or enhance returns to Unitholders and the potential for long-term capital growth in accordance with our investment objectives. In addition, for potentially acquiring any future assets from the Sterlite Sponsor, we may also acquire power transmission and renewable energy projects from other parties. We own twelve fully commissioned projects, (i) BDTCL, JTCL, PKTCL, 49% of RTCL (and 74% as of date), 49% of MTL, NTL, OGPTL and ENICL, that we acquired from the Sterlite Sponsor in May 2017, May 2017, February 2018, February 2018, February 2018, June 2019, July 2019, May 2020, respectively and 49% of GPTL (with 100% economic ownership) that we acquired from SGL4 in August 2020; (ii) 46% of PTCL (74% as of date), that we acquired from TEECL and TPGCL in August 2018; (iii) JKTPL that we acquired from KPTL and TEECL in October 2020; and (iv) 74% of PrKTCL that we acquired from Reliance Infrastructure Limited in January 2021. With these acquisitions, we own 34 power transmission lines of approximately 6,470 ckms and 9 substations having approximately 12,290 MVA of transformation capacity across 15 states and 1 union territory, in India.

We may also acquire other power transmission projects that may be at an early stage where they have not yet generated regular and predictable cash flows and through the TBCB mechanism. We expect that the experience of our Investment Manager and our financial position will competitively position us to acquire power transmission assets.

IndiGrid intends to acquire renewable energy projects with robust power purchase agreements, operational track record and financially strong counterparties or off-takers. In addition to long contract life and low risk cash flows, solar projects complement transmission portfolio with synergies on operations and regulatory establishments. With the operational and financial synergies, such diversification will result in additional accretion for Unitholders while maintaining AAA rated cash flows to Unitholders.

We consider that the fragmented nature of the Indian renewable energy industry and the growth of the renewable energy market will continue to offer consolidation opportunities. We have also signed definitive agreements for acquisition of the Proposed Solar Projects: (i) FRV I; and (ii) FRV II from FRV Solar Holdings XI B.V., operating solar photovoltaic power plants in the state of Andhra Pradesh.

We intend to continue our expansion through an active evaluation of inorganic opportunities and may also consider organic opportunities in accordance with InvIT Regulations. We will evaluate acquisition opportunities based on our targeted returns, operational scale and diversification criteria and on whether we consider these opportunities to be available at reasonable prices. We believe that our experienced operational and management teams will enable us to identify, structure, execute and integrate acquisitions effectively based on our demonstrated ability to acquire high quality renewable energy projects.

Distribution Policy

We intend to distribute at least 90% of our net distributable cashflows available to Unitholders once in every quarter. For further details, please see the section entitled "*Distribution*" on page 224.

We aim to pursue additional transmission and non-transmission revenues for the Portfolio Assets as well as acquire additional assets under the Framework Agreement, ROFO Deed or otherwise, in order to increase the cash available for distribution and, as a result, increase our distribution per Unit.

Our ability to grow the revenues from our asset portfolio and thereby increase the cash available for distribution and distributions per Unit, is subject to a number of factors and other risks described under the section entitled "*Risk Factors*" on page 56.

Pursue non-transmission revenues

We believe that transmission assets provide potential for non-transmission revenues, including as follows:

- ***Optical ground wire leasing***: Given the rapid growth in internet usage in India, there is a need to install optical fiber lines to improve speed of communication, and we have incurred necessary capital expenditures to use our transmission lines as high-speed optical power ground wires. However, for commercial viability, optical power ground wires need to have extensive connectivity and leasing of optical fiber networks also requires certain government approvals. We intend to enter into licensing arrangements with companies (including the Sterlite Sponsor and its affiliates) having wider networks and requisite approvals, in compliance with applicable law.

- ***Tower leasing***: Given the rapidly increasing smartphone penetration and expanding data usage in India, telecommunications companies are required to incur significant capital expenditures to expand their tower network. Transmission towers provide ready-made installation sites for base transceiver station equipment, and can be leased by telecommunication companies as a cost-efficient alternative to constructing new towers. We intend to enter into licensing arrangements with companies (including the Sterlite Sponsor and its affiliates), in compliance with applicable law.

  BDTCL and JTCL have agreed to license optical power ground wire use and tower use to Sterlite Power Transmission Limited. We intend to pursue similar arrangements for the other Portfolio Assets and for each new power transmission project that we acquire, including each of the other Framework Assets and ENICL, which have optical power ground wires.

IndiGrid Structure

IndiGrid is an infrastructure investment trust that was established on October 21, 2016 by the Sterlite Sponsor Sterlite Power Transmission Limited, which is also our Project Manager for for all Portfolio Assets (other than JKTPL and PrKTCL), and is registered with SEBI pursuant to the InvIT Regulations. Esoteric II Pte. Ltd. by way of its letter dated September 8, 2020 to the Investment Manager, proposed to seek induction as a 'sponsor' of IndiGrid, in accordance with Regulation 22(7) of the InvIT Regulations. Esoteric II Pte. Ltd, was inducted as one of the sponsors of IndiGrid at the annual general meeting of IndiGrid held on September 28, 2020. Further, Electron IM Pte. Ltd., an affiliate of KKR, currently owns 60% of the issued, paid-up and subscribed capital of the Investment Manager and has further agreed to acquire another 14% in the Investment Manager, subject to the terms and conditions of the IM SSPA. For further details, please see the section entitled "*Parties to IndiGrid*" on page 96.

The KKR Sponsor

KKR's Global Infrastructure Strategy

Esoteric II Pte. Ltd. is one of the Sponsors of IndiGrid. Esoteric II Pte. Ltd. is a company affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR. Founded in 1976, KKR is a leading global investment firm with approximately US$252 billion of assets under management as of December 31, 2020. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities.

In 2008, KKR established a dedicated infrastructure team and strategy focused on global investment opportunities. KKR has been one of the more active infrastructure investors globally over the past several years, having deployed more than $26 billion across over 40 infrastructure assets.

Today, KKR's infrastructure platform has expanded to include approximately 52 dedicated investment professionals across 10 offices covering a broad spectrum of investment opportunities in various infrastructure subsectors, including: midstream energy, renewables, power & utilities, water and wastewater, waste, telecommunications and transportation, among others. KKR continually monitors infrastructure sectors and infrastructure-related investments for emerging trends, and may identify and prioritize investments in other sectors as conditions change or cycles evolve.

KKR's Track Record in India

KKR has invested or committed $5.7 billion of equity in private equity deals in India since 2010 with 19 investments made and 11 active portfolio companies today. We believe the long-term economic outlook in India is positive given structural reforms, despite recent volatility and continue to see attractive investment opportunities in the country.

India is one of the key markets that KKR's Asia Pacific Infrastructure strategy will actively seek to invest in. We believe that population growth is expected to drive significant demand for infrastructure in India over the next 25 years. This, combined with stable macro-economic indicators, structural reforms, thrust on infrastructure development, and constructive FDI regime will continue to result in high foreign capital inflows and provide the needed impetus to make India a favored infrastructure investment destination.

KKR's Private Equity current and past investments in India include, but are not limited to:

- Dalmia Cement (2010)
- TVS Logistics Services (2012)
- Alliance Tire Group (2013)
- Gland Pharma (2014)
- Emerald Media (2015)
- Max Financial Services (2016)
- Avendus Capital (2016)
- SBI Life Insurance (2016)
- Bharti Infratel (2017 & 2008)
- Max Healthcare Institute (2017)
- Ramky Enviro Engineers (2018)
- Eurokids (2019)
- Reliance Jio Platforms (2020)
- Reliance Retail (2020)
- JB Chemicals (2020)

KKR's Infrastructure investments in India include:

- IndiGrid (2019)
- Virescent Infrastructure (2020)
- Shapoorji Solar Assets (2020)

The Sterlite Sponsor

The Sterlite Sponsor is one of the leading independent power transmission companies operating in the private sector in India. The Sterlite Sponsor generated consolidated total income of ₹ 51,583.16 million as of March 31, 2020 and had consolidated total assets of ₹ 91,464.99 million as of March 31, 2020.

We acquired five fully commissioned projects in fiscal 2018 and four fully commissioned projects between the fiscals 2020 and 2021, from the Sterlite Sponsor, respectively.

Pursuant to the Framework Agreement, among the Sterlite Sponsor, the Trustee and the Investment Manager, IndiGrid had agreed to acquire GPTL, KTL and NER, out of which 49% of GPTL (with 100% economic ownership) has already been acquired from SGL4. KTL and NER have a transmission network of 9 power transmission lines of approximately 1,458 ckms and 3 substations, with a transformation capacity of 4,260 MVA. KTL and NER are under various stages of development. In addition, from the current issuance, we intend to acquire 26% of the issued, paid-up and subscribed equity share capital of the Target Asset from SGL4, a wholly owned subsidiary of the Sterlite Sponsor. For further details, please see the section entitled "*Use of Proceeds*" on page 216.

With support from our Sponsors, we aim to be the largest infrastructure investment trust in the power transmission sector by achieving significant growth through acquisitions. We expect support from our Sponsors to provide us with the following benefits:

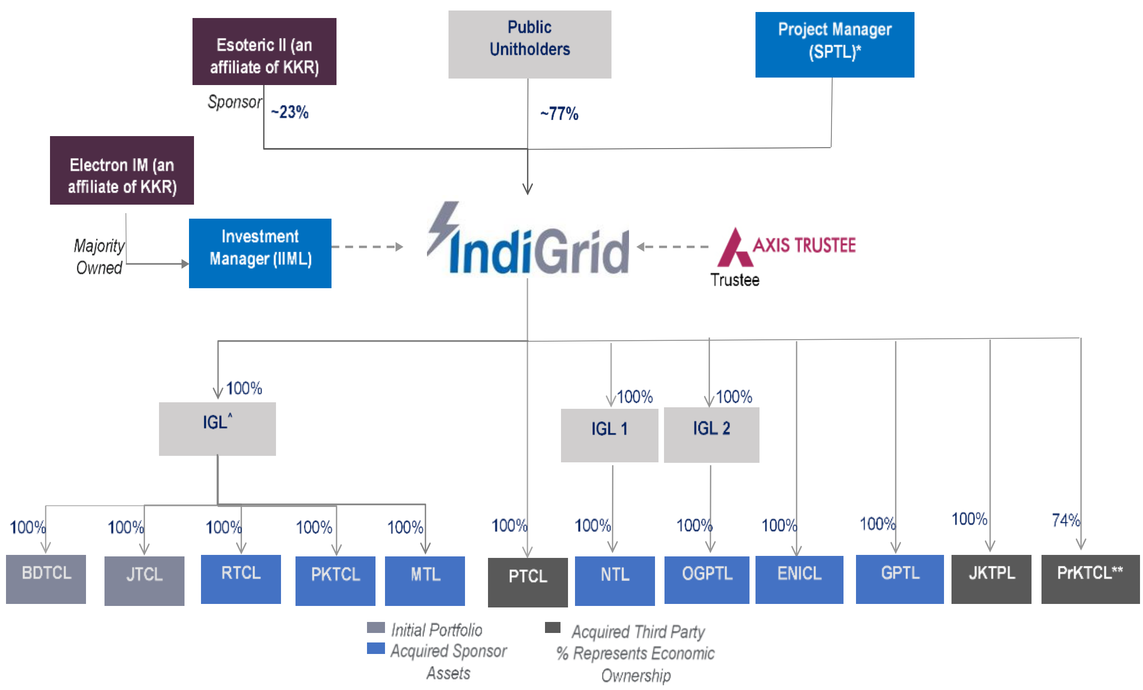
- By building on the track record of the Sterlite Sponsor and its familiarity with the power transmission business and regulatory regime in India, we seek to establish and further develop strong working relationships with the relevant regulators within the Indian power transmission sector.

- Drawing on the KKR Sponsor's national and international reach and business network to source acquisition opportunities.

- While under no obligation to do so, the Sterlite Sponsor may give us an opportunity to acquire additional power transmission projects, other than the Framework Assets, that it may be awarded or acquire. Any such acquisition from the Sterlite Sponsor, including under the Framework Agreement or ROFO Deed, will be subject to mutual agreement between the Sterlite Sponsor and the Investment Manager on our behalf, and approval of our Unitholders other than the Sterlite Sponsor.

The Sterlite Sponsor also fulfils the role of Project Manager in respect of IndiGrid, with responsibility for operating and maintaining for all Portfolio Assets (other than JKTPL and PrKTCL).

The following structure chart illustrates the relationship between IndiGrid, the Trustee, the Sponsors, the Investment Manager and the Unitholders, as on the date of this Draft Letter of Offer:



IGL= IndiGrid Limited,, IGL1 = IndiGrid 1 Limited , IGL2 = IndiGrid 2 Limited, BDTCL = Bhopal Dhule Transmission Company Limited, JTCL = Jabalpur Transmission Company Limited, RTCL = RAPP Transmission Company Limited, PKTCL = Purulia & Kharagpur Transmission Company Limited, MTL = Maheshwaram Transmission Limited, PTCL = Patran Transmission Company Limited, NTL = NRSS XXIX Transmission Limited, OGPTL = Odisha Generation Phase II Transmission Limited, ENICL = East-North Interconnection Company Limited , GPTL = Gurgaon Palwal Transmission Limited, JKTPL = Jhajjar KT Transco Private Limited, PrKTCL = Parbati Koldam Transmission Company Limited, IIML = IndiGrid Investment Managers Limited, SPTL = Sterlite Power Transmission Limited.

**SPTL continues to be a sponsor with ~0.3% equity stake. SPTL is the Project Manager for all Portfolio Assets (other than JKTPL and PrKTCL).*

^Except for JKTPL and PrKTCL (IGL is the Project Manager for JKTPL and PrKTCL)

*** PrKTCL held in a joint venture with Power Grid holding 26% stake*

For further details, please see the section entitled "*Parties to IndiGrid – The KKR Sponsor – Esoteric II Pte. Ltd.* " on page 96.

The Project Manager

In its capacity as the Project Manager under the Project Implementation and Management Agreement, the Sterlite Sponsor is responsible for the implementation, development, operation and management of all Portfolio Assets (other than JKTPL and PrKTCL)., as per the InvIT Regulations and the Project Implementation and Management Agreement. IGL is the Project

Manager for JKTPL and PrKTCL.

For further details, please see the sections entitled "*Parties to IndiGrid*" on page and "*Description of Portfolio Assets – IndiGrid Limited*" on pages 96 and 23.

The Investment Manager

IndiGrid Investment Managers Limited (formerly known as Sterlite Investment Managers Limited), majority owned by Electron IM Pte. Ltd., an affiliate of KKR is our Investment Manager and takes decisions concerning our assets for the beneficial interest of our Unitholders. The Investment Manager has overall responsibility for setting our strategic direction and deciding on the acquisition, divestment or enhancement of our assets in accordance with its stated investment strategy.

The Investment Manager has the key objective of generating sustainable income with long-term growth potential and investing in power transmission and renewable energy assets to provide our Unitholders with regular distributions at a competitive rate of return, in accordance with the InvIT Regulations and the Investment Management Agreement.

For further details, please see the section entitled "*Parties to IndiGrid – The Investment Manager – IndiGrid Investment Managers Limited*" on page 109.

The Trustee

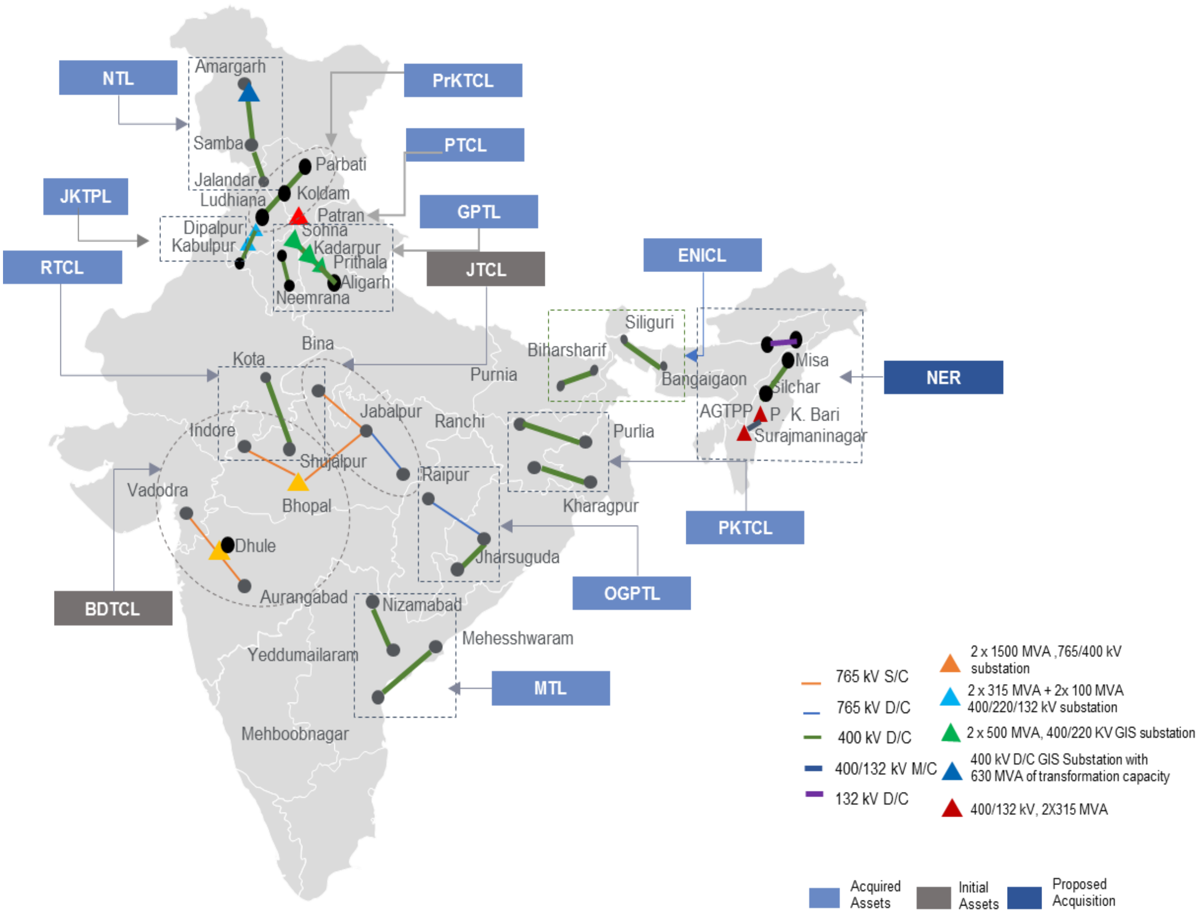
Axis Trustee Services Limited is the trustee in respect of IndiGrid. On behalf of our Unitholders, the Trustee is responsible for ensuring that our business activities and investment policies comply with the provisions of the InvIT Documents and the InvIT Regulations as well as monitoring the activities of the Investment Manager under the Investment Management Agreement and the Project Manager under the Project Implementation and Management Agreement.

For further details, please see the section entitled "*Parties to IndiGrid – The Trustee – Axis Trustee Services Limited*" on page 100.

The Portfolio Assets

The Portfolio Assets comprise twelve power transmission projects located across several states in India. These projects comprise 34 EHV overhead power transmission lines, comprising 7, 765 kV transmission lines and 27, 400 kV transmission lines, with a total circuit length of approximately 6,740 ckms, and 9 substations with 12,290 MVA of transformation capacity across 15 states and 1 union territory, in India. Majority of our Portfolio Assets have in place long-term TSAs of 35 years or 25 years (in case of ENICL and JKTPL) from the scheduled commercial operation date of the relevant Portfolio Asset. The TSAs have a contract term of 35 years or 25 years (in case of ENICL and JKTPL) from the scheduled commercial operation date, after which we can apply to CERC for renewal if not unilaterally extended by CERC.

The following map shows the locations and breakdown of the Portfolio Assets:



Note : Locations Indicative, Chart not to scale

BDTCL, JTCL, PKTCL, 74% of RTCL and 49% of MTL are owned by us indirectly through our wholly-owned subsidiary, IGL. IGL owns 100% of the outstanding shares of JTCL, BDTCL and PKTCL, and 74% of the outstanding shares of RTCL and 49% of the outstanding shares of MTL. We directly own 74% of the outstanding shares of PTCL (with 100% economic ownership), and pursuant to the terms of the share purchase agreement dated February 19, 2018, we have agreed to purchase the remaining outstanding shares of PTCL from TEECL. NTL is owned by us indirectly through our wholly-owned subsidiary, IGL 1, which in turn, holds 100% of the issued, subscribed and paid-up equity share capital of NTL. OGPTL is owned by us indirectly through our wholly-owned subsidiary, IGL 2, which in turn, holds 100% of the issued, subscribed and paid-up equity share capital of OGPTL. We directly own 100% of the issued, subscribed and paid-up equity share capital of ENICL which we acquired from the Sterlite Sponsor and 49% of GPTL (with 100% economic ownership), which we acquired from SGL4. We directly own 100% of the issued, subscribed and paid-up equity share capital of JKTPL. We directly own 74% of the issued, subscribed and paid-up equity share capital of PrKTCL.

The following table sets forth a summary description of the Portfolio Assets:

Project Name	Transmission Line /Substation	Configuration	Route Length (ckms)	Actual commission date	Expiry of the term of the TSA	Total transformation capacity (in MVA)
BDTCL	Bhopal – Indore	765 kV S/C transmission line	176	November 19, 2014		**NA**
	Dhule – Aurangabad	765 kV S/C transmission line	192	December 5, 2014		**NA**
	Dhule – Vadodara	765 kV S/C transmission line	263	June 13, 2015		**NA**
	Bhopal – Jabalpur	765 kV S/C transmission line	259	June 9, 2015	March 2049	**NA**
	Dhule – Dhule	400 kV D/C transmission line	36	December 6, 2014		**NA**
	Bhopal – Bhopal	400 kV D/C transmission line	17	August 12, 2014		**NA**
	Bhopal substation	2 x 1,500 MVA 765/400 kV	-	September 30, 2014		**3000 MVA**
	Dhule substation	2 x 1,500 MVA 765/400 kV	-	December 6, 2014		**3000 MVA**
JTCL	Jabalpur-Dharamjaigarh	765 kV D/C transmission line	759	September 14, 2015	March 2049	**NA**
	Jabalpur-Bina	765 kV S/C transmission line	235	July 1, 2015		**NA**
PKTCL	Kharagpur (WBSETCL)-Chaibasa (PG)	400 kV D/C transmission line	323	June 18, 2016	April 2051	**NA**

Project Name	Transmission Line /Substation	Configuration	Route Length (ckms)	Actual commission date	Expiry of the term of the TSA	Total transformation capacity (in MVA)
	Purulia PSP (WB)-Ranchi PG	400 kV D/C transmission line	223	January 7, 2017		**NA**
RTCL	RAPP—Shujalpur	400 kV D/C transmission line	403	March 1, 2016	February 2051	**NA**
MTL	Maheshwaram (PG)—Mehboob Nagar	400 kV D/C transmission line	196	December 14, 2017	December 2053	**NA**
	Nizamabad—Yeddumailaram (Shankarpalli)	400 kV D/C transmission line	278	October 14, 2017	October 2053	**NA**
	Mehboob Nagar substation of TSTRANSCO	2 x 400 kV line bays	-			**NA**
	Yeddumailaram (Shankarpalli) substation of TSTRANSCO	2 x 400 kV line bays	-			**NA**
PTCL	Patiala—Kaithal LILO	Loop in loop out of both circuits of 400 kV D/C line at Patran	-	November 12, 2016	November 2051	**NA**
	Patran substation	2x500MVA, 400/220kV Substation at Patran with; i. 6 nos 400kV Bays ii. 8 nos 220kV Bays	-	November 12, 2016		**1000 MVA**
NTL	Samba—Amargarh	400 kV D/C line	546	September 2, 2018	September 2053	**NA**
	Uri—Wagoora	400 kV D/C line	14	September 2, 2018	September 2053	**NA**
	Jalandhar—Samba	400 kV D/C line	270	June 24, 2016	June 2051	**NA**
	Amargarh Substation	400/220 kV D/C line, GIS Substation with 630 MVA of transformation capacity	-	September 2, 2018	September 2053	**630 MVA**
OGPTL	Raipur – Jharsuguda	765kV D/C line	610	April 6, 2019	April 2054	**NA**
	Jharsuguda – OPGC	400 kV D/C line	103	August 30, 2017	July 2052	**NA**
ENICL	Bongaigaon-Siliguri	400 kV D/C line	438	November 12, 2014	October 2035	**NA**
	Purnia-Biharsharif	400 kV D/C line	458	September 16, 2013		**NA**
GPTL	Aligarh - Prithala	400 kV D/C HTLS line	99	August 06, 2019	July 2054	**NA**
	Prithala – Kadarpur	400 kV D/C HTLS line	58	December 7, 2019	July 2054	**NA**
	Kadarpur-Sohna Road	400 kV D/C HTLS line	21	March 21, 2020	July 2054	**NA**
	LILO of Gurgaon Manesar	400 kV D/C Quad line	2	March 13, 2020	July 2054	**NA**
	Neemrana – Dhonanda	400 kV D/C HTLS line	93	February 25, 2019	July 2054	**NA**
	Kadarpur substation	400/220 kV, 2 x 500 MVA	-	December 11, 2019	July 2054	**1000 MVA**
	Sohna Road substation	400/220 kV, 2 x 500 MVA	-	April 13, 2020	July 2054	**1000 MVA**
	Prithala substation	400/220 kV, 2 x 500 MVA	-	August 8, 2019	July 2054	**1000 MVA**
	Dhonanda substation	Two 400 kV line bays	-	February 25, 2019	July 2054	**NA**
JKTPL	Jharli (Jhajjar) - Kabulpur (Rohtak	400 kV D/C line	70	March 12, 2012	March 2037 (with an extension period of 10 years by HVPNL)	**NA**
	Kabulpur (Rohtak) -Dipalpur (Sonepat)	400 kV D/C line	134			**NA**
	Dipalpur substation Abdullapur - Bawana line	400 kV S/C loop in loop out line at 400kV substation Dipalpur of 400 kV D/C line at from Abdullapur-Bawana	1.4			**NA**
	Kabulpur (Rohtak) substation	400 kV/220 kV/ 132 kV	-			**830 MVA**
	Dipalpur (Sonepat) substation	400 kV/220 kV/ 132 kV	-			**830 MVA**

Project Name	Transmission Line /Substation	Configuration	Route Length (ckms)	Actual commission date	Expiry of the term of the TSA	Total transformation capacity (in MVA)
PrKTCL	LILO point of Parbati III HEP to LILO point of Parbati Pooling Station	400 kV S/C, Quad Bundle Line, Section of CKt-II of Parbati-II to Koldam Transmission Scheme	3.5	August 01, 2013	35 years from COD i.e. FY 2049-50**, as per Central Electricity Regulatory Commission (Terms and Condition of Tariff) Regulations, 2019	**NA**
	Banala – Nalagarh	400 kV S/C along with D/C Quad Bundle Line, Part of Ckt-I of Parbati-II – Koldam Transmission Scheme starting from LILO point of Banala Pooling Station to Tower 9C of Ckt-I of Koldam – Nalagarh TL	66	October 10, 2014		NA
	Banala - Koldam	400 kV S/C alongwith D/C Quad Bundle Line, Part of Ckt-II of Parbati-II – Koldam Transmission Scheme starting from LILO point of Banala Pooling Station to Tower 9E of Ckt-I of Koldam – Nalagarh TL	63	October 04, 2014		NA
	Parbati-II – Banala	400 kV S/C alongwith D/C Quad Bundle Line, Part of Ckt-I of Parbati-II – Koldam Transmission Scheme starting from Parbati-II HEP to LILO point of Banala Pooling Station	14	November 03. 2015*		NA
	Parbati-II – Parbati-III	400 kV S/C alongwith D/C Quad Bundle Line, Part of Ckt-I of Parbati-II – Koldam Transmission Scheme starting from Parbati-II HEP to LILO point of Parbati-III HEP (Post commissioning of Sainj HEP of HPPCL this section has been connected at Loc.#2 forming Parbati-II – Sainj and Sainj – Parbati-III Sections)	10	November 03. 2015*		NA
	Koldam – Ludhiana	400 kV D/C, Triple Bundle Line.	301	Ckt-I: August 07, 2014 Ckt-II: August 14, 2014		NA
Total			**6,736**			**12290 MVA**

** The transmission line elements have been claimed as commissioned with effect from July 1, 2015 as per the CERC Tariff Petition.*
***As per Central Electricity Regulatory Commission (Terms and Condition of Tariff) Regulations, 2019, effective COD for the consolidated project has to be used for the purpose of tariff determination. Based on the true up of tariff for block periods Financial Year 2014-19 and approved tariff for Financial Year 2019-24, effective COD is likely to be in Financial Year 2014-15.*

The total revenue earned by each of the Portfolio Assets in fiscals 2018, 2019, 2020 and as of December 2020 is set forth in the following tables. The results for the periods presented below are not necessarily indicative of the results to be expected for any future period and the results for any interim period are not necessarily indicative of the results that may be expected for a full year.

BDTCL				
	FISCAL			
(₹ in million)	**2018**	**2019**	**2020**	**December 20**
Tariff	2,505	2,523	2,575	1,925
Incentive	88	60	100	67
Late Payment Surcharge	10	18	32	36
Total revenue(2)	**2,603**	**2,600**	**2,706**	**2,028**

(1) We acquired BDTCL from the Sterlite Sponsor in May 2017.
(2) Gross revenue earned (i.e. without adjustment of rebate)

JTCL[1]				
	FISCAL			
(₹ in million)	**2018**	**2019**	**2020**	**December 20**
Tariff	2,379	2,083	1,466	1,108
Incentive	83	73	16	42
Late Payment Surcharge	10	10	28	17
Total revenue[2]	**2,472**	**2,166**	**1,511**	**1,167**

(1) We acquired JTCL from the Sterlite Sponsor in May 2017.
(2) Gross revenue earned (i.e. without adjustment of rebate)

RTCL[1][3]				
	FISCAL			
(₹ in million)	**2018**	**2019**	**2020**	**December 20**
Tariff	311	440	441	332
Incentive	4	15	15	12
Late Payment Surcharge	1	35	35	5
Total revenue[2]	**316**	**491**	**490**	**348**

(1) As RTCL started commercial operations in March 2016, it did not earn incentive fees in fiscal 2016.
(2) Gross revenue earned (i.e. without adjustment of rebate).
(3) We acquired RTCL from the Sterlite Sponsor in February 2018.

PKTCL[1][3]				
	FISCAL			
(₹ in million)	**2018**	**2019**	**2020**	**December 20**
Tariff	511	724	723	546
Incentive	18	25	25	19
Late Payment Surcharge	2	2	11	8
Total revenue[2]	**531**	**752**	**759**	**572**

(1) One transmission line at PKTCL started commercial operations in June 2016 and the second transmission line at PKTCL started commercial operations in January 2017. Accordingly, PKTCL did not earn revenue in fiscal 2016.
(2) Gross revenue earned (i.e. without adjustment of rebate).
(3) We acquired PKTCL from the Sterlite Sponsor in February 2018.

MTL[1][3]				
	FISCAL			
(₹ in million)	**2018**	**2019**	**2020**	**December 20**
Tariff	224	556	559	424
Incentive	8	19	20	14
Late Payment Surcharge	0	1	10	5
Total revenue[2]	**232**	**576**	**588**	**443**

(1) MTL started commercial operations in fiscal 2018.
(2) Gross revenue earned (i.e. without adjustment of rebate).
(3) We acquired MTL from the Sterlite Sponsor in February 2018.

PTCL[1][3]				
	FISCAL			
(₹ in million)	**2018**	**2019**	**2020**	**December 20**
Tariff	225	259	289	230
Incentive	6	8	10	8
Late Payment Surcharge	12	0.20	3	3
Total revenue[2]	**245**	**268**	**303**	**242**

(1) PTCL started commercial operations in fiscal 2017.
(2) Gross revenue earned (i.e. without adjustment of rebate).
(3) We acquired PTCL in August 2018.

NTL				
	FISCAL			
(₹ in million)	**2018**	**2019**	**2020**	**December 20**
Tariff	1,075	2,939	5,527	3,777
Incentive	38	89	157	108
Late Payment Surcharge	5	5	45	62
Total revenue	**1,117**	**3,033**	**5,728**	**3,947**

OGPTL				
	FISCAL			
(₹ in million)	**2018**	**2019**	**2020**	**December 20**
Tariff	27	96	1,580	1,249
Incentive	1	3	48	42
Late Payment Surcharge	-	-	10	32
Total revenue	**28**	**100**	**1,638**	**1,323**

ENICL				
	FISCAL			
(₹ in million)	**2018**	**2019**	**2020**	**December 20**
Tariff	1,542	1,446	1,281	1,079
Incentive	71	33	61	17
Late Payment Surcharge	7	5	31	13
Total revenue	**1,619**	**1,484**	**1,373**	**1,109**

GPTL				
	FISCAL			
(₹ in million)	**2018**	**2019**	**2020**	**December 20**
Tariff	**NA**	18	667	505
Incentive	**NA**	-	13	20
Late Payment Surcharge	**NA**	-	1	6
Total revenue	**NA**	**18**	**681**	**531**

JKTPL				
	FISCAL			
(₹ in million)	**2018**	**2019**	**2020**	**December 20**
Tariff	426	341	390	291
Total revenue	**426**	**341**	**390**	**291**

PrKTCL				
	FISCAL			
(₹ in million)	**2018**	**2019**	**2020**	**December 20**
Tariff	1,647	1,591	1,869	1,270
Incentive	23	20	25	16
Late Payment Surcharge	9	17	17	33
Total revenue	**1,679**	**1,629**	**1,911**	**1,319**

**Tariff is calculated as net of rebate.*

All our Portfolio Assets are located in strategically important areas for the electricity grid in India, which we believe makes their existence critical and their high replacement cost makes the transmission assets indispensable.

The JTCL project alleviates transmission capacity bottlenecks and expands the reliability and stability of the power grid in western and northern India by providing open access to transmit power from the independent power projects in the east of India. The corridors thus created are crucial links, based on which the CTU enters into long-term open-access agreements with several generation companies in the eastern region of India.

The BDTCL project facilitates the transfer of electricity from coal-fired power generation sources in the states of Odisha and Chhattisgarh to power load centers in India's western and northern regions. Our largest power transmission project, in terms of transmission lines and their length, BDTCL operates six EHV overhead transmission lines of approximately 945 ckms, comprising, four 765 kV single circuit lines of 891 ckms and two 400 kV double circuit lines of 53 ckms.

The PKTCL project has been brought into existence to grow generation capacity in the eastern parts of India. PKTCL supports the interconnection of the state grids and the regional grids and facilitates the exchange of additional power between them. PKTCL was established to strengthen the transmission system in the states of West Bengal and Jharkhand. The project involves the establishment of two 400 kV double circuit transmission lines and has been awarded on a BOOM basis.

The RTCL project facilitates the strengthening of the transmission capability between the northern and western sectors of India's power grid by evacuating electricity from an atomic power plant near Kota in Rajasthan to central Madhya Pradesh. The project was undertaken in conjunction with the Rajasthan Atomic Power Project established by Nuclear Power Corporation of India. The transmission system evacuates and transmits power through a 400 kV double circuit line with a length of approximately 403 ckms.

The MTL project constitutes a key component in enabling the southern region of India to draw more power from the rest of the grid and continues to address the issue of power stability in the state of Telangana. This improved grid connectivity helps to facilitate power procurement from the ISTS network to meet electricity demands in certain states in south India. The MTL project provides grid connectivity for the 400 kV Maheshwaram and Nizmabad transmission lines and the substations at Mehboob Nagar and Yeddumailaram (Shankarpalli) of TSTRANSCO. MTL operates two transmission lines on a BOOM basis having a total length of approximately 476 ckms.

The PTCL project constitutes a key component in strengthening the power transmission system in the state of Punjab in India. The PTCL project comprises a 400/ 220 kV substation, having a transformation capacity of 1000 MVA, with 14 bays in Patran, and LILO of both circuits of Patiala-Kaithal 400 kV double circuit line at Patran.

The GPTL project was constituted to meet the rising power demand in Gurgaon and Palwal. The substations caters to parts of Gurgaon and connect other substations located at Palwal, Rangla, Rajpur and adjoining areas of Meerpur Kurli in Haryana, as part of the inter-state transmission system. This helps the region to continue generating employment to address markets in India and overseas.

The ENICL project included the first transmission line under the TBCB guidelines in the country and, was set up with an aim to evacuate power from the north-east and eastern states to the northern region of India. Substantial exportable power would be available in these regions due to the commissioning of the transmission lines owned by ENICL. This transmission project was proposed for strengthening of the NER-ER transmission corridor.

The NTL project is critical for meeting the power requirements of the state of Jammu and Kashmir. The existing lines which are a part of the common corridor in the state of Jammu and Kashmir are highly prone to snow storm, landslides and other natural calamities making power supply to the Kashmir Valley vulnerable. The NTL project was proposed to mitigate the above constraints. Further, the NTL project was expected to deliver over 2,000 MW of electricity from Punjab to the Kashmir Valley by strengthening the transmission system in these states.

The OGPTL project, was developed to help power projects in the state of Odisha to cater to the power generation demand centers in the country. The OGPTL project is a part of the common transmission system for phase-II generation projects and immediate evacuation system for OPGC Project in Odisha. the transmission lines are a part of the interstate transmission network.

JKTPL provides offtake of power from the thermal power plants in Haryana (majorly the Jhajjar power plant) and meets the electricity demands of Jhajjar and heavy industrial area of Sonepat. It consists of three 400 KV transmission lines spread across 204.7 ckms in Haryana with 2 substations with a transformation capacity of 830 MVA. The project has been operational for 8 years and was developed for increasing and improving the electricity supply in state of Haryana and evacuation of electricity from the 2x660 MW thermal power plant at Jhajjar, Haryana. IGL acts as the O&M contractor for this project.

PrKTCL, initially incorporated as a joint venture between Reliance Infrastructure Limited and Power Grid Corporation of India Limited, and now acquired by India Grid, has approximately 458 ckms of 400 kV transmission lines and substations, including, Koldam - Ludhiana line, with a length of 301 ckms, LILO of Parbati III HEP to LILO of Parbati Pooling Station line, with a length of 3.5 ckms, Banala to Nalagarh line, with a length of 66 ckms, Banala to Koldam line, with a length of 63 ckms, Parbati II to Banala line, with a length of 14 ckms, and Parbati II to Parbati III line, with a length of 10 ckms, as a part of the transmission system to evacuate power from the Parbati – II, Parbati – III and Koldam hydel power projects.

Tariff – Majority of our Portfolio Assets

Power transmission projects, including the Portfolio Assets, earn revenue from electricity transmission tariffs pursuant to TSAs and tariff orders passed by CERC in accordance with the Electricity Act. These projects receive availability-based tariffs under the TSAs irrespective of the actual quantum of power transmitted through the line. The tariff for the Portfolio Assets is contracted for the period of the relevant TSA, which is up to 35 years from the scheduled commission date, other than ENICL and JKTPL, which is for 25 years. The tariff rates are comprised of a fixed non-escalable charge, a variable escalable charge, and incentives for maintaining targeted availability. For further details, please see the section entitled "*Industry Overview*" on page 136. The following tables reflects the contracted non-escalable and escalable tariffs for the majority of our Portfolio Assets remaining for the term of the applicable TSA.

Non-Escalable Tariff for the majority of our Portfolio Assets

The following tables reflect the non- escalable tariffs for the majority of our Portfolio Assets:

REMAINING NON-ESCALABLE TARIFF FOR THE MAJORITY OF OUR PORTFOLIO ASSETS (₹ in million)										
	BDTCL	***JTCL***	***PKTCL***	***RTCL***	***MTL***	***PTCL***	***NTL***	***OGPTL***	***ENICL***	***GPTL***
Anniversary of Scheduled Commission Date	**Scheduled Commission Date**									
	March 31, 2014	March 31, 2014	April 9, 2016	March 1, 2016	June 20, 2018	November 12, 2016	June 4, 2016 and October 4, 2018	August 31, 2017 and August 8, 2019	January 1, 2013	May 14, 2019 and September 14, 2019
2018	2,419.92	1,864.42	500.29	304.1		220			1,181.65	
2019	2,417.28	1,862.74	713.12	433.47	548.18	252.5	4817.97		1,181.65	
2020	2,414.53	1,302.86	712.51	433.1	548.18	282.73	4814.38	1587.2	1,181.65	1,435.22
2021	2,411.76	1,300.97	711.87	432.7	548.18	299.95	4811.06	1587.2	1,181.65	1,435.22
2022	2,408.70	1,298.97	711.18	432.29	548.18	299.95	4807.52	1549.91	1,181.65	1,401.50
2023	2,405.60	1,296.85	710.46	431.85	548.18	299.95	4803.75	1513.49	1,181.65	1,368.56
2024	1,669.27	1,294.60	709.69	431.38	548.18	299.95	4799.74	1477.93	1,181.65	1,336.40

REMAINING NON-ESCALABLE TARIFF FOR THE MAJORITY OF OUR PORTFOLIO ASSETS (₹ in million)										
	BDTCL	***JTCL***	***PKTCL***	***RTCL***	***MTL***	***PTCL***	***NTL***	***OGPTL***	***ENICL***	***GPTL***
Anniversary of Scheduled Commission Date	**Scheduled Commission Date**									
	March 31, 2014	March 31, 2014	April 9, 2016	March 1, 2016	June 20, 2018	November 12, 2016	June 4, 2016 and October 4, 2018	August 31, 2017 and August 8, 2019	January 1, 2013	May 14, 2019 and September 14, 2019
2025	1,665.92	1,292.22	708.87	430.88	548.18	299.95	4795.46	1443.2	1,181.65	1,305.00
2026	1,662.44	1,289.69	708.01	430.36	548.18	299.95	4790.9	1409.28	1,181.65	1,274.34
2027	1,658.81	1,287.01	707.1	429.81	548.18	299.95	4786.05	1376.17	1,181.65	1,244.39
2028	1,655.04	1,284.17	706.13	429.22	548.18	299.95	4780.88	1343.83	1,181.65	1,215.15
2029	1,651.11	1,281.16	705.11	428.6	548.18	299.95	4775.37	1312.26	1,181.65	1,186.60
2030	1,647.02	1,277.97	704.02	427.94	548.18	299.95	4769.5	1281.42	1,181.65	1,158.72
2031	1,642.77	1,274.59	702.88	427.24	548.18	299.95	4763.25	1251.31	1,181.65	1,131.49
2032	1,638.35	1,271.01	701.66	426.5	548.18	237.98	4756.59	1221.91	1,181.65	1,104.90
2033	1,633.74	1,267.21	700.37	425.71	548.18	237.42	3314.24	1193.19	1,181.65	1,078.94
2034	1,628.95	1,263.18	699	424.88	548.18	236.82	3306.68	1165.16	1,181.65	1,053.59
2035	1,623.97	1,258.91	697.56	424	548.18	236.19	3298.63	1137.78	**TSA TERM EXPIRED**	1,028.83
2036	1,618.79	1,254.39	574.62	423.07	548.18	255.52	3290.05	1126.91		1,019.00
2037	1,613.39	1,249.60	481	422.09	548.18	254.81	3280.91	1126.91		1,019.00
2038	1,607.78	1,244.52	479.28	421.04	548.18	254.06	3271.18	1126.91		1,019.00
2039	1,601.94	1,239.14	477.45	419.93	548.18	253.36	3260.81	1126.91		1,019.00
2040	1,595.86	1,233.43	475.52	418.76	548.18	252.41	3249.76	1126.91		1,019.00
2041	1,589.53	1,227.38	473.48	417.52	548.18	251.52	3237.99	1126.91		1,019.00
2042	1,582.95	1,220.97	471.31	416.2	548.18	260.57	3225.45	1126.91		1,019.00
2043	1,576.11	1,214.17	469.02	322.09	548.18	259.57	3212.09	1126.91		1,019.00
2044	1,568.98	1,206.97	466.59	283.61	548.18	258.5	3197.86	1126.91		1,019.00
2045	1,561.57	1,199.34	464.01	282.05	548.18	257.38	3182.71	1126.91		1,019.00
2046	1,553.86	1,191.25	461.29	280.39	548.18	256.18	3166.56	1126.91		1,019.00
2047	1,545.83	1,182.68	458.4	278.63	548.18	254.92	3149.35	1126.91		1,019.00
2048	1,537.48	1,173.59	455.34	276.77	548.18	253.58	3131.03	1126.91		1,019.00
2049	1,528.80	1,164.41	452.1	274.8	548.18	252.16	3111.5	1126.91		1,019.00
2050	**TSA TERM EXPIRED**	**TSA TERM EXPIRED**	448.66	272.72	548.18	250.66	3090.71	1126.91		1,019.00
2051			445.03	270.51	548.18	249.07	3068.55	1126.91		1,019.00
2052			**TSA TERM EXPIRED**	**TSA TERM EXPIRED**	548.18	249	3044.95	1126.91		1,019.00

REMAINING NON-ESCALABLE TARIFF FOR THE MAJORITY OF OUR PORTFOLIO ASSETS (₹ in million)										
	BDTCL	*JTCL*	*PKTCL*	*RTCL*	*MTL*	*PTCL*	*NTL*	*OGPTL*	*ENICL*	*GPTL*
Anniversary of Scheduled Commission Date	**Scheduled Commission Date**									
	March 31, 2014	March 31, 2014	April 9, 2016	March 1, 2016	June 20, 2018	November 12, 2016	June 4, 2016 and October 4, 2018	August 31, 2017 and August 8, 2019	January 1, 2013	May 14, 2019 and September 14, 2019
2053					548.18	**TSA TERM EXPIRED**	3019.8	1126.91		1,019.00
2054					548.18		2993.02	1126.91		1,019.00
2055					**TSA TERM EXPIRED**		**TSA TERM EXPIRED**	1126.91		1,019.03
2056								**TSA TERM EXPIRED**		**TSA TERM EXPIRED**

Escalable Tariff for the majority of our Portfolio Assets

The following tables reflect the current contracted escalable tariffs for the majority of our Portfolio Assets:

ESCALABLE TARIFFS FOR THE MAJORITY OF OUR PORTFOLIO ASSETS (₹ in million)										
	BDTCL	**JTCL**	**PKTCL**	**RTCL**	**MTL(1)**	**PTCL(2)**	**NTL**	**OGPTL**	**ENICL**	**GPTL**
Initial escalable tariff (year)	56.64 (2014)	22.80 (2014)	8.88 (2016)	5.39 (2016)	7.75 (2019)	4.71 (2017)	47.28(3)	16.01 (2018)	58.61 (2013)	14.5 (2020)
2019 escalable tariff	88.46	35.73	11.08	6.73	7.97	5.88	48.29	1.05	104.37	2.15
2020 escalable tariff	93.3	37.68	11.69	7.09	8.4	6.2	50.65	18.49	110.49	37.16

(1) MTL started commercial operations in fiscal 2018.
(2) We acquired PTCL from TEECL and TPGCL on August 31, 2018
(3) Includes 10.40 towards JS line commissioned in Financial Year 16, 17 and 36.87 towards SA line commissioned in Financial Year 18, 19.

Jabalpur Transmission Company Limited

JTCL was incorporated on September 8, 2009. JTCL entered into a TSA dated December 1, 2010 and a TSA dated November 12, 2013 with PGCIL. The JTCL project was awarded to IGL by the Ministry of Power on January 19, 2011 for a 35-year period from the scheduled commercial operation date of the JTCL project, on a BOOM basis. We acquired JTCL from the Sterlite Sponsor in May, 2017.

JTCL alleviates transmission capacity bottlenecks and expands the reliability and stability of the power grid in western and northern India by providing open access to transmit power from the independent power projects in the east of India. The corridors thus created are crucial links, on the basis of which the CTU has entered long-term open-access agreements with several generation companies in the eastern region of India.

JTCL operates two EHV overhead transmission lines of approximately 992 ckms in the states of Chhattisgarh and Madhya Pradesh comprising one 765 kV double circuit line of approximately 757 ckms from Dharamjaigarh (Chhattisgarh) to Jabalpur (Madhya Pradesh) and one 765 kV single circuit line of approximately 235 ckms from Jabalpur to Bina in Madhya Pradesh. Further, JTCL has the first 765 kV transmission line developed by a private developer under the build, own, operate and maintain model, according to CRISIL. The JTCL project was fully commissioned in September 2015 at a total cost of ₹18,874 million. The net depreciated value of the asset as of December 31, 2020 is ₹ 14,948.27 million.

Details of JTCL's transmission lines are set forth as follows:

Transmission Line	Location	Route Length (ckms)	Specifications	Commission Date	Expiry of TSA term	Contribution to Total Tariff
Jabalpur-Dharamjaigarh	Chhattisgarh, Madhya Pradesh	757	765 kV D/C	September 14, 2015	March 31, 2049	72%
Jabalpur-Bina	Madhya Pradesh	235	765 kV S/C	July 1, 2015	March 31, 2049	28%
Total		**992**				

The average quarterly availability of JTCL since commissioning is set forth in the table below, which is higher than the target availability of 98% under the JTCL TSA. As a result, JTCL earned annual incentive revenue of ₹ 41.8 million as of December 31, 2020.

**Quarterly data is calculated as an average of three months data, based on the monthly availability certificates*
**Certain data for December 2020 are based on estimates.*

As of March 31, 2020, the JTCL TSA had a remaining term of approximately 29 years.

The JTCL transmission lines could not be commissioned on the scheduled commission date due to change in law and force majeure events including the amendment of the Forest Guidelines, delay in grant of forest clearance and delay in obtaining authorization under Section 164 of the Electricity Act. The delay was acknowledged by CERC following an initial petition by JTCL and the scheduled commercial operation date was revised accordingly. To compensate for the loss in revenue, JTCL filed an additional petition with CERC to quantify the increase in transmission charges. The CERC, through its order dated May 8, 2017 (in petition number 310/MP/2015) (the "**CERC Order**"), allowed an increase of 9.8903% per annum on the quoted non-escalable charges of the respective years from the date of commercial operation of the respective transmission lines on account of change in law, resulting in an increase in the cost of the project by ₹1,699.90 million (the "**Approved Cost Escalation**"). In accordance with the Project Implementation and Management Agreement, our Project Manager was entitled to an allotment of our Units for an amount equivalent to ₹1,359.92 million pursuant to the CERC Order, which is 80% of the Approved Cost Escalation. We allotted 13.6 million Units to the Project Manager, which is the same entity as the Sterlite Sponsor at an issue price of ₹100 per Unit.

Bhopal Dhule Transmission Company Limited

BDTCL was incorporated on September 8, 2009. BDTCL entered into a TSA dated December 7, 2010 and a TSA dated November 12, 2013 with PGCIL. The BDTCL project was awarded to IGL by the Ministry of Power on January 31, 2011 for a 35-year period from the scheduled commercial operation date of the BDTCL project, on a BOOM basis. We acquired BDTCL from the Sterlite Sponsor in May, 2017.

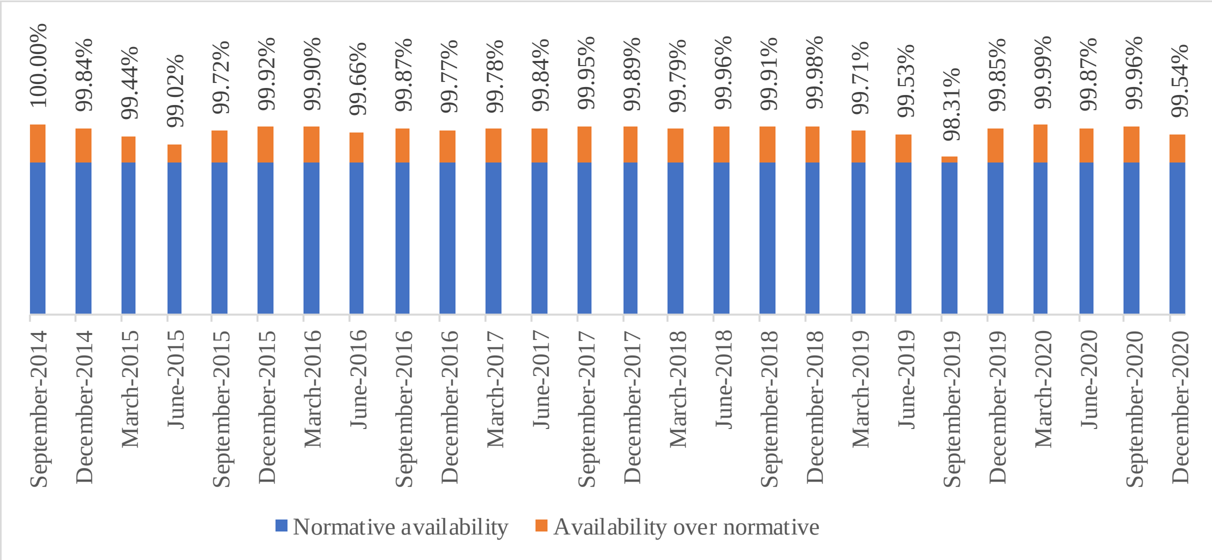
BDTCL facilitates the transfer of electricity from coal-fired power generation sources from the states of Odisha and Chhattisgarh to power load centers in India's western and northern regions. As our largest power transmission power transmission project, BDTCL operates six EHV overhead transmission lines of approximately 945 ckms comprising four 765 kV single circuit lines of approximately 891 ckms and two 400 kV double circuit lines of approximately 53 ckms. The single circuit lines comprise an approximately 260 ckms line from Bhopal to Jabalpur in Madhya Pradesh, an approximately 176 ckms line from Bhopal to Indore in Madhya Pradesh, an approximately 192 ckms line from Aurangabad to Dhule in Maharashtra and an approximately 263 ckms line from Dhule (Maharashtra) to Vadodara (Gujarat). The double circuit lines consist of an approximately 36 ckms line within Dhule and an approximately 17 ckms line within Bhopal. In addition, the project includes two 3,000 MVA substations, one each in Bhopal and Dhule.

BDTCL was fully commissioned in June 2015 at a total cost of ₹21,330 million. The net depreciated value of the asset as of December 31, 2020 is ₹ 17,086.74 million. BDTCL was awarded a Silver Shield for the year 2013-2014 in the category of "Early Completion of Transmission Projects" by the Ministry of Power for its Dhule substation. Details of BDTCL's transmission lines and substations are set forth as follows:

Transmission Line / Substation	Route Length (ckms)	Specifications	Commission Date	Expiry term of TSA	Contribution to Total Tariff
Bhopal— Jabalpur	260	765 kV S/C	June 9, 2015	March 31, 2049	22%
Bhopal—Indore	176	765 kV S/C	November 19, 2014	March 31, 2049	12%
Bhopal—Bhopal (MPPTCL)	17	400 kV D/C	August 12, 2014	March 31, 2049	2%
Aurangabad—Dhule (IPTC)	192	765 kV S/C	December 5, 2014	March 31, 2049	10%

Transmission Line / Substation	Route Length (ckms)	Specifications	Commission Date	Expiry term of TSA	Contribution to Total Tariff
Dhule (IPTC)—Vadodara	263	765 kV S/C	June 13, 2015	March 31, 2049	16%
Dhule (IPTC)—Dhule (MSETCL)	36	400 kV D/C	December 6, 2014	March 31, 2049	4%
Bhopal Substation	—	2 x 1,500 MVA 765/400 kV	September 30, 2014	March 31, 2049	17%
Dhule Substation	—	2 x 1,500 MVA 765/400 kV	December 6, 2014	March 31, 2049	17%

The average quarterly availability of BDTCL since commissioning is set forth in the following table, which is higher than the target availability of 98% under the BDTCL TSA. As a result, BDTCL earned annual incentive revenue of ₹ 67.3 million as of December 31,2020.



**Quarterly data is calculated as an average of three months data, based on the monthly availability certificates.*
**Certain data for December 2020 are based on estimates.*

As of March 31, 2020, the BDTCL TSA had a remaining term of over 29 years.

The BDTCL transmission lines could not be commissioned on their scheduled commission dates due to change in law and force majeure events, including the amendment of Forest Guidelines, delay in grant of forest clearance, delay in receiving authorisation under Section 164 of the Electricity Act, delay in allotment of land for the construction of the Bhopal substation and change in applicable rates of taxes. The delay was acknowledged by CERC and the scheduled commercial operation date was revised accordingly. To compensate for the loss in revenue, BDTCL filed a tariff revision petition with CERC, pursuant to which the CERC through its order dated June 25, 2018 sought further documents to establish BDTCL's claim in respect of cost escalation. Thereafter, BDTCL filed a consequential petition, claiming monetary relief resulting from the change in law pursuant to the CERC Order. CERC vide its order dated April 24, 2019 ("**Second CERC Order**") rejected the relief and subsequential carrying cost. Aggrieved by the Second CERC Order, BDTCL filed an appeal before APTEL on June 4, 2019 to claim the amount of interest during construction and subsequential carrying cost. APTEL by way of its order dated October 20, 2020 allowed the appeal filed by BDTCL. The estimated amount involved in this matter is ₹ 840.01 million. The matter is currently pending. For further details, please see the section entitled "*Litigation*" on page 252.

BDTCL had its 765 KV S/C Bhopal – Indore transmission line rendered inoperable for 51 days in fiscal 2015 when gale force winds damaged a transmission tower. BDTCL obtained a deemed availability certificate from CERC to receive tariffs for this period and substantially all of the repair and restoration costs were covered by the Sterlite Sponsor's insurance.

Purulia & Kharagpur Transmission Company Limited

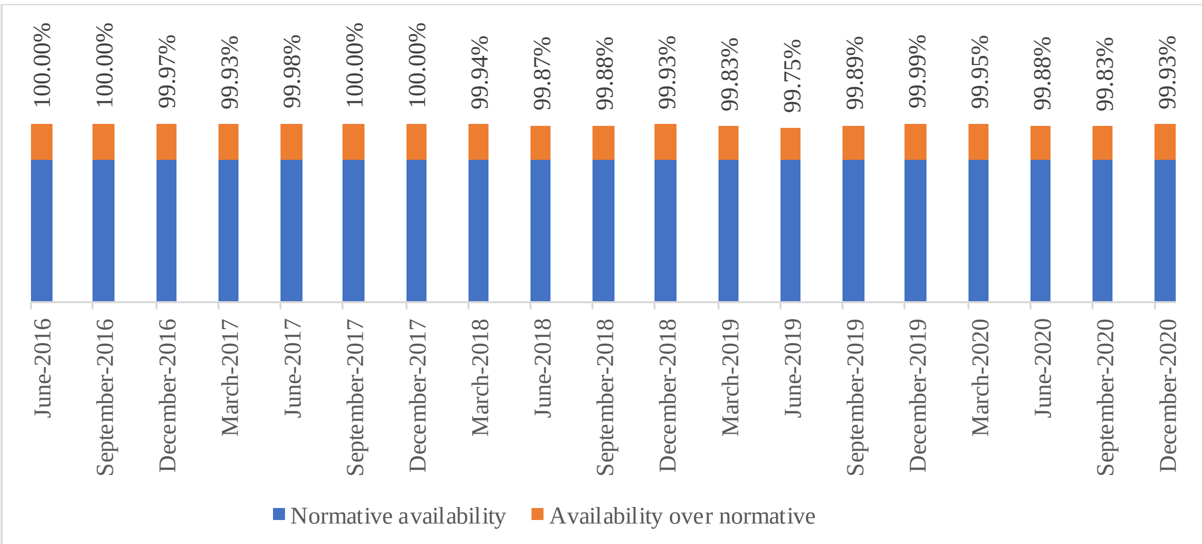
PKTCL was incorporated on December 15, 2012. PKTCL entered into a TSA on August 6, 2013. The PKTCL project was awarded by the Ministry of Power on September 17, 2013 for a 35-year period from the scheduled commercial operation date of the PKTCL project, on a BOOM basis. We acquired PKTCL from the Sterlite Sponsor in February , 2018.

PKTCL supports the interconnection of the West Bengal state grid and the ISTS and facilitates the exchange of additional power between them. PKTCL was established to strengthen the transmission system in the states of West Bengal and Jharkhand.

PKTCL operates two EHV overhead transmission lines with a total circuit length of approximately 545 ckms in the states of West Bengal and Jharkhand, comprising one 400 kV D/C line of approximately 322 ckms from Kharagpur (West Bengal) to Chaibasa (Jharkhand) and one 400 kV D/C line of approximately 223 ckms from Purulia (West Bengal) to Ranchi (Jharkhand). The Kharagpur-Chaibasa 400 kV D/C transmission line was commissioned in June 2016, while the Purulia – Ranchi 400 kV D/C transmission line was commissioned in January 2017. The project was fully commissioned in January 2017 at a total cost of ₹4,405 million. The net depreciated value of the asset as of December 31, 2020 is ₹ 3,791.60 million. Details of PKTCL's transmission lines are set forth as follows:

Transmission Line	Route Length (ckms)	Specifications	Commission Date	Expiry of term of TSA	Contribution to Total Tariff
Kharagpur (WBSETCL)—Chaibasa (PG)	322	400 kV D/C	June 18, 2016	April 19, 2051	54%
Purulia PSP (WB)—Ranchi PG	223	400 kV D/C	January 7, 2017	April 19, 2051	46%

The average quarterly availability of PKTCL since commissioning is set forth in the following table, which is higher than the target availability of 98% under the PKTCL TSA. As a result PKTCL earned annual incentive revenue of ₹ 19.1 million as of December 31, 2020.



**Quarterly data is calculated as an average of three months data, based on the monthly availability certificates.*

As of March 31, 2020, the PKTCL TSA had a remaining term of over 31 years.

PKTCL filed a petition dated July 7, 2016 under Section 79(1)(f) read with Section 79(1)(c) of the Electricity Act before the

CERC seeking compensatory and declaratory reliefs under the PKTCL TSA on account of force majeure and changes in law, including due to delay in application for forest diversion proposal, shifting of final termination point of Purulia substation, delay in grant of forest clearance and law and order issues which adversely affected and subsequently, delayed the construction of the 400 kV D/C Purulia – Ranchi transmission line and 400 kV D/C Kharagpur – Chaibasa transmission line. There can be no assurance that the claimed amount will be granted. For further details, please see the section entitled "*Litigation*" on page 252.

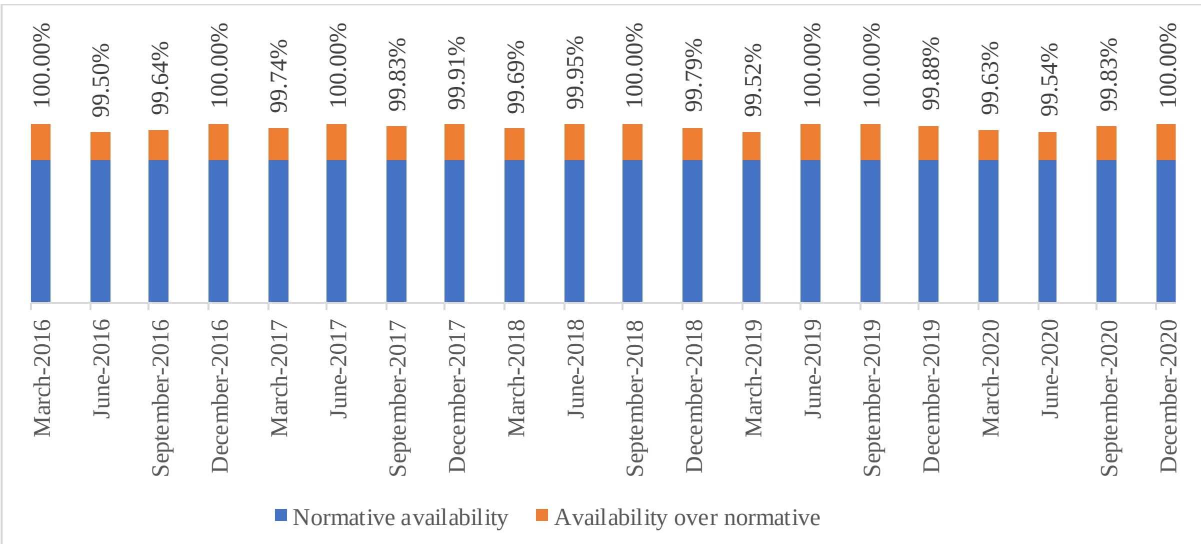
RAPP Transmission Company Limited

RTCL was incorporated on December 20, 2012. RTCL entered into a TSA on July 24, 2013 and a TSA dated December 22, 2015 entered into by RTCL with PGCIL. The RTCL project was awarded by the Ministry of Power on September 17, 2013 for a 35-year period from the scheduled commercial operation date of the RTCL project, on a BOOM basis. We acquired 74% of RTCL from the Sterlite Sponsor in February 2018. RTCL facilitates the strengthening of the transmission capability between the northern and western sectors of India's power grid by evacuating electricity from an atomic power plant near Kota in Rajasthan to central Madhya Pradesh. The project was undertaken in conjunction with the Rajasthan Atomic Power Project established by Nuclear Power Corporation of India.

RTCL operates one EHV overhead transmission line of approximately 403 ckms in the states of Rajasthan and Madhya Pradesh, comprised of one 400 kV D/C line from Rajasthan to Madhya Pradesh. The project was fully commissioned in November 11, 2016 at a total cost of ₹2,600 million. The net depreciated value of the asset as of December 31, 2020 is ₹ 2,172.21 million. Details of RTCL's transmission line are set forth as follows:

Transmission Line	Route length (ckms)	Specifications	Commission Date	Expiry of term of TSA	Contribution to Total Tariff
RAPP—Shujalpur	403	400 kV D/C	March 1, 2016	February 2051	100%

The average quarterly availability of RTCL since commissioning is set forth in the following table, which is higher than the target availability of 98% under the RTCL TSA. As a result, RTCL earned annual incentive revenue of ₹ 11.6 million as of December 31, 2020.



**Quarterly data is calculated as an average of three months data, based on the monthly availability certificates.*

**Certain data for December 2020 are based on estimates.*

As of March 31, 2020, the RTCL TSA had a remaining term of approximately 31 years.

RTCL filed a petition dated March 11, 2016 under Section 79(1)(f) read with Section 79(1)(c) of the Electricity Act seeking payment of monthly transmission charges for the period starting from December 26, 2015 under the RTCL TSA and the revenue sharing agreement and the order dated July 15, 2015 issued by the Ministry of Power entitled "Policy for Incentivizing Early Commissioning of Transmission Projects" under which RTCL contended that it is entitled to the payment of monthly transmission charges from the actual date of commercial operation, December 26, 2015, which is in advance of the scheduled commercial operation date of February 2016. CERC, by its order dated September 21, 2016 declared that RTCL was entitled to the payment of transmission charges accrued from the scheduled commercial operation date until bays are developed by the Nuclear Power Corporation of India Limited ("**NPCIL**"). NPCIL filed an application to stay the CERC order on November 4, 2016 before the Appellate Tribunal for Electricity which has been replied to by RTCL. Through an order passed on January 18, 2019 (the "**Order**"), APTEL dismissed the Interim Application. APTEL also granted liberty to RTCL to regulate the power supply of NPCIL if NPCIL failed to make the payment within 30 days of the Order. RTCL has accordingly sent letters to NPCIL for the disbursement of the withheld amounts along with applicable charges. NPCIL has filed an appeal before the Supreme Court of India against the Order and RTCL has filed the counter affidavit on August 27, 2019. The estimated amount involved in this matter is ₹ 280 million. For further details, please see the section entitled "*Litigation*" on page 252.

Maheshwaram Transmission Limited

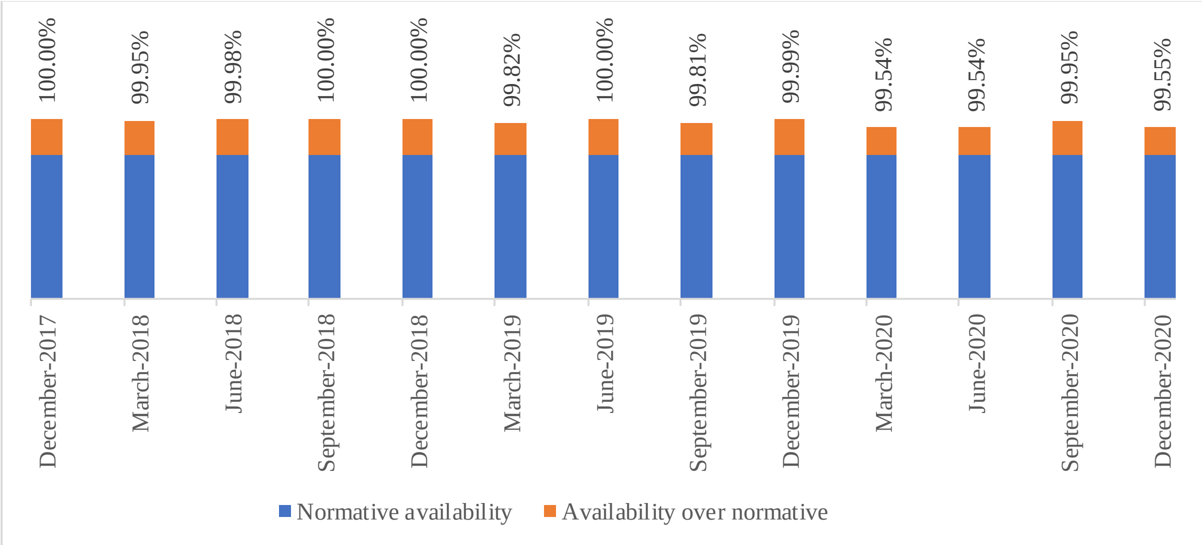


MTL was incorporated on August 14, 2014. MTL entered into a TSA on June 10, 2015. The MTL project was awarded by the Ministry of Power on July 21, 2015 for a 35-year period from the scheduled commercial operation date of the MTL project, on a BOOM basis. We acquired 49% of MTL from the Sterlite Sponsor in February 2018. MTL constitutes a key component in enabling the southern region of India to draw more power from the rest of the grid and seeks to address the issue of power stability in the state of Telangana. This improved grid connectivity is expected to facilitate power procurement from the ISTS network to meet electricity demands in south India.

MTL operates two EHV overhead transmission lines with a total circuit length of approximately 477 ckms in the state of Telangana, comprising one 400kV D/C line of approximately 197 ckms from Maheshwaram to Mehboob Nagar in Telangana and one 400kV D/C line of approximately 279 ckms from Nizamabad to Yeddumailaram in Telangana. MTL also has four 400kV line bays. The Maheshwaram – Mehboob Nagar 400 kV D/C transmission line was commissioned on December 14, 2017, while the Nizamabad – Yeddumailaram 400 kV D/C transmission line was commissioned on October 14, 2017. The project was fully commissioned on December 14, 2017 at a total cost of ₹ 3,878 million. The net depreciated value of the asset as of December 31, 2020 is ₹ 3,494.04 million. Details of MTL's transmission lines and line bays are set forth as follows:

Transmission Line	**Route Length (ckms)**	**Specifications**	**Commission Date**	**Expiry of TSA Term**	**Contribution to Total Tariff**
Maheshwaram (PG)—Mehboobnagar	197	400 kV D/C	December 14, 2017	December 14, 2053	35%
2 Nos. of 400 kV line bays at Mehboob Nagar S/S of TSTRANSCO	-	-	-		
Nizamabad—Yeddumailaram (Shankarpalli)	279	400 kV D/C	October 14, 2017	October 14, 2053	65%
2 Nos. of 400kV line bays at Yeddumailaram (Shankarpalli) S/S of TSTRANSCO	-	-	-		

The average quarterly availability of MTL since commissioning is set forth in the following table, which is higher than the target availability of 98% under the MTL TSA. As a result, MTL earned annual incentive revenue of ₹ 14.1 million as of December 31, 2020.



**Quarterly data is calculated as an average of three months data, based on the monthly availability certificates.*

As of March 31, 2020, the MTL TSA had a remaining term of over 32 years.

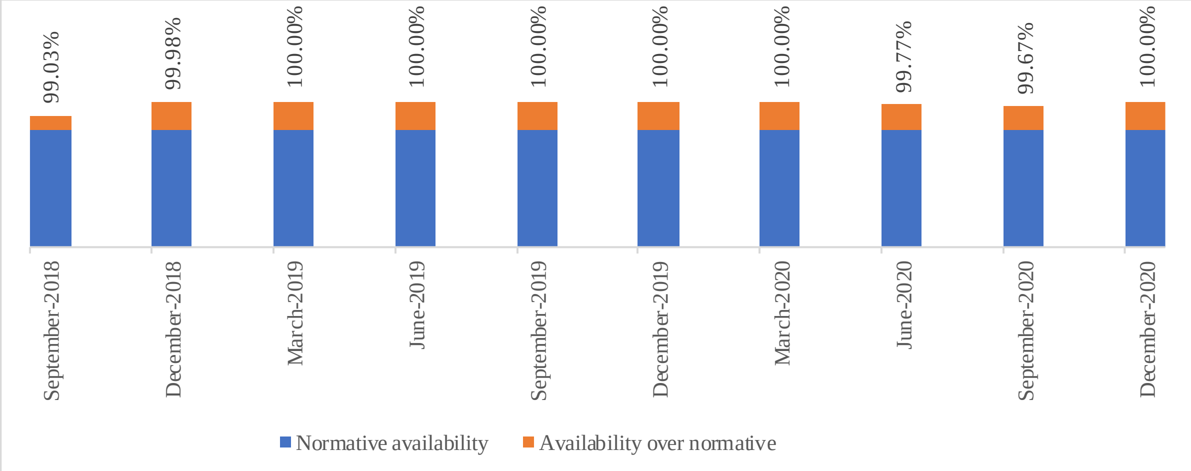
Patran Transmission Company Limited

PTCL was incorporated on December 19, 2012. PTCL entered into a TSA on May 12, 2014. The PTCL project was awarded by the Ministry of Power to TEECL and TPGCL through a letter of intent dated September 8, 2013 for a 35-year period from the scheduled commercial operation date of the PTCL project, on a BOOM basis. In August, 2018, we completed the acquisition of 74% of the equity shares of PTCL from TEECL and TPGCL. As a result, we now own PTCL's one substation having 1,000 MVA of transformation capacity.

PTCL constitutes a key component in strengthening the power transmission system in the state of Punjab. PTCL operates one 400 kV D/C line from Patiala to Kaithal in Punjab and has a 1000 MVA, 400/220 kV substation at Patran and 14 kV line bays. The Patiala – Kaithal 400 kV D/C transmission line was commissioned in June 2016. The net depreciated value of the asset as of December 31, 2020 is ₹ 1,467.00 million. Details of PTCL's transmission lines are set forth as follows:

Transmission Line / Substations	Route Length (ckms)	Specifications	Commission Date	Expiry of term of the TSA	Contribution to Total Tariff
Patiala—Kaithal	-	400 kV D/C	November 12, 2016	November 12, 2051	-
Patran substation	-	2*500MVA, 400/220kV Substation at Patran with; i. 6 nos 400kV Bays ii. 8 nos 220kV Bays	November 12, 2016	November, 12 2051	100%

The average quarterly availability of PTCL since commissioning is set forth in the following table, which is higher than the target availability of 98% under the PTCL TSA. As a result, PTCL earned annual incentive revenue of ₹ 8.1 million as of December 31, 2020.



**Quarterly data is calculated as an average of three months data, based on the monthly availability certificates.*
**Certain data post September 2020 are based on estimates.*

As of March 31, 2020, the PTCL TSA had a remaining term of over 31 years.

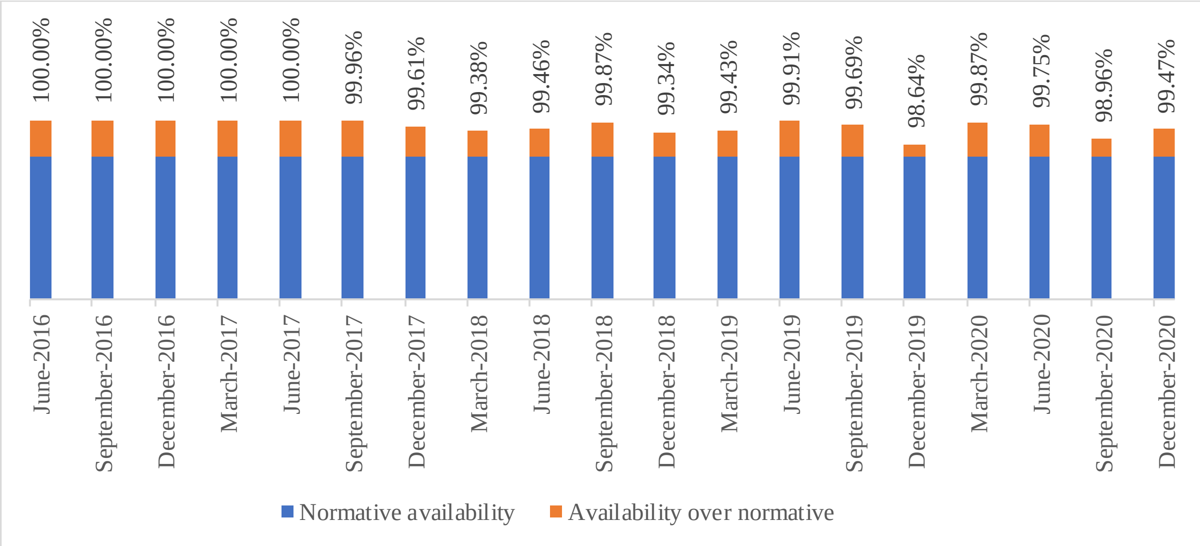
NRSS XXIX Transmission Limited

NTL was incorporated on July 29, 2013. NTL entered into a TSA on January 2, 2014. The NTL project was awarded by the Ministry of Power on May 23, 2014 for a 35-year period from the scheduled commercial operation date of the NTL project, on a BOOM basis. We acquired NTL from the Sterlite Sponsor in June, 2019.

The NTL project was expected to deliver over 2,000 MW of electricity from Punjab to the Kashmir Valley by strengthening the transmission system in the states of Jammu and Kashmir and Punjab. The Jalandhar-Samba 400 kV D/C transmission line was commissioned in June 2016 and the Uri-Wagoora transmission line was commissioned on September 2, 2018. The project was fully commissioned in September 2018 at a total cost of ₹ 28,082 million. The net depreciated value of the asset as of December 31, 2020 is ₹ 25,941.87 million. Details of NTL's transmission lines and substations are set forth as follows:

Transmission Line / Substation	Route Length (ckms)	Specifications	Commissioned Date	Expiry of TSA term	Contribution to Total Tariff
Jalandhar—Samba	270	400 kV D/C	June 24, 2016	June 2051	22.1%
Samba—Amargarh	547	400 kV D/C	September 2, 2018	September 2053	77.9%
Uri—Wagoora	14		September 2, 2018	September 2053	
Amargarh Substation	—	400/220 kV D/C GIS Substation with 735 MVA of transformation capacity	September 2, 2018	September 2053	

The average quarterly availability of NTL since commissioning is set forth in the table below:



**Quarterly data is calculated as an average of three months data, based on the monthly availability certificates.*
**Certain data post September 2020 are based on estimates.*

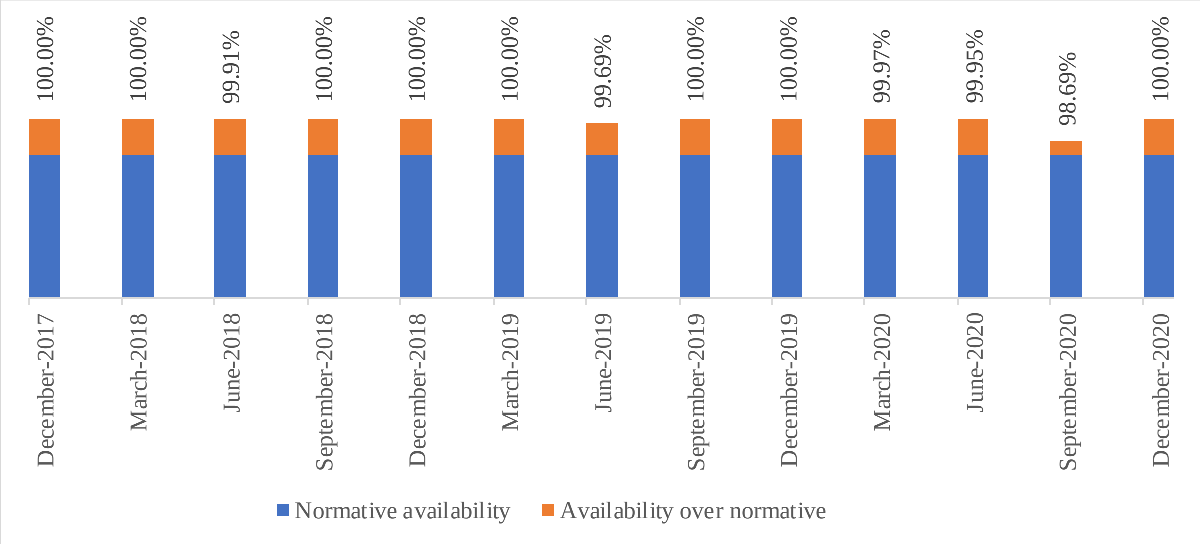
NTL earned annual incentive revenue of ₹ 108.3 million as of December 31,2020. NTL filed a petition dated June 22, 2016 under Section 79(1)(f) read with Section 79(1)(c) of the Electricity Act against PGCIL (in its capacity as a Central Transmission Utility) and the lead long term customers before the CERC seeking payment of monthly transmission charges for the period starting from April 7, 2016 under the NTL TSA and an order dated July 15, 2015 issued by the Ministry of Power entitled "Policy for Incentivizing Early Commissioning of Transmission Projects" under which NTL is entitled to the payment of monthly transmission charges from the actual date of commercial operation, April 7, 2016, which is in advance of the scheduled commercial operation date of June 3, 2017. Pursuant to CERC's order, NTL received tariffs for the stated period for the Jalandhar-Samba line, after which, NTL withdrew its petition. For further details, please see the section entitled "*Litigation*" on page 252.

Odisha Generation Phase - II Transmission Limited

OGPTL was incorporated on April 17, 2015. OGPTL entered into a TSA on November 20, 2015. The OGPTL project was awarded by the Ministry of Power on January 6, 2016 for a 35-year period from the scheduled commercial operation date of the OGPTL project, on a BOOM basis. We acquired OGPTL from the Sterlite Sponsor in July, 2019. The Jharsuguda-OPGC 400kV D/C transmission line was commissioned in August 2017 and Raipur- Jharsuguda line was commissioned in April, 2019. The net depreciated value of the asset as of December 31, 2020 is ₹11,693.19 million. Details of OGPTL's transmission lines are set forth as follows:

Transmission Line	Route Length (ckms)	Specifications	Commission Date	Expiry of TSA Term	Contribution to Total Tariff
Raipur – Jharsuguda	608	765kV D/C	April 6, 2019	April 2054	94%
Jharsuguda – OPGC	103	400 kV D/C	August 30, 2017	July 2052	6%

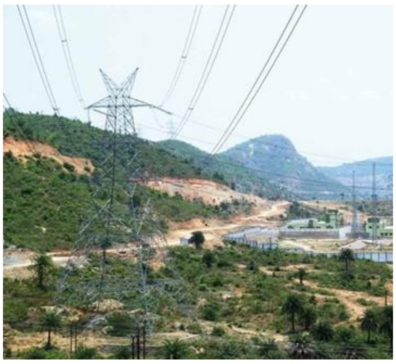
The average quarterly availability of OGPTL since commissioning is set forth in the table below:



***Quarterly data is calculated as an average of three months data, based on the monthly availability certificates.**

OGPTL earned annual incentive revenue of ₹ 41.9 million in fiscal 2020.

East North Interconnection Company Limited



ENICL was incorporated on February 1, 2007. ENICL entered into a TSA dated August 6, 2009 and a transmission services agreement dated January 28, 2013 with PGCIL. The ENICL project was awarded by the Ministry of Power on January 7, 2010 for a 25-year period from the date of issue of the license by CERC, on a BOOM basis. We acquired ENICL from the Sterlite Sponsor in May, 2020.

ENICL operates two EHV overhead transmission lines of approximately 909 ckms in the states of Assam, Bihar and West Bengal, comprising one 400 kV D/C line of approximately 443 ckms from Bongaigaon (Assam) to Siliguri (West Bengal) and one 400 kV D/C line of approximately 466 ckms from Purnia (Bihar) to Biharsharif (Bihar). The project was fully commissioned in November 2014 at a total cost of ₹11,760 million.

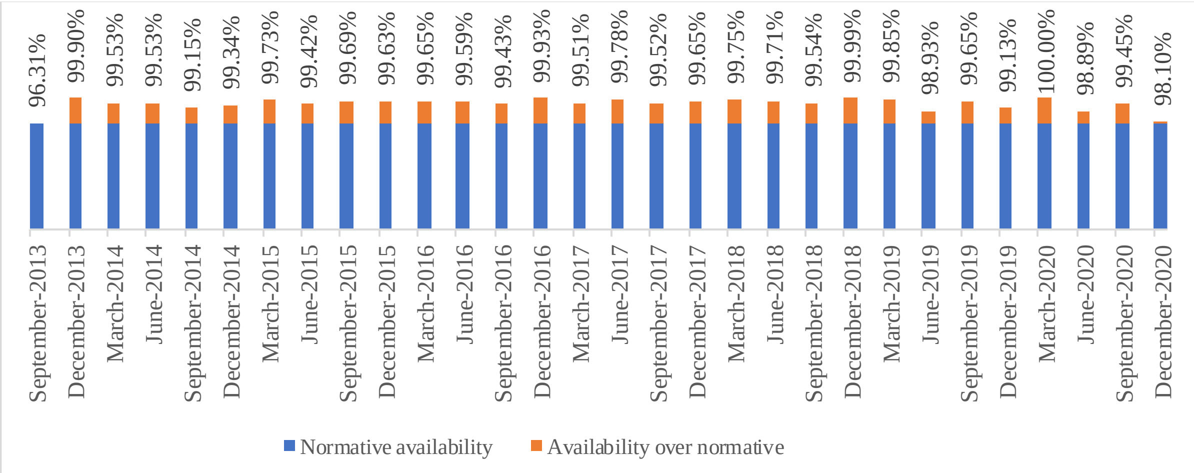
Details of ENICL's transmission lines are set forth as follows:

Transmission Line	Route Length (ckms)	Specifications	Commission Date	Contribution to Total Tariff
Bongaigaon-Siliguri	443	400 kV D/C	November 12, 2014	52%
Purnia-Biharsharif	466	400 kV D/C	September 16, 2013	48%

ENICL's transmission lines could not be commissioned on time due to force majeure events, including delay in receiving forest clearance, floods, strikes, riots and bandhs. The delay was acknowledged by CERC and the scheduled commercial operation date was revised accordingly. CERC, by its order dated August 24, 2016 held that ENICL was entitled to the payment of debt service for the period of force majeure in the form of an increase in non-escalable transmission charges in accordance with the ENICL TSA; however, such amount has not yet been fixed. Subsequently, ENICL filed a petition before the CERC praying for relief including approving the quantification of increase of 8.54% per annum in the non-escalable transmission charges and restoring ENICL to the same economic condition as prior to the occurrence of the change in law and force majeure events.

ENICL's 400 kV D/C line from Purnia to Biharsharif has been inoperable since August, 2018, when flooding damaged a transmission tower due to erosion of the river bank. ENICL has obtained deemed availability certificates to receive tariffs for this line from August, 2018 to October, 2018. The Sterlite Sponsor does not expect the line to resume operations before the end of June, 2019. The Sterlite Sponsor is in the process of submitting an insurance claim for restoration and repair costs. A similar incident happened in the past, when the line was inoperable from August 2016 to July 2017, on account of damage to a transmission tower due to flooding. ENICL obtained deemed availability certificates from August 2016 to July 2017. The net depreciated value of the asset as of December 31, 2020 is ₹ 9,110.57.

The average quarterly availability of ENICL since commissioning is set forth in the table below, which is higher than the target availability of 98% under the ENICL TSA. As a result, ENICL earned annual incentive fees of ₹ 17.5 million as of December 31, 2020.



**Quarterly data is calculated as an average of three months data, based on the monthly availability certificates.*

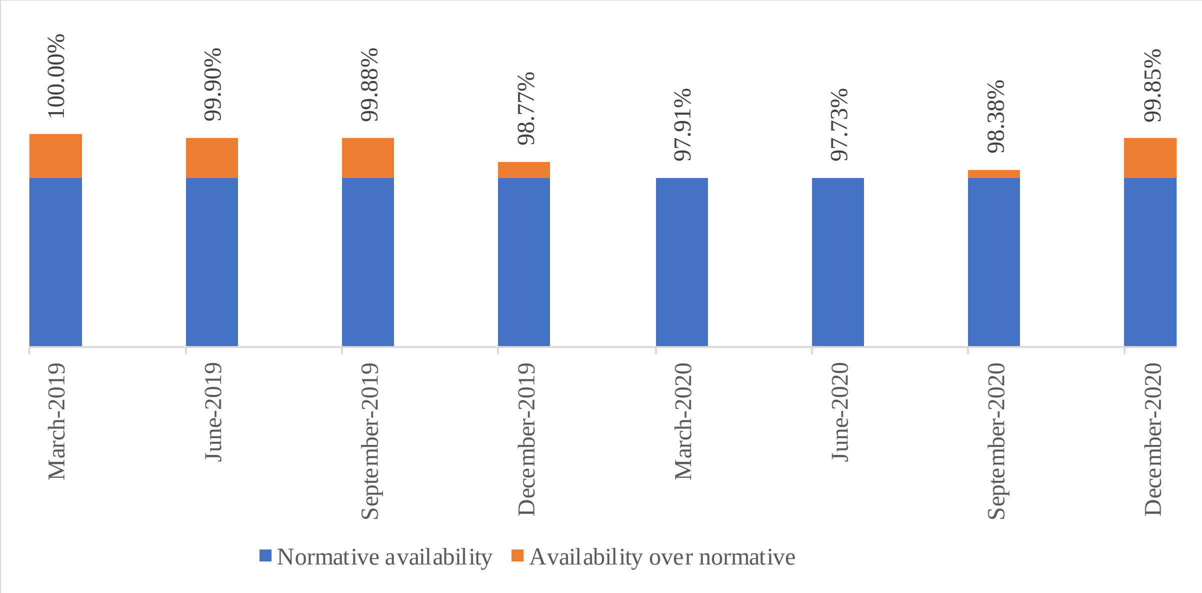
Gurgaon-Palwal Transmission Limited

GPTL was incorporated on October 26, 2015. GPTL entered into a TSA on March 4, 2016. The GPTL project was awarded by the Ministry of Power on March 17, 2016 for a 35-year period from the scheduled commercial operation date of the GPTL project, on a BOOM basis. We acquired 49% of GPTL (with 100% economic interest) from SGL4in August, 2020. Details of GPTL's transmission lines, substations and line bays are set forth as follows:

Transmission Line / Substations	Route Length (ckms)	Specifications	Commission Date	Expiry of TSA Term	Contribution to Total Tariff
Aligarh - Prithala	99	400 kV D/C HTLS line	August 06, 2019	July 2054	17.5%
Prithala – Kadarpur	55	400 kV D/C HTLS line	December 7, 2019	July 2054	8.5%
Kadarpur-Sohna Road	22	400 kV D/C HTLS line	March 21, 2020	July 2054	1.3%
LILO of Gurgaon Manesar	2	400 kV D/C Quad line	March 13, 2020	July 2054	0.75%
Neemrana – Dhonanda	93	400 kV D/C HTLS line	February 25, 2019	July 2054	12.55%
Kadarpur substation	-	400/220 kV, 2 x 500 MVA	December 11, 2019	July 2054	19.3%
Sohna Road substation	-	400/220 kV, 2 x 500 MVA	April 13, 2020	July 2054	20%
Prithala substation	-	400/220 kV, 2 x 500 MVA	August 8, 2019(1)	July 2054	19.3%
Dhonanda substation	-	Two 400 kV line bays	February 25, 2019	July 2054	0.8%

(1) Deemed commission date.

The net depreciated value of the asset as of December 31, 2020 is ₹ 10,133.84. Additionally, GPTL earned annual incentive revenue of ₹ 14.23 million as of December 31, 2020. The average quarterly availability of GPTL since commissioning is set forth in the table below:



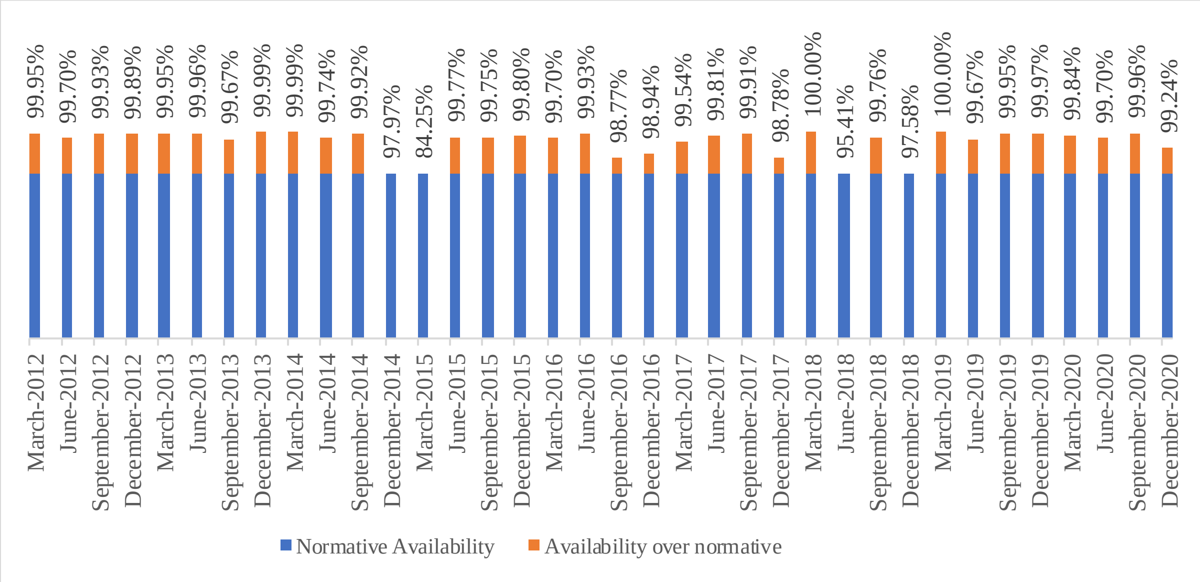
**Quarterly data is calculated as an average of three months data, based on the monthly availability certificates.*
**Certain data post September 2020 are based on estimates.*

Jhajjar KT Transco Private Limited

JKTPL was incorporated on May 19, 2010. JKTPL entered into a TSA on May 28, 2020. Based on the competitive bidding process conducted by HVPNL), PTL and TEECL were awarded the JKPTL project through public private partnership on design, build, finance, operate and transfer basis with viability gap funding. Upon receiving the letter of award from HVPNL by way of the letter dated April 15, 2010, KPTL and TEECL incorporated JKTPL as a limited liability company. HVPNL has granted JKTPL the concession, including the exclusive right and authority to construct, operate and maintain the JKTPL project and to provide transmission services, for a period of 25 years with effect from November 9, 2010, being the appointed date, unless extended by HVPNL. The net depreciated value of the asset as of December 31, 2020 is nil. In October, 2020, we completed the acquisition of 100% of the equity shares of JKTPL from KPTL and TEECL. Details of the JKTPL's transmission lines are set forth as follows:

Transmission Line / Substation	Route Length (ckms)	Specifications	Commissioned Date	Expiry of TSA term
Jharli (Jhajjar) -Kabulpur (Rohtak)	70	400 kV	March 12, 2012	March 2037 (with an extension period of 10 years by HVPNL)
Kbulpur (Rohtak) -Dipalpur (Sonepat)	134	400 kV	March 12, 2012	
Dipalpur substation Abdullapur - Bawana line	0.7	400 kV S/C loop in loop out line at 400kV substation Dipalpur of 400 kV D/C line at from Abdullapur-Bawana	March 12, 2012	
Kabulpur (Rohtak) substation	-	400 kV/220 kV/ 132 kV	March 12, 2012	
Dipalpur (Sonepat) substation	-	400 kV/220 kV/ 132 kV	March 12, 2012	

The average quarterly availability of JKTPL since commissioning is set forth in the table below:



**Quarterly data is calculated as an average of three months data, based on the monthly availability certificates.*

Parbati Koldam Transmission Company Limited

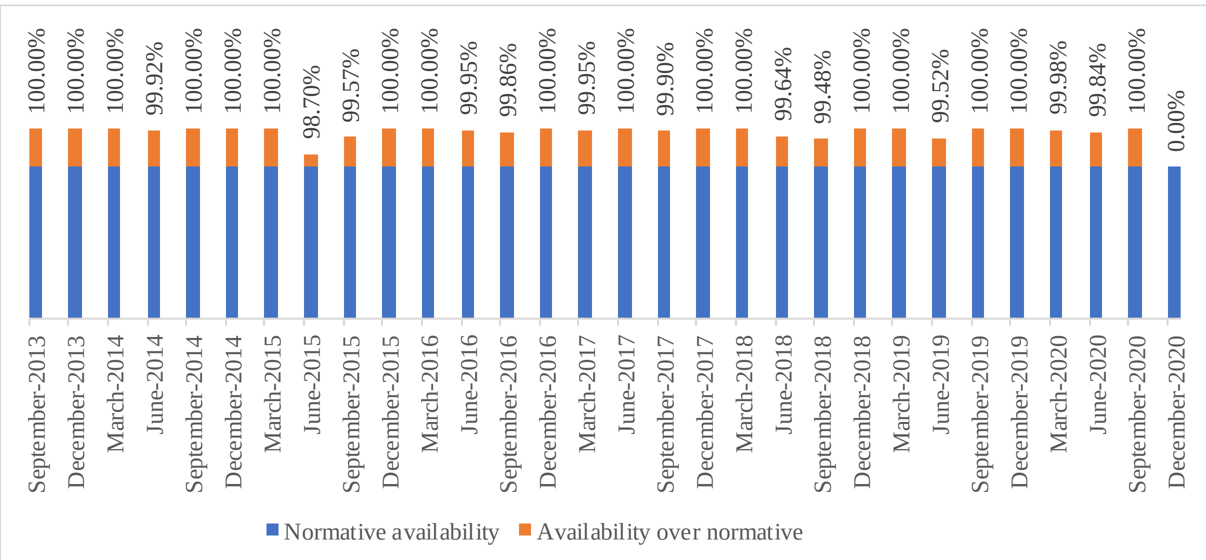
PrKTCL was incorporated on September 2, 2002. PrKTCL has entered into various bulk power transmission agreements with beneficiaries such as (i) Punjab State Electricity Board on December 17, 2008, (ii) Ajmer Vidyut Vitran Nigam Limited on November 27, 2008, (iii) BSES Rajdhani Power Limited on November 24, 2008, (iv) BSES Yamuna Power Limited on November 24, 2008, (v) President of India through Secretary Engineering Department of Chandigarh, Administration having its office at U.T. Sectt., Deluxe Building, Sector 9-D, Chandigarh 160 009, on January 7, 2009, (vi) Haryana Power Purchase Centre on behalf of Uttar Haryana Vidyut Vitran Nigam Limited and Dakshin Haryana Vidyut Vitran Nigam Limited, on December 3, 2008, (vii) Himachal Pradesh State Electricity Board on January 20, 2009, (viii) Power Development Department, Government of Jammu and Kashmir on May 19, 2009, (ix) Jodhpur Vidyut Vitran Nigam Limited on December 11, 2008, (x) Jaipur Vidyut Vitran Nigam Limited on November 27, 2008, (xi) North Delhi Power Limited on January 5, 2009, (xii) Uttar Pradesh Power Corporation Limited on December 12, 2008, and (xiii) Uttarakhand Power Corporation Limited on April 2, 2009 and a TSA with PGCIL on December 24, 2013. PGCIL had incorporated PrKTCL as a special purpose vehicle to maintain the PrKTCL project on BOO basis, i.e. to be maintained on a perpetual basis by the shareholders of the project. Similar to other assets in our portfolio, the transmission license was granted to PrKTCL for a period of 25 years on September 15, 2008. PrKTCL, under CERC (Terms and Conditions of Tariff) Regulations, 2019 is eligible to receive tariff for a period of 35 years from the date of commissioning of the project elements. In January, 2020, we completed the acquisition of 74 % of the equity shares of PrKTCL from Reliance Infrastructure Limited. Pursuant to the PrKTCL Share Purchase Agreement, we have also executed a deed of adherence dated January 8, 2021 for the balance shareholding in PrKTCL.

PrKTCL operates two transmission lines, subdivided into various revenue generating elements, with a total circuit length of has approximately 458 ckms of 400 kV transmission lines and substations, including, Koldam - Ludhiana line, with a length of 301 ckms, LILO of Parbati III HEP to LILO of Parbati Pooling Station line, with a length of 3.5 ckms, Banala to Nalagarh line, with a length of 66 ckms, Banala to Koldam line, with a length of 63 ckms, Parbati II to Banala line, with a length of 14 ckms, and Parbati II to Parbati III line, with a length of 10 ckms, as a part of the transmission system to evacuate power from the Parbati – II, Parbati – III and Koldam hydel power projects. The project was fully commissioned on November 3, 2015 at a total cost of approximately 9,400 million. Details of PrKTCL's transmission lines and line bays are set forth as follows:

Transmission Line / Substations	Route Length (ckms)	Specifications	Commission Date	Expiry of TSA Term
LILO point of Parbati III HEP to LILO point of Parbati Pooling Station	400 kV S/C, Quad Bundle Line, Section of CKt-II of Parbati-II to Koldam Transmission Scheme	3.5	August 01, 2013	35 years from COD i.e. FY 2049-50**, as per CERC (Terms and Condition of Tariff) Regulations, 2019
Banala – Nalagarh	400 kV S/C along with D/C Quad Bundle Line, Part of Ckt-I of Parbati-II – Koldam Transmission Scheme starting from LILO point of Banala Pooling Station to Tower 9C of Ckt-I of Koldam – Nalagarh TL	66	October 10, 2014	
Banala - Koldam	400 kV S/C alongwith D/C Quad Bundle Line, Part of Ckt-II of Parbati-II – Koldam Transmission Scheme starting from LILO point of Banala Pooling Station to Tower 9E of Ckt-I of Koldam – Nalagarh TL	63	October 4, 2014	
Parbati-II – Banala	400 kV S/C alongwith D/C Quad Bundle Line, Part of Ckt-I of Parbati-II – Koldam Transmission Scheme starting from Parbati-II HEP to LILO point of Banala Pooling Station	14	November 3, 2015*	
Parbati-II – Parbati-III	400 kV S/C alongwith D/C Quad Bundle Line, Part of Ckt-I of Parbati-II – Koldam Transmission Scheme starting from Parbati-II HEP to LILO point of Parbati-III HEP (Post commissioning of Sainj HEP of HPPCL this section has been connected at Loc.#2 forming Parbati-II – Sainj and Sainj – Parbati-III Sections)	10	November 3, 2015*	
Koldam – Ludhiana	400 kV D/C, Triple Bundle Line.	301	Ckt-I: August 7, 2014 Ckt-II: August 14, 2014	

** The transmission line elements have been claimed as commissioned with effect from June 1, 2015 as per the CERC Tariff Petition.*
***As per CERC (Terms and Condition of Tariff) Regulations, 2019, effective COD for the consolidated project has to be used for the purpose of tariff determination. Based on the true up of tariff for block periods FY 2014-19 and approved tariff for FY 2019-24, effective COD is likely to be in FY 2014-15.*

The net depreciated value of the asset as of December 31, 2020 is ₹ 7010.70 million. PrKTCL earned transmission system availability revenue of ₹ 16.07 million for the nine-month period ended December 31, 2020. The average quarterly availability of PrKTCL since commissioning is set forth in the table below:



**Quarterly data is calculated as an average of three months data, based on the monthly availability certificates.*

Of the inter-state transmission assets developed by the Sterlite Sponsor, we acquired five power transmission projects in fiscal 2018, three power transmission projects in fiscal 2020 and one power transmission project in fiscal 2021, which are part of the Portfolio Assets. Two transmission assets owned by the Sterlite Sponsor, form a part of the Framework Agreement and we intend to acquire the Target Asset with the proceeds of this Issue.

The following table provides a summary of the Framework Assets and the Target Asset owned by the Sterlite Sponsor in India:

Project Name	Transmission Line / Substation	Route Length (ckms)
Khargone Transmission Limited(1)	Madhya Pradesh and Maharashtra	620
NER – II Transmission Limited(1)	Assam, Arunachal Pradesh, Tripura	821

(1) The assets form part of the Framework Agreement, pursuant to which we have agreed to acquire these assets once they are commissioned and revenue generating. For further details, please see the section entitled "*Related Party Transactions*" on page 243.

Additionally, Sterlite Sponsor has also won bids for transmission projects in Brazil.

The following map shows the locations of the Sterlite Sponsor's operational and under-construction projects in India:

Target Asset and KTL

The following table sets forth a summary description of the Target Asset and KTL:

Project	Location	Status	Description	Route Length (ckms)	Term of TSA
KTL[(1)]	Madhya Pradesh and Maharashtra	Expected to be fully commissioned by June 2021	Two 400 kV D/C transmission lines, two 765 kV D/C transmission line, one 765/400 kV substation with 2 x1,500 MVA transformation capacity at Khandwa and two 765 kV line bays and 7x80 MVAR Switchable line reactors (1 unit as spare) along 800Ω NGR and its auxiliaries for Khandwa Pool-Dhule 765 kV D/C at 765/400 kV Dhule substation.	620	35 years
NER[(1)]	Arunachal Pradesh, Assam and Tripura	Expected to be fully commissioned by March 2021	Two 132kV D/C transmission lines, two 400kV D/C transmission lines; two 400/132kV, 2*315 MVA substations	821	35 years

(1) The assets form part of the Framework Agreement, pursuant to which we have agreed to acquire these assets once they are commissioned and revenue generating. For further details, please see the section entitled "*Related Party Transactions*" on page 243.

Pursuant to the Electricity Act, all transmission projects have to procure permits and clearances from various government departments in India, in order to be commissioned and receive tariffs. The status of the approvals and clearances for the Target Asset and KTL as of December 31, 2020 is set forth in the table below:

Project	SPV acquisition	Approval for overhead lines (S.68 of EA)	Transmission license (CERC)	Tariff orders (CERC)	Financial closure	Forest clearance	Wildlife clearance	Construction	Approval under S.164 of EA
KTL[(1)]	Yes	Yes	Yes	Yes	Yes	In progress	-	In progress	Yes
NER[(1)]	Yes	Yes	Yes	Yes	Yes	In progress*	-	In progress	Yes

(1) the assets form part of the Framework Agreement, pursuant to which we have agreed to acquire these assets once they are commissioned and revenue generating. For further details, please see the section entitled "*Related Party Transactions*" on page 243.

* Stage I forest approval has been obtained.

The construction status of the Target Asset and KTL is set forth in the following table:

Project	Foundations	Tower erection	Stringing
KTL[(1)]	In progress	In progress	In progress
NER[(1)]	In progress	In progress	In progress

(1) The assets form part of the Framework Agreement, pursuant to which we have agreed to acquire these assets once they are commissioned and revenue generating. For further details, please see the section entitled "*Related Party Transactions*" on page 243.

Tariff – Target Asset and KTL

The tariff for the Target Asset and KTL is contracted for the period of its TSA, which is up to 35 years from the scheduled commission date. The tariff rates are comprised of a fixed non-escalable charge, a variable escalable charge, and incentives for maintaining targeted availability. For further details, please see the section entitled "*Industry Overview*" on page 136.

The following tables reflect the contracted non-escalable and escalable tariffs for the non-commissioned Target Asset and KTL.

Non-Escalable Tariff for Non-Commissioned Assets

The following table reflects the contracted non-escalable tariffs for the Target Asset and KTL, which have not been commissioned for the 35-year term of the applicable TSA.

NON-ESCALABLE TARIFF FOR NON-COMMISSIONED ASSETS (₹*in million*)		
	KTL	**NER**
Anniversary of Scheduled Commissioned Date	**Scheduled commission date**	
	July 2019	November 2020
2018	**N/A**	**N/A**
2019	**N/A**	**N/A**
2020	1,860.82	**N/A**
2021	1,860.82	3938.4

NON-ESCALABLE TARIFF FOR NON-COMMISSIONED ASSETS (₹*in million*)		
	KTL	**NER**
Anniversary of Scheduled Commissioned Date	**Scheduled commission date**	
	July 2019	November 2020
2022	1,817.10	3938.4
2023	1,774.40	3938.4
2024	1,732.70	4591.23
2025	1,691.99	4497.53
2026	1,652.23	4403.83
2027	1,613.41	4403.83
2028	1,575.50	4310.13
2029	1,538.47	4216.43
2030	1,502.32	4122.73
2031	1,467.02	4029.03
2032	1,432.55	3938.4
2033	1,398.89	4988.39
2034	1,366.02	5069.34
2035	1,333.92	5147.84
2036	1,321.18	5177.32
2037	1,321.18	5290.06
2038	1,321.18	5374.04
2039	1,321.18	5369.5
2040	1,321.18	5364.1
2041	1,321.18	5357.71
2042	1,321.18	5350.23
2043	1,321.18	5429.96
2044	1,321.18	5455.23
2045	1,321.18	5443.72
2046	1,321.18	5430.61
2047	1,321.18	5415.7
2048	1,321.18	5398.8
2049	1,321.18	5379.29
2050	1,321.18	5339.45
2051	1,321.18	5339.45
2052	1,321.18	5339.45
2053	1,321.18	5339.45
2054	1,321.18	5339.45
2055	1,321.18	5339.45
2056		5339.45
2057		
2058	**TSA TERM EXPIRED**	**TSA TERM EXPIRED**

Escalable Tariff for Non-Commissioned Assets

The following tables reflect the initial contracted escalable tariffs for the non-commissioned assets for the 35-year term of the applicable TSA.

INITIAL ESCALABLE TARIFF FOR NON-COMMISSIONED ASSETS (₹*in million*)		**EXPECTED COMMISSION DATE**
KTL(1)	17.05	June 2021
NER(1)	0.00	March 2021

(1) The assets form part of the Framework Agreement, pursuant to which we have agreed to acquire these assets once they are commissioned and revenue generating. For further details, please see the section entitled "*Related Party Transactions*" on page 243.

Khargone Transmission Limited

KTL was incorporated on November 28, 2015. KTL entered into a TSA on March 14, 2016. The KTL project was awarded by the Ministry of Power on May 26, 2016 for a 35-year period from the scheduled commercial operation date of the KTL project, on a BOOM basis. A few lines of the project are under development and are expected to be fully commissioned and operational by June 2021. Additionally, the Original Framework Agreement was amended by the Amendment to the Framework Agreement on August 28, 2020, pursuant to which the scheduled commercial operation date for the KTL project is earlier of 24 months from the commercial operations date or December 31, 2022. Details of KTL's transmission lines and line bays are set forth as follows:

Transmission Line	Route Length (ckms)	Specifications	Commission Date	Expiry of TSA Term
LILO of Khandwa – Rajgarh line	14	400 kV D/C line	February 2018[(1)]	July 2054
Khargone TPP Switchyard – Khandwa Pool	49	400 kV D/C line	March 2020[(1)]	July 2054
Khandwa Pool - Indore	179	765 kV D/C line	March 2020[(1)]	July 2054
Khandwa Pool - Dhule	378	765 kV D/C line	June 2021[(2)]	July 2054
Khandwa pooling station	-	3,000 MVA transformation capacity	March 2020[(1)]	July 2054
2 Nos. of 765 kV line bays and 7x80 MVAR Switchable line reactors (1 Unit as spare) along with 800 Ω NGR and its auxiliaries for Khandwa Pool – Dhule 765 kV D/C at Dhule 765/400 kV substation	-	400/200 kV, 2X500 MVA	June 2021[(2)]	July 2054

(1) Actual commission date.
(2) Expected commission date.

NER II Transmission Limited

NER was incorporated on April 21, 2015. NER entered into a TSA on December 27, 2016. The NER project was awarded by the Ministry of Power on February 22, 2017 for a 35-year period from the scheduled commercial operation date of the NER project, on a BOOM basis. A few lines of the project are under development and are expected to be fully commissioned and operational by March 2021. The NER project is located in the state of Tripura, Assam and Arunachal Pradesh. We believe that the (i) NER project would strengthen the interconnection between the states of Assam and Arunachal Pradesh and provide an additional source of power to Itanagar, and (ii) also provide a strong interconnection between the northern and southern part of the north east region. Details of NER's transmission lines, substations and line bays are set forth as follows:

Transmission line	Route length (ckms)	Specifications	Commission Date	Expiry of TSA term
Biswanath Chariyalli – Itanagar Line	137	132kV/D/C	March 2021[(1)]	November 2055
Lilo line between Biswanath Chariyali.	17	132kV/D/C	March 2021[(1)]	November 2055
Silchar– Misa line	356	400kV D/C	February 2021[(2)]	November 2055
400/132 kV, 2*315 MVA Single phase sub-station at Surajmaninagar	-	400/132 kV, 2X315 MVA	January 2021[(3)]	November 2055
400/132 kV, 2*315 MVA sub-station at P.K. Bari	-	400/132 kV, 2X315 MVA	January 2021[(3)]	November 2055
AGTPP (NEEPCO)– P.K. Bari line	48	132kV/D/C	February 2021[(2)]	November 2055
Surajmaninagar –P.K. Bari Line	35	400 kV D/C	January 2021[(3)]	November 2055
Line bays at Itanagar for terminating the Biswanath Chariyalli – Itanagar line	-	2X132 kV line bays	March 2021[(1)]	November 2055
Line bays at NEEPCO sub-station for terminating the AGTPP – P.K. Bari line	-	2X132 kV D/C line bays	February 2021[(2)]	November 2055
Line bays at PK Bari sub-station for terminating the AGTPP – P.K. Bari line	-	2X132 kV D/C line bays	February 2021[(2)]	November 2055
Line bays at Palatana GBPP switchyard for termination of Palatana- Surajmaninagar400 kV D/C line	-	2X400 kV line bays	January 2021[(3)]	November 2055

(1) Expected commission date.
(2) Scheduled commission date.
(3) Deemed commission date.

Summary of Key Agreements of the Portfolio Assets

The majority of our Portfolio Assets have entered into TSAs and RSAs the key terms of which are provided below.

TSA

The majority of our Portfolio Assets entered into TSAs with long-term transmission customers to set up projects on a BOOM basis and to provide transmission services on a long-term basis to such customers on the terms and conditions contained in the TSAs. The term of each TSA is 35 years from the scheduled commercial date of operation of the applicable project, (other than for ENICL and JKTPL, which is for 25 years), unless terminated earlier in accordance with the terms of the TSA. The TSAs provide for, among other things, details and procedures for project execution, development and construction, operation and maintenance.

Pursuant to the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 ("**Sharing Regulations 2010**"), the majority of our Portfolio Assets also entered into TSAs with the CTU, to govern the provision of inter-state transmission services, specifically in relation to sharing of transmission charges and losses and disbursing the transmission charges collected by the CTU. The inter-state transmission service customers and inter-state transmission service licensees are required to abide by the detailed billing, collection and disbursement procedure of the CTU and with the terms of the TSA. The CTU raises bills and also collects and disburses in accordance with the detailed billing, collection and disbursement procedures of the CTU, as approved by CERC. Under the terms of the TSA, each inter-state transmission service customer has agreed to allow the CTU to enforce recovery of payment through a letter of credit on behalf of all the inter-state transmission service licensees in the event of default of payment. If payment by an inter-state transmission service customer against any invoice raised under the billing, collection and disbursement procedure, is outstanding beyond 30 days after the due date or in case the required letter of credit or any other agreed payment security mechanism is not maintained by the inter-state transmission service customer, the CTU is empowered to undertake regulation of power supply on behalf of all the inter-state transmission service licensees so as to recover charges under the provisions of the Central Electricity Regulatory Commission (Regulation of Power Supply) Regulations, 2010 (the "**Power Supply Regulations**"). Additionally, the Sharing Regulations 2010 have been amended and replaced by the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020, which have come into effect from November 1, 2020.

The TSA also provides for force majeure relief to the inter-state transmission service licensees and inter-state transmission service customers (the "**Affected Parties**") affected by the occurrence of a force majeure event. The TSA defines a force majeure event as an event or circumstance, or a combination thereof, that wholly or partly prevents or unavoidably delays the Affected Party in the performance of its obligations under such TSAs, but only if and to the extent that such event or circumstance is not within the reasonable control, directly or indirectly of the Affected Party, and includes, among others, an act of God, act of war, radioactive contamination, industry-wide strikes and labour disturbances having a nationwide impact in India. To the extent not prevented by a force majeure event, the Affected Party must continue to perform its obligations under the TSA and must use its efforts to mitigate the effect of such event, as soon as practicable. The Affected Party will not be in breach of its obligations under the TSA, except to the extent that the performance of its obligations was prevented, hindered or delayed due to a force majeure event. Each inter-state transmission service customer or inter-state transmission service licensee is entitled to claim relief for a force majeure event affecting its performance in relation to its obligations under the TSA. Computation of availability under outage due to a force majeure event must be in accordance to the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 as amended from time to time and any subsequent enactment thereof.

The TSA entered into with the CTU also defines change in law as being, among other events, (i) the enactment, coming into effect, adoption, promulgation, amendment, modification or repeal (without re-enactment or consolidation) in India, of any law, including rules and regulations framed pursuant to such law, (ii) change in the interpretation or application of any law by the GoI having the legal power to interpret or apply such law, or any competent court of law, (iii) the imposition of a requirement for obtaining any consents, clearances and permits which were not required earlier or a change in the terms and conditions prescribed for obtaining such consents, clearances and permits or (iv) any change in tax or the introduction of any tax made applicable for transmission service by the inter-state transmission service licensees, as per the terms of the TSA. Any adjustment in the monthly transmission charges due to a change in law is to be determined and effective from such date, as decided by the CERC, subject to rights of appeal provided under applicable law. Further in case of ISTS awarded through the competitive bidding process under Section 63 of the Electricity Act, the reference date for determining the implications of change in law is seven days prior to the relevant bid due date for submission of a tariff bid.

RSA

Pursuant to the Sharing Regulations 2010, the majority of our Portfolio Assets entered into RSAs with PGCIL. The transmission charges billed in accordance with the billing, collection and disbursement procedures set out in the TSAs with CTUs are disbursed to the inter-state transmission system licensees by the CTU, pursuant to and in accordance with the RSAs. The PoC charges for use of inter-state transmission services by the inter-state transmission services customers, and are billed and collected by the CTU on behalf of all inter-state transmission services licensees. The CTU must disburse the collected transmission charges to the respective inter-state transmission services licensees and owners of deemed inter-state transmission services whose transmission charges have been considered for the purpose of calculation of the PoC charges in accordance with the billing, collection and disbursement procedure set out in the TSAs with the CTU. Delayed payment or partial payment by any inter-state transmission services customers results in a pro-rata reduction in the payouts to all the inter-state transmission services licensees and owners of deemed inter-state transmission services whose transmission charges have been considered for the purpose of calculation of PoC charges. The revenue sharing statements to be submitted to the CTU and the modality of disbursements by the CTU must be in accordance with the billing, collection and disbursement procedure. Each inter-state transmission licensee, under the applicable RSA, empowers the CTU to enforce recovery of payment from the inter-state transmission service customers through payment security mechanisms in the event of default or partial payment by the inter-state transmission service customer, in accordance with the billing, collection and disbursement procedure. Each inter-state transmission licensee has further agreed and empowered the CTU to invoke the provisions of the Power Supply Regulations in accordance with the detailed billing, collection and disbursement procedure.

Operation and Maintenance

The operation and maintenance of the Portfolio Assets is the responsibility of the Project Manager, pursuant to its obligations under the Project Implementation and Management Agreement. The Project Manager is also subject to the oversight of the Power System Operation Corporation Limited and CERC, which are responsible for system operation and control, including inter-state and intra-state power management, inter-state and inter-regional transfer of power, covering contingency analysis and operational planning on a real-time basis as well as the operation of regional and state-level unscheduled interchange pool accounts and regional and state-level reactive energy accounts. Consequently, our operations and maintenance strategy focuses on deploying prudent grid management practices to achieve the following objectives:

- to achieve the targeted system availability specified in the TSAs;
- to optimize the life cycle cost of transmission lines by preventive actions;
- to maximize excellence in quality, health, safety, security and environment; and
- to optimize operation and maintenance costs.

The Project Manager deploys highly-skilled employees and engages third party operation and maintenance agencies to provide operational and maintenance support to the majority of our Portfolio Assets. The Project Manager develops and controls the operation and maintenance philosophy and strategy for the majority of our Portfolio Assets by selecting the right outsourcing partners, implementing sound technical solutions, developing activity charts and conducting scheduled maintenance. The Project Manager supports these assets to outsource specific maintenance, repair, supervision and security tasks by choosing capable vendors as well as finalizing optimum work orders.

The Project Manager develops and tracks preventive maintenance plans and provides all personnel required to help ensure safe and reliable transmission systems. By performing preventative and corrective maintenance on our transmission assets, the Project Manager strives to minimize the need for reactive maintenance, which may adversely impact reliability and tends to be more costly than preventative maintenance. Preventive and corrective maintenance includes activities such as inspections, monitoring, servicing, vegetation management, fault restoration, repairs and patrols following failures, including by using advanced technologies. The transmission lines and substations of the majority of our Portfolio Assets have consistently achieved more than 98% of target availability.

The Project Manager also emphasizes on-line techniques in order to minimize shutdown time for periodic maintenance checks and breakdown maintenance. Furthermore, to prepare for certain force majeure situations that cannot be predicted, the Project Manager partners with third party vendors to implement alternative transmission systems, such as emergency restoration systems, who in turn provide the skilled labor necessary to install and operate these emergency restoration systems. The Project Manager has a specialist team of engineers for the operation and maintenance of substations.

The Project Manager also provides shared services that are required to run the operations of the majority of our Portfolio Assets. The services include, accounting, administrative support and legal support.

Insurance

Our Project Manager has obtained insurance policies covering majority of our Portfolio Assets to cover risks including loss or damage from fire, flood, landslide, storm, terrorism, sabotage, machinery breakdown and any accidental and physical loss and destruction or damage to the insured property due to a cause, other than as excluded in the insurance policies. These insurance policies are subject to exclusions for certain circumstances including, among others, faulty or defective design materials or workmanship, wear and tear, larceny, acts of fraud or dishonesty, any wilful act or wilful negligence on the part of the insured or any person acting on its behalf, war, invasion, damage caused by nuclear weapons material or ionising radiation or contamination by radioactivity from any nuclear fuel or nuclear waste, loss or damage caused directly or indirectly from discharge of pollutants or contaminants, and certain properties, including, among others, money, cheques, bonds, credit cards, securities of any description and explosives. One of the policies covers all losses up to ₹2 billion without an aggregate cap and covers business interruption losses, including property damage. This insurance policy is valid from October 5, 2020 to October 4, 2021 and renewable on a yearly basis. The insurer is The New India Assurance Company Limited and the assets are insured in line with industry practice. Additionally, we also have certain insurance policies issued to JKTPL and PrKTCL, by various insurers, which are in line with industry practice.

Human Resources

The details of the employees of the Investment Manager by function, as of December 31, 2020 are set forth in the table below:

Function	As of December 31, 2020	
	Number of employees	% of total
Chief executive officer and Chief Financial Officer office	3	14%
Mergers and Acquisitions	5	24%
Capital raise and Investor relations	5	24%
Asset management and regulatory	3	14%
Finance and compliance	5	24%
Total	21	

Competition

According to the CRISIL Report, post 2011, competitive bidding for all interstate transmission lines were made mandatory which has led to rising competition among players intending to establish their presence in the sector. Players were competing to establish their presence and garner higher share in the market. Transmission business was perceived as a low risk business as annual levelized tariffs are independent of demand-supply dynamics and fluctuation in electricity tariffs. Further due to better payment security mechanism and assurance of payment from central and state transmission utilities, this business model has attracted many new players. String of acquisitions have squeezed the competition from the transmission segment. However, the entry of global capital majors like KKR and GIC into the segment ensues confidence and long-term prospects. For further details, please see the section entitled "*Industry Overview*" on page 136.

According to the CRISIL Report, our Project Manager is the leading player for the transmission projects commissioned or awarded through TBCB route, among the private developers, with a market share of 29% (in terms of project portfolio). We believe that by leveraging on the expertise and market standing of our Project Manager, we will have a competitive advantage over our competitors

Health, Safety and Environment

We are subject to extensive health, safety and environmental laws, regulations and government-prescribed operating procedures and environmental technical guidelines which govern our services, processes and operations. In compliance with these requirements, we maintain a health, safety and environment ("**HSE**") policy to address, among others, assessment of all occupational health related hazards and risks and ensure appropriate measures for elimination, reduction and control of these risks are in place. We are committed to ensuring the health and safety of their employees by providing and maintaining an accident-free and healthy workplace through implementation of HSE management systems in order to minimize health and safety hazards. Furthermore, the essential elements of our HSE program include, among others, (i) management commitment, (ii) policies and principles, (iii) integrated organization structure, (iv) risk management; (v) training and development, and (vi) performance evaluation through indicators.

We believe that the Portfolio Assets are each in compliance in all material respects with Indian legislation in relation to environment laws and regulations and employee health and safety.

Properties

Pursuant to Section 164 of the Electricity Act, the Portfolio Assets have been granted rights of way across land that our transmission lines pass through.

We have leasehold rights for the land on which our substations for BDTCL are situated from the relevant state authorities for the duration of our transmission licenses. Additionally, we own parcels of land for BDTCL, JTCL, PTCL and MTL.

Intellectual Property

IndiGrid has registered the "IndiGrid" logo as a trademark under various classes such as Class 7, Class 9, Class 11, Class 32, Class 36, Class 40 and Class 42.

INFORMATION CONCERNING THE UNITS

Unitholding of IndiGrid as at December 31, 2020

Category	Category of Unitholders	Number of Units held	As a percentage of total outstanding Units (%)
(A)	**Sponsor(s)/ Investment Manager/ Project Manager(s) and their associates/related parties**		
(1)	**Indian**	-	-
(a)	Individuals / HUF	-	-
(b)	Central/State Govt.	-	-
(c)	Financial Institutions/Banks	-	-
(d)	Any Other (specify)	-	-
(e)	**STERLITE POWER GRID VENTURES LIMITED***	**2,040,457**	**0.35**
	Sub- Total (A) (1)	**2,040,457**	**0.35**
(2)	**Foreign**		
(a)	Individuals (Non-Resident Indians / Foreign Individuals)	-	-
(b)	Foreign government	-	-
(c)	Institutions	-	-
(d)	Foreign Portfolio Investors	136,035,774	23.31
(e)	Any Other (specify)	-	-
	Sub- Total (A) (2)	**13,60,35,774**	**23.31**
	Total unit holding of Sponsor and Sponsor Group (A) = (A)(1)+(A)(2)	**13,80,76,231**	**23.66**
(B)	**Public Holding**		
(1)	**Institutions**		
(a)	Mutual Funds	4,354,560	0.75
(b)	Financial Institutions/Banks	-	-
(c)	Central/State Govt.	-	-
(d)	Venture Capital Funds	-	-
(e)	Insurance Companies	49,046,634	8.41
(f)	Provident/pension funds	3,381,588	0.58
(g)	Foreign Portfolio Investors	186,285,015	31.93
(h)	Foreign Venture Capital investors	-	-
(i)	Any Other (specify)	-	-
	Sub- Total (B) (1)	**243,067,797**	**41.66**
(2)	**Non-Institutions**		
(a)	Central Government/State Governments(s)/President of India		
(b)	Individuals	113,337,356	19.42
(c)	NBFCs registered with RBI	782,460	0.13
(d)	Any Other (specify)	-	-
	Trusts	241,542	0.04
	Alternative Investment Fund	1,615,950	0.28
	Non Resident Indians	5,883,759	1.01
	Clearing Members	783,385	0.13
	Bodies Corporates	7,96,94,601	13.66
	Sub- Total (B) (2)	**202,339,053**	**34.68**
	Total Public Unit holding (B) = (B)(1)+(B)(2)	**445,406,850**	**76.34**
	Total Units Outstanding (C) = (A) + (B)	**583,483,081**	**100.00**

**Sterlite Power Grid Ventures Limited merged with Sterlite Power Transmission Limited with effect from November 15, 2020. For further details, please see the section entitled "Parties to the Trust – The Sterlite Sponsor – Sterlite Power Transmission Limited" on page 98.*

Unitholders holding more than 5% of the Units of IndiGrid as at December 31, 2020

Sr. No.	Category of Unitholders	Pre-Issue		Post-Issue	
		Number of Units	Percentage of holding (%)	Number of Units	Percentage of holding (%)
1.	Foreign Portfolio Investors	186,285,015*	31.93	[●]	[●]
		136,035,774**	23.31*	[●]*	[●]*
2.	Insurance Companies	49,046,634	8.41	[●]	[●]
3.	Individuals	113,337,356	19.42	[●]	[●]
4.	Body Corporates	7,96,94,601	13.66	[●]	[●]

** Indicates the number of Units held by Foreign Portfolio Investors under the category "Public Holding".*
*** Indicates the number of Units held by Foreign Portfolio Investors under the category "Sponsor and Sponsor Group".*

Unitholding of the Sponsors, Investment Manager, Project Manager and Trustee

For details of the Units held by the Sterlite Sponsor, who is also the Project Manager, and the KKR Sponsor, please see the sections entitled "*–Unit holding of IndiGrid as at December 31, 2020*" and "*–Unitholders holding more than 5% of the Units of IndiGrid as at December 31, 2020*" on page 214.

The Trustee does not hold any Units and shall not acquire any Units in this Issue. The Investment Manager holds 340,200 Units for the benefit of its employees pursuant to the Long Term Incentive Plan 2020. For further details, please see the section entitled "*Parties to IndiGrid – Long Term Incentive Plan 2020*" on page 110.

Unitholding of the directors of the Investment Manager

As on the date of this Draft Letter of Offer, except as disclosed below, none of the directors of the Investment Manager hold any Units in IndiGrid.

Sr. No.	Name of Director	Number of Units
1.	Pratik Agarwal	137,781
2.	Harsh Shah	10,206

Sponsor lock-in

In terms of the InvIT Regulations, as on the date of this Draft Letter of Offer, the Sterlite Sponsor holds 0.35% of Units, being 2,040,457 Units, of which 2,039,880 Units, allotted on October 26, 2017, against the order of the CERC dated May 8, 2017 passed in relation to the JTCL Petition, have been locked-in for a period of three years from the date of listing, until July 20, 2021.

Further, as on the date of this Draft Letter of Offer, the KKR Sponsor holds 23.31% of the Units, being 136,035,774 Units, of which, 129,213,063 Units were allotted pursuant to the preferential issue undertaken by India Grid Trust and 6,822,711 Units were acquired from the secondary market.

USE OF PROCEEDS

The proceeds of this Issue are up to ₹ 15,000 million* (the "**Issue Proceeds**") and the proceeds of this Issue net of the total expenses in relation to this Issue (the "**Net Proceeds**") are ₹ [●] million.

**The size of the Issue is the amount approved by the board of directors of the Investment Manager on January 22, 2021 and is subject to the final decision of the board of directors of the Investment Manager.*

Subject to compliance with applicable law, the Net Proceeds are proposed to be utilised, at the discretion of the Investment Manager and the Trustee, towards the following objects:

(i) Acquisition of 26% of the issued, subscribed and paid-up equity share capital of NER, either directly or indirectly from the Sterlite Sponsor;

(ii) Partial repayment of the outstanding external debt of OGPTL, and GPTL and debt proposed to be availed by IndiGrid; and

(iii) General purposes.

The Investment Manager believes that abovementioned use of proceeds is consistent with IndiGrid's strategy of growth and expansion of its business and will also allow IndiGrid to meet its commitment towards distributions to Unitholders.

The details of the Issue Proceeds are provided in the following table:

(in ₹ million)

Particulars	Amount
Gross Proceeds from this Issue*	15,000
Less: Estimated Issue expenses	[●]
Net Proceeds	[●]

** Assuming full subscription and Allotment of Units. The size of the Issue is the amount approved by the board of directors of the Investment Manager on January 22, 2021 and is subject to the final decision of the board of directors of the Investment Manager.*

Requirements of Funds

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

(in ₹ million)

Sr. No.	Particulars	Amount
1.	Acquisition of 26% of the issued, subscribed and paid-up equity share capital of NER, either directly or indirectly from the Sterlite Sponsor	4,875
2.	Partial repayment of the outstanding external debt of OGPTL, and GPTL and debt proposed to be availed by IndiGrid	4,755
3.	General purposes	[●]

The fund requirements mentioned above, and the proposed deployment are based on the estimates of the Investment Manager and have not been appraised by any bank, financial institution or any other external agency. The fund requirements may vary due to factors beyond the Investment Manager's control such as market conditions, competitive environment, interest rate and exchange rate fluctuations.

Any unutilised funds, until such amounts are deployed towards the objects of this Issue, as detailed herein, shall be invested by IndiGrid in the manner permitted under the provisions of the InvIT Regulations.

Details of the Objects of the Issue

The details in relation to the objects of the Issue are provided below:

1. ***Acquisition of 26% of the issued, subscribed and paid-up equity share capital of NER, either directly or indirectly, from the Sterlite Sponsor***

   The Net Proceeds amounting to ₹ 4,875 million are proposed to be utilized to acquire 26% of the issued, subscribed and paid-up equity share capital of NER, either directly or indirectly, from the Sterlite Sponsor.

   IndiGrid proposes to acquire 100% the issued, subscribed and paid-up equity share capital of NER, either directly or indirectly, from the Sterlite Sponsor and refinance or novate the existing debt availed by NER from SGL4 or the Sterlite Sponsor, pursuant to a securities purchase agreement dated March 5, 2021 entered into between Sterlite Sponsor, SGL4, the Trustee, the Investment Manager and NER and in line with the framework agreement entered into between the Sterlite Sponsor, the Investment Manager and the Trustee dated April 30, 2019. Such acquisition is proposed to be undertaken for a consideration not exceeding the enterprise value of NER, being ₹ 46,250 million, subject to closing adjustments. Such acquisition is proposed to be completed on, or before, June 30, 2021. For details in relation to the securities purchase agreement, please see the section entitled "*Related Party Transactions*" on page

243.

The acquisition stated above will be made in compliance with the requirements specified in the InvIT Regulations, including in relation to valuation, and are subject to satisfaction of conditions precedent and receipt of necessary approvals and consents, including from the Unitholders. The approval of the Unitholders is sought by the Investment Manager (on behalf of IndiGrid) through the notice for the extra-ordinary general meeting dated February 24, 2021 which meeting is proposed to be held on March 19, 2021. For details of the Valuation Report, please see Annexure A. For details regarding NER, please see sections entitled "*Our Business*" and "*Financial Statements*" on pages 176 and 306.

IndiGrid proposes to

(i). finance the proposed acquisition of 74% of the issued, subscribed and paid-up equity share capital of NER, either directly or indirectly from the Sterlite Sponsor, and
(ii). refinance or novate the existing debt availed by NER from SGL4 or the Sterlite Sponsor or external lenders,

amounting to approximately ₹ 41,380 million, subject to closing adjustments, through a combination of (i) any unutilised net proceeds from the preferential issue of Units of IndiGrid undertaken in May, 2019; and (ii) internal accruals and external funding at the IndiGrid or project level including by way of issuance of debt securities.

2. ***Partial repayment of the outstanding external debt of OGPTL, and GPTL and debt proposed to be availed by IndiGrid***

IndiGrid proposes to utilize an estimated aggregate amount of ₹ 4,755 million from the Net Proceeds towards partial repayment of external debt availed by OGPTL, and GPTL and debt proposed to be availed by IndiGrid.

In respect of OGPTL and GPTL, such funds are proposed to be infused in OGPTL and GPTL by way of a loan from IndiGrid which shall be further deployed for the purposes of partial repayment of the outstanding external debt of OGPTL and GPTL. The external debt availed by OGPTL and GPTL that is outstanding as of December 31, 2020, which is proposed to be partially repaid from the Net Proceeds is provided below on or before September 30, 2021:

Sr. No.	Lenders	Amount (in ₹million)
		Principal Amount Outstanding as on December 31, 2020^
OGPTL		
1.	Axis Bank Limited*	5,403.60
GPTL		
2.	HDFC Bank Limited, Bank of Maharashtra and NIIF	7,388.03

** Axis Capital Limited, the Lead Manager in this Issue, is an affiliate of one of our lenders, Axis Bank Limited. For further details, please see the section entitled "Risk Factors – A portion of the Net Proceeds may be utilized for the partial repayment of the outstanding external debt availed from Axis Bank Limited which is an affiliate of our Lead Manager, Axis Capital Limited" on page 81.*
^The outstanding debt amount provided above indicates actual principal amount outstanding as of December 31, 2020, based on confirmation from the respective lenders. The principal amount outstanding as of December 31, 2020 for OGPTL and GPTL as disclosed in the section entitled "Financial Indebtedness and Deferred Payment" on page 219 may vary on account of IndAS adjustments.

In respect of IndiGrid, the external debt proposed to be raised by IndiGrid for the purposes of acquisition of NER, shall be in the form of senior, secured, rated, listed, redeemable non-convertible debt securities to be issued by IndiGrid, in one or more tranches, amounting up to ₹ [●] million. In respect of such debt securities, IndiGrid (through its Investment Manager) proposes to enter into a debenture trust deed. The external debt availed by IndiGrid is proposed to be partially repaid from the Net Proceeds on or before September 30, 2021.

The amount to be repaid by OGPTL and GPTL to its lenders and by IndiGrid to its lenders, shall vary based (i) any change in the principal amount outstanding; (ii) discussions with the lenders; and (iii) other market conditions. In terms of the relevant financing agreements, no pre-payment penalty is applicable on the proposed partial repayment of debt availed by OGPTL and GPTL and IndiGrid. In the event, external debt is not raised by IndiGrid by September 30, 2021, the proceeds from this Issue shall be utilised towards the partial repayment of external debt availed by OGPTL and GPTL.

3. ***General purposes***

The Investment Manager shall, at its discretion, deploy the balance Net Proceeds aggregating ₹ [●] million towards general expenses for the operation of IndiGrid, subject to compliance with the InvIT Regulations. The general purposes for which IndiGrid proposes to utilize Net Proceeds include meeting exigencies and expenses incurred, by way of IndiGrid in the ordinary course of business as considered expedient, and as approved by the Investment Manager or the Trustee, as the case may be, subject to compliance with applicable law.

The Investment Manager will have flexibility in utilizing the proceeds earmarked for general purposes, in accordance with the investment objectives of IndiGrid, policies of the board of directors of the Investment Manager and the

InvIT Regulations.

Issue expenses

The total expenses of this Issue are estimated to be approximately ₹ [●] million, which will be borne solely by IndiGrid. The Issue expenses include fees and commissions payable to the Lead Manager, legal counsels, Registrar to the Issue, other advisors to this Issue, printing and stationery expenses, and all other incidental and miscellaneous expenses in relation to this Issue and listing of the Units issued pursuant to this Issue on the Stock Exchanges.

Monitoring Utilization of Funds from the Issue

The Investment Manager (on behalf of IndiGrid) has appointed Axis Bank Limited as the Monitoring Agency in relation to the Issue. The board of directors of the Investment Manager and the Trustee will monitor the utilization of the Net Proceeds. The Investment Manager (on behalf of IndiGrid) shall furnish to the Stock Exchanges, on a quarterly basis, (i) a statement on material deviations, if any, in the utilization of the proceeds of the Issue from the objects of the Issue as stated above; and (ii) statement indicating category wise variation between projected utilization of funds made as disclosed in the Draft Letter of Offer, as applicable, and the actual utilization of funds.

FINANCIAL INDEBTEDNESS AND DEFERRED PAYMENTS

The details of indebtedness of IndiGrid (on a standalone basis) and the Portfolio Assets (other than PrKTCL and the Target Asset) as at December 31, 2020 and the post-Issue principal amount outstanding, are provided below:

(in ₹ million)

Category of borrowing	Pre-Issue Principal Amount outstanding as on December 31, 2020 (including current maturities, except interest accrued but not due on borrowings)	Post-Issue Principal Amount outstanding*
IndiGrid Standalone		
Particulars		
Non-convertible debentures	42,838.27	42,838.27
Indian rupee loan from banks	16,468.31	16,468.31
Total Secured Borrowings	**59,306.58**	**59,306.58**
BDTCL		
Particulars		
Non-convertible debentures	6,820.00	6,820.00
Foreign currency loan from financial institution	2,276.42	2,276.42
Total Secured Borrowings	**9,096.42**	**9,096.42**
OGPTL		
Particulars		
Indian rupee loans from banks	5,391.09	4,209.04
Total Secured Borrowings	**5,391.09**	**4,209.04**
ENICL		
Particulars		
Indian rupee loans from banks	6,300.00	6,300.00
Total Secured Borrowings	**6,300.00**	**6,300.00**
GPTL		
Particulars		
Indian rupee loans from banks	7,272.95	3,700.00
Total Secured Borrowings	**7,272.95**	**3,700.00**

**Post Issue principal amount outstanding represents principal amount outstanding as on December 31, 2020 reduced by partial repayment of the outstanding external debt of OGPTL and GPTL and may increase/ decrease in the event the external debt of OGPTL and GPTL are not partially repaid through the Net Proceeds or repaid in different proportion or on account of Ind AS adjustment, as disclosed in the section entitled "Use of Proceeds" on page 216. Further, the post Issue principal amount outstanding may increase due to full or partial repayment of additional debt proposed to be availed by IndiGrid through the issuance of senior, secured, rated, listed, redeemable non-convertible debt securities, in one or more tranches as disclosed in the section entitled "Use of Proceeds" on page 216. The Post Issue principal amount outstanding represents principal amount outstanding as on December 31, 2020 may be reduced by other prepayment opted for, or repayment required in accordance with the relevant financing documents.*

The details of indebtedness on a consolidated basis (other than PrKTCL and the Target Asset) as at December 31, 2020 and the post-Issue principal amount outstanding, are provided below:

(in ₹ million)

Category of borrowing	Pre-Issue Principal Amount outstanding as on December 31, 2020 (including current maturities, except interest accrued but not due on borrowings)	Post-Issue Principal Amount outstanding**
IndiGrid Consolidated		
Non-convertible debentures	49,658.27	49,658.27
Foreign currency loan from financial institution	2,276.42	2,276.42
Indian rupee loans from banks	35,432.34	30,799.98
Total	**87,367.03**	**82,734.67**

***Post Issue principal amount outstanding represents principal amount outstanding as on December 31, 2020 reduced by partial repayment of the outstanding external debt of OGPTL and GPTL and may increase/ decrease in the event the external debt of OGPTL and GPTL are not partially repaid through the Net Proceeds or repaid in different proportion or on account of Ind AS adjustment, as disclosed in the section entitled "Use of Proceeds" on page 216. Further, the post Issue principal amount outstanding may increase due to full or partial repayment of additional debt proposed to be availed by IndiGrid through the issuance of senior, secured, rated, listed, redeemable non-convertible debt securities, in one or more tranches as disclosed in the section entitled "Use of Proceeds" on page 216. The Post Issue principal amount outstanding represents principal amount outstanding as on December 31, 2020 may be reduced by other prepayment opted for, or repayment required in accordance with the relevant financing documents.*

The details of indebtedness of PrKTCL and the Target Asset as at December 31, 2020 are provided below and the post-Issue principal amount outstanding:

(in ₹ million)

Category of borrowing	Pre-Issue Principal Amount outstanding as on December 31, 2020	Post-Issue Principal Amount outstanding
PrKTCL		
Nature		
Indian rupee loan from banks / Financial institutions	4,108.19	4,108.19
Total Secured borrowings	**4,108.19**	**4,108.19**
NER		
Nature		
Indian rupee loan from banks / Financial institutions	19,656.10	19,656.10
Total Secured borrowings	**19,656 .10**	**19,656.10**

Leverage

In accordance with the InvIT Regulations, the Unitholders of IndiGrid, at the annual general meeting held on July 26, 2019, approved the increase in the aggregate consolidated borrowings and deferred payments of IndiGrid up to 70% of the aggregate of the Trust Assets, including but not limited to issuance of debentures, term loans, advances, deposits and bonds.

Principal terms of the borrowings availed by us

The principal terms of the loan agreements entered into by us are as follows:

1. *Security:* Loans under the loan agreements are secured by, amongst others, (i) first ranking pari passu charge over all present and future immovable assets; (ii) first ranking pari passu charge on all tangible movable assets, including movable plants and machinery, machinery spares, tools and accessories and all other movable assets and current assets, both present and future; and (iii) first charge, including by way of hypothecation, over all accounts, both present and future, that may be opened in accordance with the loan documents; (v) assignment by way of security or charge by way of hypothecation, over all right, title, interest, claims, benefits and demands relating to, (a) the agreements in relation to the Project (the "**Project Agreements**"); (b) clearances obtained pertaining to the project; (c) any letter of credit, guarantee, including contractor guarantees, liquidated damages, consent agreements, side letters or performance bond provided by any party to the Project Agreements; and (d) insurance contracts and insurance proceeds pertaining to the project; and (vi) pledge of 30% to 51% of the equity share capital of the Portfolio Assets, in terms of the financing agreements.

2. *Pre-payment:* We may prepay the outstanding amount of its loans, in full or in part, any time on the terms and conditions agreed with the lender after paying the prepayment premium. All prepayments shall be made together with the interest, charges and other monies due and payable to the lenders up to the date of such prepayment.

3. *Restrictive Covenants:* Borrowing arrangements entered into by the Portfolio Assets contain standard restrictive covenants, including:

    (i) amendment to the memorandum of association and articles of association only with the prior approval of the lenders under the financing agreements;

    (ii) formulation of any scheme of amalgamation or reconstruction only with the prior approval of the lenders under the financing agreements; and

    (iii) further indebtedness to not be availed during the tenor of the facilities other than as permitted under the relevant borrowing arrangements.

4. *Events of Default:* The borrowing arrangements entered into by the Portfolio Assets contain standard events of default, including:

    (i) default in payment of principal amount or interest along with additional interest if applicable or any other amount payable;

    (ii) abandonment of Portfolio Assets by IndiGrid and/or the projects by the Portfolio Assets;

    (iii) revocation of material clearances;

    (iv) default in performance of material conditions and covenants;

    (v) business of the Portfolio Assets becomes unlawful;

(vi) invalidity of the financing agreements;

(vii) default in relation to any repayment or prepayment of any amounts due to other lenders or any default under other borrowing arrangements; and

(viii) breach of the obligations under any term of the relevant financing agreement or any other financing agreement entered into by the Portfolio Assets.

5. *Consequences of default*: In terms of the borrowing arrangements entered into by us, the following, amongst others, are the consequences of default:

(i) cancellation or suspension of the lenders' obligation to lend;

(ii) acceleration of repayment obligations and declaration of amounts outstanding to be forthwith due and payable;

(iii) enforcement of security interests; and

(iv) exercise of other remedies as permitted or available under the borrowing arrangements.

This is an indicative list of the terms of the borrowings availed by us and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by us.

Given the nature of these borrowings and the terms of prepayment, the aggregate outstanding borrowing amounts may vary from time to time. In addition to the above, each of the Portfolio Assets may, from time to time, enter into re-financing arrangements and draw down funds thereunder, prior to the filing of the Letter of Offer.

Principal terms of the non-convertible debentures issued by IndiGrid

IndiGrid has, on a private placement basis, issued:

(i) 2,500 secured, listed, rated, redeemable non-convertible debt securities of face value of ₹ 1 million each with an initial coupon of 8.60% per annum aggregating to ₹ 2,500 million;

(ii) 4,350 secured, listed, rated, redeemable, non-convertible debt securities of face value of ₹ 1 million each with an initial coupon of 7.11% per quarter per annum aggregating to ₹ 4,350 million;

(iii) 14,000 secured, listed, rated, redeemable non-convertible debt securities of face value of ₹ 1 million each with an initial coupon of 9.10% per annum aggregating to ₹ 1,400 million;

(iv) 2,000 rated, listed, secured, redeemable, principal protected, non-convertible, market linked debt securities of a face value of ₹ 1 million each with an initial coupon of 9.00% per annum aggregating to ₹ 2000 million;

(v) 2,000 secured, listed, rated, redeemable, non-convertible debt securities of face value of ₹ 1 million each with an initial coupon of 8.85% per annum aggregating up to ₹ 1,000 million;

(vi) 3,000 secured, listed, rated, redeemable, non-convertible debt securities of face value of ₹ 1 million each with an initial coupon of 9.10% per annum aggregating up to ₹ 1,000 million;

(vii) 900 rated, listed, secured, redeemable, principal protected, non-convertible, market linked debt securities of a face value of ₹ 1 million each aggregating up to ₹ 900 million and 840 rated, listed, secured, redeemable, principal protected, non-convertible, market linked debt securities of a face value of ₹ 1 million aggregating up to approximately ₹ 848.59 million, each with an initial coupon of 8.40% per annum;

(viii) 1,000 rated, listed, secured, redeemable, non-convertible debt securities of face value of ₹ 1 million each with an initial coupon of 8.10% per annum and 2,500 rated, listed, secured, redeemable, non-convertible debt securities of face value of ₹ 1 million each with an initial coupon of 8.40% per annum aggregating to ₹ 3,500 million;

(ix) 1,000 rated, listed, secured, redeemable, non-convertible debt securities of face value of ₹ 1 million each with an initial coupon of 8.40% per annum aggregating to ₹ 1,000 million;

(x) 4,000 rated, secured, listed, rated, redeemable non-convertible debt securities of face value of ₹ 1 million each with an initial coupon of 8.50% per annum aggregating to ₹ 4,000 million;

(xi) 2,500 rated, secured, listed, rated, redeemable non-convertible debt securities of face value of ₹ 1 million each with an initial coupon of 7.00% per annum aggregating to ₹ 2,500 million; and

(xii) 1,500 rated, listed, secured, redeemable, non-convertible debt securities of face value of ₹ 1 million each with an initial coupon of 7.25% per annum aggregating up to ₹ 1,500 million and 1,000 rated, listed, secured, redeemable, non-convertible debt securities of face value of ₹ 1 million each with an initial coupon of 7.40% per annum aggregating up to ₹ 1,000 million.

(collectively, the "**IndiGrid Debentures**").

The principal terms of the transaction documents entered into by IndiGrid in relation to the IndiGrid Debentures are as follows:

1. *Security:* The IndiGrid Debentures are secured by, amongst others, (i) a first pari passu charge on entire current assets of IndiGrid, including loans and advances and any receivables accrued or realized from such loans and advances extended by IndiGrid to its Portfolio Assets and shall include any future loans to its Project Assets; and (ii) a first pari passu charge on IndiGrid escrow account and all its sub-accounts including cash trap account/distribution account etc. The security as stipulated, shall be created within a period of 30 days from the deemed date of allotment and perfected within 30 days from the date of its creation. Additionally, the IndiGrid Debentures are secured through pledge of part of the equity share capital of JTCL, RTCL, PKTCL, MTL, PTCL, NTL subject to, and in the manner stipulated in the transaction documents.

2. *Tenor and Repayment*: The IndiGrid Debentures have a tenor between 1 to 10 years from the deemed date of allotment, with a bullet repayment at the end of the tenor.

3. *Restrictive Covenants:* The transaction documents entered into by IndiGrid, provide that IndiGrid shall not affect any of the following, without the prior written permission of the debenture trustees:

   (i) change the general nature of its business as per the applicable law;

   (ii) change the Amended and Restated Trust Deed or other constitutional documents in any material way which would prejudicially affect the interests of the debenture holders;

   (iii) undertake or permit any consolidation, re-organization, corporate restructuring, capital reduction, or compromise with its creditors or unitholders, except in case of procurement/purchase of additional assets and subject to:

      (a) the credit rating of IndiGrid/ Debenture is AAA from all the rating agencies;

      (b) as long as overall debt is as per prevailing guidelines; and

      (c) prior written intimation of 60 days is provided to the debenture trustee;

   (iv) any additional indebtedness exceeding the thresholds prescribed in the transaction documents without the approval of debenture holders;

   (v) change in control of any of the Portfolio Assets;

   (vi) wind-up, liquidate or dissolve its affairs or take any actions towards the same; and

   (vii) such other customary covenants for transaction of similar nature.

4. *Events of Default:* The transaction documents entered into by IndiGrid provide certain events of default, including:

   (i) non-payment of interest or principal amount or any other amount due and payable in relation to the IndiGrid Debentures in terms of the transaction documents on the due date;

   (ii) misleading representations and warranties;

   (iii) commencement of voluntary insolvency, bankruptcy, winding up or other similar proceedings, including under the InvIT Regulations, by IndiGrid, the Sponsors or the Unitholders; and

   (iv) cessation of business;

   (v) non-creation or perfection of the security within the timelines stipulated under the transaction documents or security becoming invalid, in jeopardy, invalid or not having the ranking under the transaction documents, as stipulated;

   (vi) material adverse effect;

   (vii) delisting of the Units or the IndiGrid Debentures; and

   (viii) default under any term of the relevant financing agreement or any other financing agreement entered into by the Portfolio Assets leading to a material adverse effect.

5. *Consequences of Events of Default:* The transaction documents entered into by IndiGrid provide certain consequences of events of default, including:

   (i) applying all cash proceeds arising in the escrow account towards repayment of IndiGrid's obligations to the debenture holders;

   (ii) enforcement of security and any rights available under transaction documents;

   (iii) applying the amounts standing to the credit of the escrow account and the permitted investments towards payment of dues under the IndiGrid Debentures;

   (iv) exercise all or any rights or remedies of IndiGrid under one or more project documents against any parties to such project documents; and

   (v) exercise such other remedies as permitted or available under applicable law including any circulars issued by RBI or SEBI.

This is an indicative list of the terms of transaction documents in relation to the IndiGrid Debentures and there may be additional terms, conditions and requirements under such transaction documents.

Status of lender consents

IndiGrid has received all lender consents in relation to this Issue. As of the date of this Draft Letter of Offer, there are no lender consents required in relation to the Portfolio Assets.

DISTRIBUTION

Statements contained in this section entitled "Distribution" that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those that may be projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty, undertaking or prediction with respect to the accuracy of the underlying assumptions by IndiGrid, the Trustee, the Sponsors, the Investment Manager, the Lead Manager or any other person. Bidders are cautioned not to place undue reliance on these forward-looking statements that are stated only as at the date of this Draft Letter of Offer. For details in relation to forward-looking statements, please see the section entitled "Forward-Looking Statements" on page 17.

The net distributable cash flows of IndiGrid (the "**Distributable Income**") are based on the cash flows generated from the underlying operations undertaken by the InvIT Assets, in this case being the Portfolio Assets. For details of the business and operations presently undertaken by the InvIT Assets, please see the section entitled "*Our Business*" on page 176. Presently, cash flows receivable by IndiGrid may be in the form of dividend, interest income or principal repayment received from the InvIT Assets in relation to debt sanctioned by IndiGrid, or a combination of both.

In terms of the InvIT Regulations, not less than 90% of the net distributable cash flows of each of the InvIT Assets, namely BDTCL, JTCL, RTCL, PKTCL, MTL, PTCL, NTL, OGPTL, ENICL, GPTL, JKTPL and PrKTCL shall be distributed to IndiGrid or IGL, IGL1 or IGL2, as applicable, subject to applicable provisions in the Companies Act, 2013 and not less than 90% of the net distributable cash flows of IndiGrid shall be distributed to the Unitholders. Further, with respect to the cash flows received by IGL, IGL1 or IGL2 from the InvIT Assets, 100% of such cash flows shall be distributed to IndiGrid unless required for debt servicing in any other loans of any of the InvIT Assets, in each case that are subsidiaries of IGL, IGL1 or IGL2 or repair work in any of the InvIT Assets. Further, with respect to cash flows generated by IGL, IGL1 or IGL2 on its own, not less than 90% of such net distributable cash flows shall be distributed by IGL, IGL1 or IGL2 to IndiGrid.

Pursuant to the InvIT Regulations and the Distribution Policy, IndiGrid shall declare and distribute at least 90% of the Distributable Income to the Unitholders, at least once in every quarter in every Fiscal. However, if any infrastructure asset is sold by IndiGrid or IGL, IGL or IGL2 or any of the InvIT Assets, or if the equity shares or interest in IGL, IGL1 or IGL2 or any of the InvIT Assets are sold by IndiGrid, and proposes to re-invest the sale proceeds into another infrastructure asset within one year, it shall not be required to distribute such sale proceeds to IndiGrid or to the Unitholders. Further, if IndiGrid proposes not to invest such sale proceeds into any other infrastructure asset within one year, it shall be required to distribute the same in the manner specified above. In accordance with the InvIT Regulations, distributions by IndiGrid shall be made no later than 15 days from the date of such declarations. The distribution, when made, shall be made in Indian Rupees. For details on the risks relating to distribution, please see the section entitled "*Risk Factors*" on page 56.

Distribution Policy

Method of calculation of Distributable Income

The Distributable Income of IndiGrid shall be calculated in accordance with the InvIT Regulations and any circular, notification or guidance issued thereunder. Presently, IndiGrid proposes to calculate distributable income in the manner provided below:

I. Calculation of net distributable cash flows at each InvIT Asset level:

Description
Profit after tax as per profit and loss account (standalone) (A)
Add: Depreciation, impairment and amortisation as per profit and loss account. In case of impairment reversal, same needs to be deducted from profit and loss.
Add/Less: Decrease/(increase) in working capital as per IndAS 7
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or IGL
Add/less: Loss/gain on sale of infrastructure assets
Add: Proceeds from sale of infrastructure assets adjusted for the following: • related debts settled or due to be settled from sale proceeds; • directly attributable transaction costs; • directly attributable transaction costs proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account
Less: Capital expenditure, if any
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items), including but not limited to • any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value; • interest cost as per effective interest rate method (difference between accrued and actual paid); • deferred tax; • unwinding of Interest cost on interest free loan or other debentures; • portion reserve for major maintenance which has not been accounted for in profit and loss statement;

Description
• reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements
Total Adjustments (B)
Net Distributable Cash Flows (C)=(A+B)

II. Calculation of net distributable cash flows at the consolidated IndiGrid level:

Description
Cash flows received from the Portfolio Assets in the form of interest
Cash flows received from the Portfolio Assets in the form of dividend
Any other income accruing at IndiGrid level and not captured above, including but not limited to interest/return on surplus cash invested by IndiGrid
Cash flows received from the Portfolio Assets towards the repayment of the debt issued to the Portfolio Assets by IndiGrid
Proceeds from the Portfolio Assets for a capital reduction by way of a buy back or any other means as permitted, subject to applicable law
Proceeds from sale of assets of the Portfolio Asset not distributed pursuant to an earlier plan to re-invest, or if such proceeds are not intended to be invested subsequently
Total cash inflow at the IndiGrid level (A)
Less: Any payment of fees, interest and expense incurred at IndiGrid level, including but not limited to the fees of the Investment Manager and Trustee
Less: Costs/retention associated with sale of assets of the Portfolio Assets: • relate debts settled or due to be settled from sale proceeds of Portfolio Assets; • transaction costs paid on sale of the assets of the Portfolio Assets; • capital gains taxes on sale of assets/ shares in Portfolio Assets/ other investments.
Less: Proceeds reinvested or planned to be reinvested in accordance with Regulation 18 (7) (a) of the InvIT Regulations
Less: Repayment of external debt at the IndiGrid level and at the level of any of the underlying portfolio assets/special purpose vehicles (Excluding refinancing)
Less: Income tax (if applicable) at the standalone IndiGrid level
Less: Amount invested in any of the Portfolio Assets for service of debt or interest
Less: Repair work in relation to the projects undertaken by any of the Portfolio Assets
Total cash outflows / retention at IndiGrid level (B)
Net Distributable Cash Flows (C) = (A+B)

In terms of the InvIT Regulations, if the distribution is not made within 15 days from the date of declaration, the Investment Manager shall be liable to pay interest to the Unitholders at the rate of 15% per annum or such other rate as may be specified, until the distribution is made. Such interest shall not be recovered by the Investment Manager in the form of fee or any other form payable to the Investment Manager by IndiGrid.

Distributions by IndiGrid

The details of distribution declared by IndiGrid are provided below.

Sr. No.	Record Date	Number of Units (in million)	Distribution per Unit (in ₹)	Amount of Distribution paid on Units including tax on distribution (in ₹ million)
1.	January 28, 2021	583.48	3.10	1,808.80
2.	November 10, 2020	583.48	3.00	1,750.44
3.	August 12, 2020	583.48	3.00	1,750.44
4.	June 2, 2020	583.48	3.00	1,750.44
5.	January 28, 2020	583.48	3.00	1,750.44
6.	October 31, 2019	583.48	3.00	1,750.44
7.	August 5, 2019	583.48	3.00	1,750.44
8.	April 30, 2019	283.80	3.00	851.40
9.	January 22, 2019	283.80	3.00	851.40
10.	October 26, 2018	283.80	3.00	851.40
11.	August 2, 2018	283.80	3.00	851.40
12.	May 2, 2018	283.80	3.00	851.40
13.	January 23, 2018	283.80	2.89	820.74
14.	November 7, 2017(1)	283.80	2.75	781.58
15.	August 4, 2017(1)	270.20	0.92	248.58

(1) Please note that the acquisition of BDTCL and JTCL was completed in June, 2017 and accordingly, IndiGrid made distributions for the period beginning from May 30, 2017 until March 31, 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FACTORS BY THE DIRECTORS OF THE INVESTMENT MANAGER AFFECTING THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the section entitled "Financial Statements" on page 306. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the section entitled "Risk Factors" on page 56. Actual results could differ materially from those contained in any forward-looking statements and for further details regarding forward-looking statements, please see the section entitled "Forward-Looking Statements" on page 17.

The Consolidated Financial Statements are prepared in accordance with IndAS read with the Companies Act and the InvIT Regulations. Each of the Consolidated Financial Statements differ in certain respects from Indian GAAP, IFRS and U.S. GAAP. The Consolidated Financial Statements have been presented for the Financial Years 2018, 2019 and 2020. The Unaudited Interim Condensed Consolidated Ind AS Financial Statements have been presented for the nine months ended December 31, 2020. For details, please see the section entitled "Risk Factors - The Financial Statements presented in this Draft Letter of Offer may not be indicative of our future financial condition, results of operations and cash flows. Further, the Proforma Financial Information included in this Draft Letter of Offer is not comparable to any other financial statements included in this Draft Letter of Offer" on page 71.

The Unaudited Interim Condensed Consolidated Ind AS Financial Statements for nine-month period ended December 31 2020, is not indicative of the full year results of the Trust and is not comparable with the annual financial statements of the trust presented.

Overview

We are India's first listed power sector infrastructure investment trust, sponsored by the KKR Sponsor and the Sterlite Sponsor. IndiGrid was established on October 21, 2016 and is registered with SEBI pursuant to the InvIT Regulations. IndiGrid was established to own and operate power transmission and renewable energy assets in India. We own twelve operating projects, consisting of 34 EHV overhead power transmission lines, comprising 7, 765 kV transmission lines and 27, 400 kV transmission lines, with a total circuit length of approximately 6,740 ckms and 9 substations with approximately 12,290 MVA of transformation capacity, across 15 states and 1 union territory, in India. IndiGrid has assets under management worth of approximately ₹ 142,000 million as on December 31, 2020. IndiGrid Investment Managers Limited (formerly known as Sterlite Investment Managers Limited), is the investment manager of the InvIT and is majority owned by Electron IM Pte. Ltd., an affiliate of KKR. We have consistently been given a corporate credit rating of 'CCA AAA/Stable' by CRISIL, 'IND AAA'/Stable by India Ratings and 'ICRA AAA (Stable)' by ICRA.

We are focused on providing stable and sustainable distributions to our Unitholders. We believe that we are well positioned to take advantage of the growth potential of India's power industry given the quality of our power transmission assets and our financial position, support from our Sponsors and the robust regulatory framework for power transmission and solar projects in India. We believe the infrastructure necessary to transmit and deliver electricity is vital to India's continued economic advancement, given the inter-regional power deficit in India resulting from a mismatch between power generation and load centers and the demand-supply deficit which is expected to result from India's projected GDP growth.

Private investment in transmission and renewable energy sectors is a key focus area for India's Ministry of Power. Our diversification into solar assets will result in significant synergies with our existing business model. Our continued focus and strategy will be on accretive acquisition of power transmission and solar projects with annuity profile in their respective TSAs and long terms PPAs yielding stable cash flows, operational track record, good quality equipment and financially strong and creditworthy counterparties. For further details, please see the section entitled "*Industry Overview*" on page 136.

We own twelve fully commissioned projects, (i) BDTCL, JTCL, PKTCL, 49% of RTCL (and 74% as of date), 49% of MTL, NTL, OGPTL and ENICL, that we acquired from the Sterlite Sponsor in May 2017, May 2017, February 2018, February 2018, February 2018, June 2019, July 2019, May 2020, respectively and 49% of GPTL (with 100% economic ownership) that we acquired from SGL4 in August 2020; (ii) 46% of PTCL (74% as of date), that we acquired from TEECL and TPGCL in August 2018; (iii) JKTPL that we acquired from KPTL and TEECL in October 2020; and (iv) 74% of PrKTCL that we acquired from Reliance Infrastructure Limited in January 2021 (together the "**Portfolio Assets**").

The KKR Sponsor, Esoteric II Pte. Ltd., is one of the Sponsors of IndiGrid. Esoteric II Pte. Ltd. is a company affiliated with funds, vehicles and/or entities managed and/or advised by affiliates of KKR. Founded in 1976, KKR is a leading global investment firm with approximately US$252 billion of assets under management as of December 31, 2020. KKR sponsors investment funds that invest in private equity, credit and real assets and has strategic partners that manage hedge funds. The KKR Sponsor had invested ₹ 10,840 million in IndiGrid in May 2019 and currently owns over 23% stake in IndiGrid. Separately, Electron IM Pte. Ltd., an affiliate of KKR, currently owns 60% of the issued, paid-up and subscribed capital of the Investment Manager and has further agreed to acquire another 14% in the Investment Manager, subject to the terms and conditions set out in the IM SSPA.

The Sterlite Sponsor is one of the leading independent power transmission companies operating in the private sector in India. Sterlite Sponsor generated consolidated total income of ₹ 51,583.16 million as of March 31, 2020 and had consolidated total assets of ₹ 91,464.99 million as of March 31, 2020. The Sterlite Sponsor also serves as our Project Manager with the responsibility of operating and managing all our power transmission assets and has extensive experience in bidding, designing, financing, constructing and maintaining power transmission projects across India and Brazil.

Pursuant to the Framework Agreement among the Sterlite Sponsor, the Trustee and the Investment Manager, IndiGrid had agreed to acquire three projects, GPTL, KTL and NER from the Sterlite Sponsor, out of which 49% shares of GPTL (with 100% economic ownership) has already been acquired from SGL4 (GPTL, KTL and NER, collectively referred to as the "**Framework Assets**"). Pursuant to the ROFO Deed, as amended, we had a 'right of first offer' to acquire one project, ENICL from the Sterlite Sponsor, which we acquired in May 2020. Further, we have acquired, two projects, NTL and OGPTL, which were part of the ROFO Deed from the Sterlite Sponsor, in June 2019 and July 2019, respectively. IndiGrid intends to acquire 26% of the issued, subscribed and paid-up equity share capital of NER, either directly or indirectly from the Sterlite Sponsor from the proceeds of this Issue (the "**Target Asset**"). For further details, please see the section entitled "*Use of Proceeds*" on page 216. For further details on the Framework Agreement, the ROFO Deed and the share purchase agreements, please see the section entitled "*Related Party Transactions*" on page 243.

The Portfolio Assets, other than PTCL, JKTPL and PrKTCL, were originally awarded to the Sterlite Sponsor under the TBCB mechanism on a BOOM basis. The power transmission projects earn revenue pursuant to long-term TSAs and tariff orders passed by CERC in accordance with the Electricity Act. These projects receive availability-based tariffs under the TSAs irrespective of the actual quantum of power transmitted through the line. The tariff for inter-state power transmission projects in India, including our power transmission projects, is contracted for the period of the TSA, which is up to 35 years from the scheduled commission date of the asset (other than ENICL, which is 25 years), which may be renewed in accordance with the TSA and the Electricity Act. The revenues generated by intra-state transmission assets (being, JKTPL) are not dependent on a regulatory order and are dependent on tariffs as determined in terms of the relevant TSA, and such intra-state transmission assets recover tariffs equivalent to a base unitary charge which is subject to annual revisions. The transmission line business enjoys a longer asset life of 50 years as compared to other infrastructure projects, such as roads, according to CRISIL. For further details on the TBCB mechanism and the Indian electricity transmission industry, please see the section entitled "*Industry Overview*" on page 136.

Tariffs under these TSAs are billed and collected pursuant to the PoC mechanism, a regulatory payment pooling system offered to ISTS such as the systems operated by majority of our Portfolio Assets. Under the PoC mechanism, payments are made to a central payment pool and the proceeds are distributed proportionately to all transmission services providers, such as the Portfolio Assets. The availability-based tariffs and PoC payment mechanism enable a stable and certain cash flow stream. For further details, please see the section entitled "*Industry Overview*" on page 136.

While infrastructure investment trusts are required to distribute at least 90% of their net distributable cash flows to unitholders once at least every six months in every financial year, according to the InvIT Regulations, we have adopted a quarterly distribution policy. For further details on our distribution policy, please see the section entitled "*Distribution*" on page 224. We believe our assets, financial position and business model will enable us to offer stable distributions to our Unitholders.

Following the utilization of the Issue Proceeds, our aggregate consolidated borrowings and deferred payments (net of cash and cash equivalents) will not exceed 70% of the total value of our assets. The inter-state transmission projects are largely debt financed with a standard debt to equity ratio of 70:30, according to CRISIL.

Our consolidated total income was ₹ 12,785.94 million in fiscal 2020. EBITDA on a consolidated basis was ₹ 11,504.11 million in fiscal 2020. Further, our consolidated total income was ₹ 12,000.56 million for the nine month period ended December 31, 2020. EBITDA on a consolidated basis was ₹ 10,610.13 million for the nine month period ended December 31, 2020.

On the basis of our strengths and through the implementation of our strategies, we believe that we are well-positioned to capitalize on the growth potential of India's power transmission and renewable energy industry.

Factors Affecting Our Results of Operation

Tariff structure and system availability

Electricity transmission tariffs comprise all of our revenue from operations. Each of the Portfolio Assets, other than PTCL, JKTPL and PrKTCL, were originally awarded to the Sterlite Sponsor, including its subsidiaries or associate companies under the TBCB mechanism. Under the TBCB mechanism, technically qualified developers bid for an inter-state power transmission project on a build-own-operate-and-maintain, or BOOM, basis, which is awarded to the developer quoting the lowest levelised tariff. Subsidiaries of the Sterlite Sponsor and TEECL and TPGCL, as applicable, successfully bid, for and were awarded, the Portfolio Assets at agreed transmission tariff rates.

The electricity transmission tariff is collected and paid to us in the form of transmission charges by the CTU. The tariff revenues are comprised of a fixed 'non-escalable' charge, a variable 'escalable charge', incentives for actual availability beyond the target availability of 98.0% and surcharge (for late payment) for the Portfolio Assets and Target Asset.

- *Non-escalable charges and escalable charges:* For Portfolio Assets (other than JKTPL and PrKTCL) which are awarded under the TBCB mechanism, non-escalable charges are fixed charges, detailed in the TSA and Tariff Order and paid to us as part of the transmission charges. These charges are billed on monthly basis by the CTU. Escalable charges are variable charges which are only fixed in the TSA and Tariff Order for first year of scheduled operations and vary in subsequent years according to CERC's escalation index, which is determined by CERC semi-annually from a formula linked to the inflation rate in India. Any change in the inflation rate in India will directly impact the escalable charges paid to us and our revenue from operations.

- *Availability determined incentive payments and penalties:* For Portfolio Assets (other than JKTPL), we operate our power transmission projects under an availability-based tariff regime, which incentivizes transmission system operators like us to provide the highest possible system reliability. System reliability is measured as "availability", which is defined as the time in hours during a given period for which the transmission system is capable of transmitting electricity at its rated voltage, expressed as a percentage of total hours in the period. The CERC Tariff Regulations provide specific guidance on the calculation of availability, and take into account the elements in the transmission system (including transmission lines, transformers and substations) as well as the reason for any outages, with force majeure outages being excluded from the calculation. We are required to maintain system availability of 98% for our systems in order to receive 100% of the transmission charge (comprised of both escalable and non-escalable charges). We receive incentive payments under the TSAs of the Portfolio Assets (other than JKTPL and PrKTCL) if our availability exceeds 98%. If our annual average availability rate for a power transmission project falls below 95%, we may be subject to penalties under the TSA, subject to force majeure. In the event we fail to maintain our target availability of 98% for six consecutive months or within a non-consecutive period of six months within any continuous aggregate period of 18 months or as may be specified, except where the availability is affected by force majeure events, the LTTCs may exercise their right of termination under the TSA. In case of JKTPL and PrKTCL, we are subject to an incentive based penalty mechanism and may be subject penalties if the availability rate falls below the limits as may be prescribed under the JKTPL TSA and PrKTCL BPTA respectively.

  Historically, we have maintained annual average system availability above 98%, and, accordingly, we have earned incentives for the Portfolio Assets and have never been subject to penalties. For the nine months ended December 31, 2020 and Fiscals 2020, 2019 and 2018, we recognized revenue on incentive payments of ₹ 349.38 million, ₹ 355.17 million, ₹ 195.92 million and ₹ 176.01 million respectively, representing 2.97%, 2.86%, 2.94% and 3.93% of revenues from operations, respectively.] Our availability is affected by our ability to maintain our power transmission projects and restore them in the event they are rendered inoperable. Our ability to maintain target availability under the TSA for our Portfolio Assets (other than PrKTCL, for which target availability is required to be maintained in accordance with the CERC Tariff Regulations) directly impacts our revenues.

- *Finance & O&M income:* In relation to JKTPL (which is awarded on a DBFOT basis and is treated as a service concession receivable), revenue from operation comprises finance income recognised basis effective interest rate method. Revenue from operations and maintenance services are separately recognised in each period as and when service is rendered. JKTPL receives tariff from HVPNL on a monthly basis as per unitary charges specified under the JKTPL TSA, adjusted for year-on-year WPI increase and increased for incentive (net of rebate) for availability over 98% on a proportionate basis. Service concession receivable is amortised using effective interest rate method basis the actual tariff received for the entire concession life of the project.

- *Late payment Surcharge:* For Portfolio Assets (other than JKTPL), in accordance with the Sharing of Charges and Losses Regulations, a transmission licensee such as us is entitled to recover its tariff from ISTS charges collected by CTU. For Portfolio Assets , if there is any failure or delay on the part of LTTCs to make the requisite payments to the CTU, which affects the capability of the CTU to make corresponding payments to us as a transmission licensee, we are entitled to a delayed payment charge from the LTTCs. For JKTPL, late payment surcharge is received from HVPNL in the event payment is received after 15 days of date of submission of the invoice. The applicable rate are as follows:

  In terms of the Electricity (Late Payment Surcharge) Rules, 2021, late payment surcharge shall be payable on the payment outstanding after the due date at the base rate (SBI 1 year MCLR+ 5% per annum) of late payment surcharge applicable for the period for the first month of default, provided that the rate of such late payment for successive months of default shall increase by 0.5% for every month of delay provide that the late payment surcharge shall not be more than 3% higher than the base rate at any time. All payments by a distribution licensee to a generating company or a trading licensee for power procured from it or by a user of a transmission system to a transmission licensee shall be first adjusted towards late payment surcharge and thereafter, towards monthly charges, starting from the longest overdue bill.

- Rebate: For Portfolio Assets (other than JKTPL), CERC Tariff Regulations and the TSAs provide for a rebate mechanism as an incentive for timely payment by the DICs. The ability of the DICs to pay the CTU on time directly impacts our cash flows. Typically, a rebate of 2.00% is allowed for payment of bills within one day of presentation of such bills while a rebate of 1.00% is allowed where payments are made on any day after one day and within 30 days of presentation of bills.

Commissioning and acquiring power transmission projects

The acquisition of additional commissioned transmission projects directly results in higher revenues and impacts other results of operations and cash flows. Key factors which affect our ability to acquire additional commissioned transmission projects, including the ROFO Assets, include the limited availability of inter-state and intra-state transmission projects, our ability to finance such acquisitions within the 70% debt to equity ratio prescribed by the InvIT Regulations and our ability to compete with third parties for such acquisitions. Any future transmission project acquisitions, including the ROFO Assets, will directly affect our revenue. The revenue from operations for a particular Fiscal include revenue from the date of such acquisition till the end of respective Fiscal.

Our Critical Accounting Policies

Certain of our accounting policies require the application of judgment by our management in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. Our management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the reported carrying values of assets and liabilities and the reported amounts of revenues and expenses that may not be readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The following are what management believes to be the critical accounting policies and related judgments and estimates used in the preparation of the latest annual consolidated financial statements.

Significant accounting judgements estimates and assumptions

The preparation of the Trust's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgement

In the process of applying the Trust's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Classification of Unitholders' funds

Under the provisions of the InvIT Regulations, IndiGrid is required to distribute to Unitholders not less than ninety percent of the net distributable cash flows of IndiGrid for each financial year. Accordingly, a portion of the unitholders' funds contains a contractual obligation of the Trust to pay to its Unitholders cash distributions. The Unitholders' funds could therefore have been classified as compound financial instrument which contain both equity and liability components in accordance with Ind AS 32 - Financial Instruments: Presentation. However, in accordance with SEBI Circulars (No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016) issued under the InvIT Regulations, the unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated 20-Oct-2016 dealing with the minimum disclosures for key financial statements. In line with the above, the distribution payable to unit holders is recognised as liability when the same is approved by the Investment Manager.

Impairment of non-financial assets

Non-financial assets of the Trust primarily comprise of investments in subsidiaries. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amounts for the investments in subsidiaries are based on value in use of the underlying projects. The calculation of value in use is based on a DCF model. The cash flows are derived from the budgets/forecasts over the life of the projects.

Classification of transmission assets in the Portfolio Assets (other than JKTPL) as Tangible assets

Our Portfolio Assets (except JKTPL) have entered into transmission services agreements (BPTA in case of PrKTCL) with LTTCs through a tariff-based bidding process on a BOOM basis (BOO basis in case of PrKTCL) for a period ranging from 25 years to 35 years. The management of the view that as the grantor of the transmission licenses, CERC is the 'grantor' as defined under Appendix D - Service Concession Arrangements of Ind AS 115 - Revenue from Contracts with Customers and requires transmission licensees to obtain various approvals under the regulatory framework to conduct its operations both during the period of the license as well as at the end of the license period. However, in the view of management, CERC's involvement and approvals are to protect public interest and are not intended to control through ownership, beneficial entitlement or otherwise, any significant residual interest in the transmission infrastructure at the end of the term of the license. Accordingly, management is of the view that Appendix D of Ind AS 115 is not applicable to Portfolio Assets and Target Asset.

JKPTL operates and maintains the power transmission system, including the substation constructed, to provide services for specified period in accordance with the transmission services agreement entered with the grantor.

Under Appendix D - Service Concession Arrangements of Ind AS 115 - Revenue from Contracts with Customers, the transmission services agreement is considered as a service concession agreement and in accordance with Paragraph 16 of the said appendix, rights to receive consideration from grantor for providing services has been recognised as a financial asset.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration we are entitled to. The SPV Group has concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Revenue from contracts with customers comprises of revenue from power transmission services rendered in India to Long Term Transmission Customers ("**LTTCs**") pursuant to the respective TSAs executed by the Portfolio Assets or the Target Asset with LTTCs for periods of 35 years. The Portfolio Assets are or the Target Asset is required to ensure that the transmission assets meet the minimum availability criteria under the respective TSAs. Our performance obligation under the TSAs is to provide power transmission services. The performance obligation is satisfied over time as the customers receive and consume the benefits provided by our performance. Accordingly, the revenue from power transmission services is recognised over time based on the transmission asset availabilities and the tariff charges approved under the respective CERC tariff orders and includes unbilled revenues accrued up to the end of the accounting period. The payment is generally due within 60 days upon receipt of monthly invoice by the customer.

Under IndAS, revenue from contracts with customers has been shown after netting of rebate with tariff revenue.

For JKTPL, finance income for service concession agreement under finance asset model is recognised basis the effective interest rate method. Revenue from operations and maintenance services are separately recognised in each period as and when the services are rendered.

Depreciation

Depreciation on property, plant and equipment is calculated on a straight-line basis (except for PTCL for which depreciation is calculated on written down value basis) using the rates arrived at based on the useful lives estimated by management which are as follows:

Asset Category	Useful Life considered	Useful life (Schedule II[#])
Leasehold improvements	Lease Period*	30
Buildings (substation)	25	30
Substations	25-35	40
Transmission lines (including components)	25-35	40
Plant and machinery	2-5	15
Data Processing Equipment (Computers)	3-5	3-6
Furniture and Fittings	5-7.5	10
Office equipment's	4-5	3
Motor Vehicles	8	8
Roads	10	10

[#] *As per schedule II of Companies Act, 2013.*

**Leasehold improvements are depreciated over the useful life of the asset or the lease period, whichever is less.*

** For Portfolio Assets other than PrKTCL and JKPTL. PrKTCL was acquired after December 31, 2020 and JKPTL is a financial asset.*

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Our Income

We generate substantially all of our income under the transmission contracts with customers pursuant to electricity transmission tariffs, which we account for as a sale of power transmission services.

Our Expenses

As the Portfolio Assets and the Target Asset are fully operational, all expenses pertaining to each Portfolio Asset and Target Asset, and its elements are charged to profit and loss, as other expenses which primarily includes, transmission infrastructure maintenance changes, travelling and conveyance expenses, insurance expenses and management fees.

Our primary expenses are provided below:

- ***Transmission infrastructure maintenance charges***

Our transmission infrastructure maintenance charges primarily comprise of payments under operation and maintenance contracts with third parties for the maintenance of the lines and substations. It also consists of repair and maintenance (replacement of construction materials) if any done on the lines and substation.

- ***Insurance***

Our Investment Manager has obtained insurance policies covering the majority of our Portfolio Assets to cover risks including loss or damage from fire, flood, landslide, storm, terrorism, sabotage, machinery breakdown and any accidental and physical loss and destruction or damage to the insured property due to a cause, other than as excluded in the insurance policies. These insurance policies are subject to exclusions for certain circumstances including, among others, faulty or defective design materials or workmanship, wear and tear, larceny, acts of fraud or dishonesty, any wilful act or wilful negligence on the part of the insured or any person acting on its behalf, war, invasion, damage caused by nuclear weapons material or ionising radiation or contamination by radioactivity from any nuclear fuel or nuclear waste, loss or damage caused directly or indirectly from discharge of pollutants or contaminants, and certain properties, including, among others, money, cheques, bonds, credit cards, securities of any description and explosives. One of the policies covers all losses up to ₹2 billion without an aggregate cap and covers business interruption losses, including property damage. This insurance policy is valid from October 5, 2020 to October 4, 2021 and renewable on a yearly basis. The insurer is The New India Assurance Company Limited and the assets are insured in line with industry practice. Additionally, we also have certain insurance policies issued to JKTPL and PrKTCL, by various insurers, which are in line with industry practice.

- ***Management Fees***

As an InvIT, IndiGrid does not have any employees or employee benefits expenses as the services provided to us by the employees of the Project Manager and Investment Manager are included in their respective management fees. Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a fee aggregating to 1.75% of the difference between revenue from operations and operating expenses (other than the fee of the Investment Manager) of each Portfolio Asset (other than JKTPL and PrKTCL), per annum; and the Project Manager of each Portfolio Asset (other than JKTPL and PrKTCL) is entitled to a fee amounting to 10% of the gross expenditure incurred by each Portfolio Asset in relation to operation and maintenance costs, per annum.

- ***Tax expenses***

Our tax expenses primarily comprise of deferred tax, MAT and current taxes. Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

- ***Deferred tax***

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

(i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

(ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Results of Operations

Overview

(in ₹ million)

	Nine months period ended December 31, 2020	**Nine months period ended December 31, 2019**	**31 March 2020**	**31 March 2019**	**31 March 2018**
INCOME					
Revenue from contracts with customers	11,764.46	9,143.36	12,427.13	6,655.70	4,475.69
Income from investment in mutual funds	98.21	165.56	190.89	48.64	49.94
Interest income on investment in fixed deposits	103.62	78.31	102.09	22.63	0.86
Other finance income	10.05	-	0.32	-	-
Other income*	24.22	45.42	65.51	12.08	78.51
Total income (I)	**12,000.56**	**9,432.65**	**12,785.94**	**6,739.05**	**4,605.00**
EXPENSES					
Employee benefit expenses	81.74	-	-	-	-
Transmission infrastructure maintenance charges	223.99	167.91	240.38	175.57	107.58
Insurance expenses	192.89	101.47	147.02	87.00	65.92
Investment manager fees	231.04	174.42	238.79	130.53	87.54
Project manager fees	58.17	46.61	63.66	39.54	26.44
Legal and professional fees	71.16	55.54	117.85	82.34	41.55
Valuation expenses	2.76	4.21	4.89	3.70	4.06
Trustee fee	2.89	2.01	3.60	2.16	2.94
Vehicle hire charges	12.54	9.82	13.51	7.26	-
Travelling and conveyance expenses	-	-	-	-	5.20
Rates & taxes	53.29	32.95	37.76	34.68	33.43
Payment to auditors (including for subsidiaries)	10.32	7.14	11.00	9.52	4.69
Other expenses	237.76	77.91	110.07	59.24	19.99
Depreciation expense	3,100.59	2,244.03	3,101.12	1,809.22	1,157.41
Impairment / (reversal) of service concessions / property, plant and equipment	231.66	(456.96)	(456.96)	456.96	-
Finance costs	4,805.86	2,958.26	4,153.38	2,295.83	1,012.57
Total expenses (II)	**9,316.66**	**5,425.32**	**7,786.07**	**5,193.55**	**2,569.33**
Profit before tax (I-II)	**2,683.90**	**4,007.33**	**4,999.87**	**1,545.50**	**2,035.68**
Tax expense					
Current tax (a)	4.91	59.62	56.96	6.08	-

	Nine months period ended December 31, 2020	Nine months period ended December 31, 2019	31 March 2020	31 March 2019	31 March 2018
Deferred tax (b)	21.85	(112.76)	(114.29)	-	-
Income tax for earlier years (c)	-	-	-	0.28	(67.82)
Total tax expense (a + b + c)	**26.76**	**(53.14)**	**(57.33)**	**6.36**	**(67.82)**
Total comprehensive income for the year / period	**2,657.14**	**4,060.47**	**5,057.20**	**1,539.14**	**2,103.50**
EBITDA**	**10,610.13**	**8,508.79**	**11,504.11**	**6,036.24**	**4,154.86**

Note: The amounts appearing in the columns titled 'Nine months period ended December 31, 2020' and 'Nine months period ended December 31, 2019' represent the figures for the nine months period ended on that date whereas the amounts appearing in the columns titled '31 March 2020' '31 March 2019' and '31 March 2018' above represent the annual figures for the years ending on those dates. These amounts are not comparable to that extent.

** Other income includes income incidental to business for e.g. scrap sale, insurance refund, rent on machines, liability written back etc.*

*** EBITDA is calculated as profit for the period / year, plus finance costs, total tax expenses, depreciation expense, Impairment / (reversal) of service concessions / property, plant and equipment, less Income from investment in mutual funds, interest income on investment in fixed deposits and other finance income. Please refer page 237 of this Draft Letter of Offer for EBITDA calculation.*

Nine month period ended December 31, 2020 compared to nine month period ended December 31, 2019

Total Income

We had a total income of ₹ 12,000.56 million for the nine months ended December 31, 2020, an increase of 27.22% from our total income of ₹ 9,432.65 million in the nine months ended December 31, 2019. This increase in total income was primarily due to:

- *Revenue from contracts with customers*: Our revenue from contracts with customers for the nine months ended December 31, 2020 increased by 28.67% from ₹ 9,143.36 million for the nine months ended December 31, 2019 to ₹ 11,764.46 million for the nine months ended December 31, 2020. This increase in revenue from contracts with customers is primarily attributable to an increase in the power transmission services on account of: (i) acquisition of ENICL, GPTL, JKTPL in the nine months ended December 31, 2020, (ii) recognition of one-time revenue for NTL, and (iii) increase in revenue of NTL and OGPTL due to continuous operations for the nine month period ended December 31, 2020.

- *Other income*: Our other income decreased by 46.68% from ₹ 45.42 million for the nine months ended December 31, 2019 to ₹ 24.22 million for the nine months ended December 31, 2020 on account of the change in the miscellaneous income.

- *Income from investment in mutual funds, interest income on investment in fixed deposits and other finance income:* Our income from investment in mutual fund, interest income on investment in fixed deposit and other finance income marginally decreased by 13.12% from ₹ 243.87 million in the nine months ended December 31, 2019 to ₹ 211.88 million in the nine months ended December 31, 2020. This is primarily attributable to higher surplus cash on account of unit capital issuance for nine month period ended December 31, 2019 compensated by surplus cash in form of DSRA for nine month period ended December 31, 2020.

Total expenses

Our total expenses increased by 71.73% from ₹ 5,425.32 million in the nine months ended December 31, 2019 to ₹ 9,316.66 million in the nine months ended December 31, 2020 primarily due to reasons explained below:

- *Finance costs* : Our finance costs increased by 62.46% to ₹ 4,805.86 million for the nine months ended December 31, 2020 from ₹ 2,958.26 million for the nine months ended December 31, 2019. This is primarily attributable to (i) an increase in the interest paid on debts and borrowings availed for acquisition of ENICL, GPTL and JKTPL, and (ii) the discounting on factoring.

- *Depreciation expense and impairment / (reversal) of service concessions / property, plant and equipment*: Depreciation expense and impairment / (reversal) of service concessions / property, plant and equipment totalled ₹ 3,332.25 million for the nine months ended December 31, 2020, an 86.46% increase over an amount of ₹ 1,787.07 million for the nine months ended December 31, 2019, which was primarily attributable to depreciation of tangible assets, reversal of impairment expenses in JTCL for the nine months ended December 31, 2019, impairment on financial asset for JKTPL and incremental depreciation on ENICL and GPTL during the nine months ended December 31, 2020 for JKTPL, and the continuous operations for NTL and OGPTL for nine month period ended December 31, 2020.

- *Total expenses (excluding depreciation expense, impairment / (reversal) of service concessions / property, plant and equipment and finance costs)*: Our total expenses (excluding depreciation expense, impairment / (reversal) of service concessions / property, plant and equipment and finance costs) totalled ₹ 1,178.55 million for the nine months ended December 31, 2020, a 73.32% increase over our total expenses (excluding depreciation expense, impairment / (reversal) of service concessions / property, plant and equipment and finance costs) of ₹ 679.99 million for the nine months ended December 31, 2019, which is primarily attributable to increase in (i) employee benefit expenses of ₹ 81.74 million incurred in the nine month period ended December 31, 2020 due to external hiring and increase in number of employees of IGL, (ii) Transmission infrastructure maintenance charges of ₹ 56.08 million, (iii) insurance expenses ₹ 91.42 million, (iv) Investment Manager fees and Project Manager fees ₹ 68.18 million (v) legal and professional fee and payment to auditors (including subsidiaries) ₹ 18.80 million preliminary due to acquisition & full year impact of ENICL, JKPTL and GPTL. Earn out expenses primarily pertaining to NRSS & OGPTL (as agreed contractually with seller) of ₹ 117.27 million.

EBITDA

Our EBITDA increased by 24.70% to ₹ 10,610.13 million for the nine months ended December 31, 2020 from ₹ 8,508.79 million for the nine months ended December 31, 2019 on account of acquisition of ENICL, JKTPL and GPTL. EBITDA as a percentage of total income has decreased to 88.41% for the nine months ended December 31, 2020 from 90.21% for the nine months ended December 31, 2019 primarily on account of earn out expenses of ₹ 117.27 million and higher insurance cost for ENICL.

Profit before tax

As a result of the factors outlined above, our profit before tax was ₹ 2,683.90 million for the nine months ended December 31, 2020 compared to a profit before tax of ₹ 4,007.33 million for the nine months ended December 31, 2019.

Total tax expense

Total tax expenses recognized in statement of profit and loss increased from a credit of ₹ 53.14 million for the nine months ended December 31, 2019 to a debit of ₹ 26.76 million for the nine months ended December 31, 2020.

Total Comprehensive Income (TCI)

As a result of the factors outlined above, our TCI was ₹ 2,657.14 million for the nine months ended December 31, 2020 as compared to a TCI of ₹ 4,060.47 million for the nine months ended December 31, 2019.

Fiscal 2020 compared to Fiscal 2019

Total Income

We had a total income of ₹ 12,785.94 million in Fiscal 2020, an increase of 89.73% from our total income of ₹ 6,739.05 million in Fiscal 2019. This increase in total income was primarily due to:

- *Revenue from contracts with customers:* Our revenue from contracts with customers in Fiscal 2020 increased by 86.71% from ₹ 6,655.70 million in Fiscal 2019 to ₹ 12,427.13 million in Fiscal 2020. This increase in revenue from contracts with customers is primarily attributable to (i) the acquisition of NTL, OGPTL and ENICL (ii) the impact of continuous operations of PTCL for the entire fiscal year in Fiscal 2020. However, the increase in revenue was adversely impacted by a downward tariff curve for JTCL in Fiscal 2020.

- *Other income*: Our other income increased by 442.30% from ₹ 12.08 million in Fiscal 2019 to ₹ 65.51 million in Fiscal 2020, which is primarily attributable to sale of scrap amounting to ₹ 21.20 million, reversal of provision for doubtful custom deposit amounting to ₹ 12.79 million (being the indemnification received from SPGVL) and recovery of income tax balance written off amounting to ₹ 21.56 million in Fiscal 2020.

- *Income from investment in mutual funds, interest income on investment in fixed deposits and other finance income*: Our income from investment in mutual funds, interest income on investment in fixed deposits and other finance income increased by 311.53% from ₹ 71.27 million in Fiscal 2019 to ₹ 293.30 million in Fiscal 2020. This is primarily attributable to an increase in surplus cash on account of unit capital and surplus cash in form of DSRA.

Total expenses

Out total expense increased by 49.92% from ₹ 5,193.55 million in Fiscal 2019 to ₹ 7,786.07 million in Fiscal 2020 due to reasons explained below*:*

- *Finance costs:* Our finance costs increased by 80.91% from ₹ 2,295.83 million in Fiscal 2019 to ₹ 4,153.38 million in Fiscal 2020. This is primarily attributable to an increase in the interest on financial liabilities measured at amortised cost and an increase in other bank and finance charges.

- *Depreciation expense and impairment / (reversal of impairment) of property, plant and equipment:* Depreciation expense and impairment / (reversal of impairment) of property, plant and equipment totalled ₹ 2,644.16 million in Fiscal 2020, a 16.68% increase over an amount of ₹ 2,266.18 million in Fiscal 2019, which was primarily attributable to reversal of impairment expenses of JTCL in Fiscal 2020 which was taken in Fiscal 2019, the depreciation of NTL and OGPTL which were acquired in Fiscal 2020, and the continuous operations of PTCL during Fiscal 2020.

- *Total expenses (excluding depreciation expense, impairment / (reversal) of service concessions / property, plant and equipment and finance costs):* Our total expenses (excluding depreciation expense, impairment / (reversal) of service concessions / property, plant and equipment and finance costs)) totalled ₹ 988.53 million in Fiscal 2020, a 56.53% increase over our total expenses of ₹ 631.54 million in Fiscal 2019, which is primarily attributable to increase in transmission infrastructure maintenance charges, insurance expenses, Investment Manager fee and Project Manager fee, legal and professional fee and other expenses on account of acquisition of NTL and OGPTL and the continuous operations of PTCL in Fiscal 2020.

EBITDA

Our EBITDA increased by 90.58% from ₹ 6,036.24 million in Fiscal 2019 to ₹ 11,504.11 million in Fiscal 2020. EBITDA as a percentage of total income has increased marginally from 89.57% in Fiscal 2019 to 89.97% in Fiscal 2020.

Profit before tax

As a result of the factors outlined above, our profit before tax was ₹ 4,999.87 million in Fiscal 2020 compared to a profit before tax of ₹ 1,545.50 million in Fiscal 2019.

Total tax expense

Total tax expense reduced to tax credit of ₹ 57.33 million in Fiscal 2020 from tax expense of ₹ 6.36 million in Fiscal 2019 on account of deferred tax credit of ₹ 114.29 million in fiscal 2020 which was compensated by increase in current tax by ₹ 50.88 million in fiscal 2020.

Total Comprehensive Income (TCI)

As a result of the factors outlined above, our TCI was ₹ 5,057. 20 million in Fiscal 2020 compared to a TCI of ₹ 1,539.14 million in Fiscal 2019.

Fiscal 2019 compared to Fiscal 2018

Total Income

We had a total income of ₹ 6,739.05 million in Fiscal 2019, an increase of 46.34% from our total income of ₹ 4,605.00 million in Fiscal 2018. This increase in total income was primarily due to:

- *Revenue from contracts with customers*: Our revenue from contracts with customers in fiscal 2019 increased by 48.71% from ₹ 4,475.69 million in fiscal 2018 to ₹6,655.70 million in fiscal 2019. This increase in revenue from contracts with customers is primarily attributable to: (i) the full-year impact of BDTCL, JTCL, RTCL, PKTCL, MTL and PTCL in fiscal 2019 as BDTCL and JTCL were acquired in June 2017, PTCL was acquired in August 2018 and RTCL, PKTCL and MTL was acquired in February 2018 compensated by one time change in law arrears recognized in fiscal 2018 for JTCL.

- *Other* income: Our other income decreased by 84.61% from ₹ 78.51 million in fiscal2018 to ₹ 12.08 million in fiscal 2019, which is primarily attributable to: (i) reversal of the provision made for prepayment charges payable on long-term borrowings by BDTCL and JTCL in fiscal 2018, which we accounted as other income in our statement of profit and loss in fiscal 2018. Further, we realised ₹ 2.48 million on account of lease rental income, ₹ 7.00 million on account of profit realised on sale of property, plant and equipment, ₹ 2.37 million for liabilities no longer required written back and ₹ 0.23 million on account of other income.

- *Income from investment in mutual funds, Interest income on investment in fixed deposits and other finance income*: Our income from investment in mutual funds, Interest income on investment in fixed deposits and other finance income increased by 40.30% from ₹ 50.80 million in fiscal 2018 to ₹ 71.27 million in fiscal 2019. This is primarily attributable to an increase in surplus cash on account of DSRA and full year revenue impact.

Total expenses

Out total expense increased by 102.14% from ₹ 2,569.33 million in Fiscal 2018 to ₹ 5,193.55 million in Fiscal 2019 due to reasons explained below.

- *Finance costs:* Our finance costs increased by 126.73% from ₹ 1,012.57 million in fiscal 2018 to ₹ 2,295.83 million in fiscal 2019 due to an increase in the interest on financial liabilities measured at amortised cost which was off-set by the reduction in bank charges.

- *Depreciation expense and impairment / (reversal of impairment) of property, plant and equipment:* Depreciation expense and impairment / (reversal of impairment) of property, plant and equipment totalled ₹ 2,266.18 million in fiscal 2019, a 95.80% increase over the expense of ₹ 1,157.41 million in fiscal 2018 which is primarily on account of (i) Impairment of property, plant and equipment of JTCL, (ii) continuous operation of BDTCL, JTCL, RTCL, PKTCL and MTL, (iii) depreciation on PTCL acquired during Fiscal 2019.

- *Total expenses (excluding depreciation expense, impairment / (reversal) of service concessions / property, plant and equipment and finance costs)*: Our total expenses (excluding depreciation expense, impairment / (reversal) of service concessions / property, plant and equipment and finance costs) totalled ₹ 631.54 million in Fiscal 2019, a 58.15% increase over our total expenses of ₹ 399.34 million in Fiscal 2018, which is primarily attributable to an increase in transmission infrastructure maintenance charges, insurance expenses, Investment Manager fee and Project Manager fee, legal and professional fee paid due to continuous operations of BDTCL, JTCL, RTCL, PKTCL and MTL.

EBITDA

Our EBITDA increased by 45.28% from ₹ 4,154.86 million in fiscal 2018 to ₹ 6,036.24 million in fiscal 2019. EBITDA as a percentage of total income has reduced marginally from 90.22% in fiscal 2018 to 89.57% in fiscal 2019.

Profit before tax

As a result of the factors outlined above, our profit before tax was ₹ 1,545.50 million in fiscal 2019 compared to a profit before tax of ₹ 2,035.68 million in fiscal 2018.

Total tax expense

Total tax expense for the fiscal 2019 increased to a tax expense of ₹ 6.36 million as compared to a credit of ₹ 67.82 million in Fiscal 2018 primarily on account of reversal of previous period tax expense in JTCL for earlier year aggregating to ₹ 67.82 million being recognized in fiscal 2018.

Total Comprehensive Income (TCI)

As a result of the factors outlined above, our TCI for the year was ₹ 1,539.14 million in fiscal 2019 compared to the TCI for the year of ₹ 2,103.50 million in fiscal 2018.

NON-GAAP MEASURES

EBITDA (earnings before interest, taxes, depreciation, and amortization) and EBITDA as a percentage of total income (together, "Non-GAAP Measures"), presented in this Draft Letter of Offer is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with Ind AS. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS. Other organizations may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, we believe that they are useful to an investor in evaluating us as they are widely used measures to evaluate an organization's operating performance.

India Grid Trust

Reconciliation of Total Comprehensive Income for the Period / Year to EBITDA and EBITDA as a percentage of total income

The table below reconciles the total comprehensive income for the period / year to EBITDA. EBITDA is calculated as total comprehensive income for the period / year, plus profit for the period / year, plus finance costs, total tax expenses /(credit), depreciation expense, Impairment / (reversal) of service concessions / property, plant and equipment, less income from investment in mutual funds, interest income on investment in fixed deposits and other finance income while EBITDA as a percentage of Total Income is calculated by dividing EBITDA by Total income for the period / year.

Particulars	**(₹ million)**				
	Nine months period ended December 31, 2020	**Nine months period ended December 31, 2019**	**Fiscal 2020**	**Fiscal 2019**	**Fiscal 2018**
Total comprehensive income for the period / year (A)	**2,657.14**	**4,060.47**	**5,057.20**	**1,539.14**	**2.103.50**
Add: Finance costs (B)	4,805.86	2,958.26	4,153.38	2,295.83	1,012.57
Add: Total tax expenses /(credit) (C)	26.76	(53.14)	(57.33)	6.36	(67.82)
Add: Depreciation expense (D)	3,100.59	2,244.03	3,101.12	1,809.22	1,157.41
Add: Impairment / (reversal of impairment) of property, plant and equipment (E)	231.66	(456.96)	(456.96)	456.96	-
Less: Income from investment in mutual funds (F)	98.21	165.56	190.89	48.64	49.94
Less: Interest income on investment in fixed deposits (G)	103.62	78.31	102.09	22.63	0.86
Less: Other finance income (H)	10.05	-	0.32	-	-
Earnings before interest, taxes, depreciation and amortization expenses (EBITDA) I = (A + B + C + D + E – F – G - H)	10,610.13	8,508.79	11,504.11	6,036.24	4,154.86
Total Income (J)	12,000.56	9,432.65	12,785.94	6,739.05	4,605.00
EBITDA as a percentage of Total income for the period / year K = (I / J)	88.41%	90.21%	89.97%	89.57%	90.22%

IndiGrid Investment Managers Limited

Reconciliation of Total Comprehensive Income for the Period / Year to EBITDA

The table below reconciles the total comprehensive income /(loss) for the year to EBITDA. EBITDA is calculated as total comprehensive income/ (loss) for the year, plus finance costs, total tax expenses, depreciation expense, less finance income.

Particulars	**(₹ million)**		
	Fiscal 2020	**Fiscal 2019**	**Fiscal 2018**
Total comprehensive income/ (loss) for the year (A)	**(10.58)**	**(0.16)**	**0.53**
Add: Finance costs (B)	15.28	9.17	9.8
Add: Total tax expense (C)	(4.04)	(2.14)	(2.73)
Add: Depreciation expense (D)	3.27	0.00	0.00
Less: Finance income (E)	(5.32)	(5.94)	(3.92)
Earnings before interest, taxes, depreciation and amortization (EBITDA) F = (A + B + C + D - E)	**(1.39)**	**0.93**	**3.68**

Sterlite Power Transmission Limited

Reconciliation of Profit/(loss) for the year to EBITDA

The table below reconciles the Profit /(loss) for the year to EBITDA. EBITDA is calculated as Profit/(loss) for the year, adjusted for the amounts as mentioned in the table below:

Particulars	(₹ million)		
	Fiscal 2020	Fiscal 2019	Fiscal 2018
Profit/(loss) for the year (A)	**9,416.61**	**(5,237.06)**	**4.63**
Add: Income tax expense (B)	3,952.86	412.00	422.79
Add: Exceptional item (C)	925.87		
Less: Share of profit of an associate (D)	8.74	325.99	435.85
Add: Depreciation and amortisation expense (E)	1,751.91	1,951.90	1,955.87
Add: Impairment expense (F)	669.40	1,873.65	-
Add: Finance costs (G)	7,648.71	6,011.47	4,342.83
Less: Finance income (H)	300.34	185.00	172.93
Earnings before interest, taxes, depreciation and amortization (EBITDA) I = (A + B + C - D + E + F + G - H)	**24,056.28**	**4,500.97**	**6,117.34**

Liquidity and Capital Resources of IGT

Overview

Our principal capital requirements are for interest costs and the repayment of long-term borrowings.

Over the past three years, we have been able to finance our capital requirements through cash generated from our operations and long and short term bank loans and facilities availed from financials institutions. We have been able to finance the operations and maintenance of our electricity transmission projects requirements of our Portfolio Assets through cash generated from our operations. As at December 31, 2020 we had ₹ 11,838.36 million of cash and cash equivalents, ₹ 3,213.11 million in trade receivables, ₹ 1,700.01 million in current investments.

We believe that, after taking into account the expected cash to be generated from our operations, we will have sufficient liquidity for our present requirements and anticipated requirements for interest costs and the repayment of long-term borrowings for at least 12 months following the date of this Draft Letter of Offer.

The following table sets forth information on our current investments and cash and cash equivalents as at the dates indicated:

Particulars	(in ₹ million)				
	As on December 31, 2020	Fiscal 2020	As on December 31, 2019	Fiscal 2019	Fiscal 2018
Current Investments	1,700.01	-	1,145.18	75.72	-
Cash and cash equivalents	11,838.36	4,088.41	554.88	1,603.66	1,672.92

The following table sets forth certain information concerning our cash flows for the periods indicated:

Particulars	(in ₹ million)				
	Nine months ended December 31, 2020	Fiscal 2020	Nine months ended December 31, 2019	Fiscal 2019	Fiscal 2018
Net cash flow from operating activities	10,446.76	11,249.04	7,722.90	5,800.15	4,332.55
Net cash flow (used in) investing activities	(16,815.04)	(60,907.39)	(52,573.92)	(2,303.67)	(46,238.74)
Net cash flow from /(used in) financing activities	14,118.23	52,143.10	43,802.24	(3,565.75)	43,579.11

Net Cash generated by / (used in) operating activities

Net cash generated by operating activities increased to ₹ 10,446.76 million in the nine months ended December 31, 2020 from ₹ 7,722.90 million in the nine months ended December 31, 2019, primarily due to an increase in operating profit before working capital changes of ₹ 2,111.39 million and a decrease in changes in working capital of ₹ 384.19 million. The changes in working capital primarily included a decrease in movement of other current and non current assets of ₹ 30.78 million, and decrease in movement of trade receivables of ₹ 56.16 million and increase in movement of other current liabilities of ₹ 468.06 million.

Net cash generated by operating activities increased to ₹ 11,249.04 million in Fiscal 2020 from ₹ 5,800.15 million in Fiscal 2019, primarily due to an increase in operating profit before working capital changes of ₹ 5,477.56 million and decrease in change in working capital by ₹ 90.96 million, which was partially offset by higher cash outflow of ₹ 119.63 million on account of direct taxes paid (net of refunds).

Net cash generated by operating activities increased to ₹ 5,800.15 million in fiscal 2019 from ₹ 4,332.55 million in fiscal 2018, primarily due to an increase in operating profit before working capital changes of ₹ 1,935.86 million compensated by decrease in change in working capital by ₹ 461.97 million.

Net Cash generated by/(used in) Investing Activities

Net cash flow used in investing activities decreased to ₹ 16,815.04 million in the nine months ended December 31, 2020 from ₹ 52,573.92 million in the nine months ended December 31, 2019, primarily due to lower acquisition of property, plant and equipment (including capital work-in-progress and capital advances) by ₹ 38,547.38 million for the nine month period ended December 31,2020.

Net cash flow used in investing activities increased to ₹ 60,907.39 million in Fiscal 2020 from net cash used in investing activities of ₹ 2,303.67 million in Fiscal 2019, primarily due to an increase in outflow of ₹ 56,904.42 million towards the acquisition of property, plant and equipment in Fiscal 2020.

Net cash flow used in investing activities decreased to ₹ 2,303.67 million in fiscal 2019 from net cash used in investing activities of ₹ 46,238.74 million in fiscal 2018, primarily due to a decrease in outflow of acquisition of property, plant and equipment in fiscal 2019 amounting ₹ 42,488.69 million.

Net Cash generated by/(used in) Financing Activities

Net cash generated from financing activities decreased to ₹ 14,118.23 million in the nine months ended December 31, 2020 as compared to a cash inflow of ₹ 43,802.24 million in the nine months ended December 31, 2019, primarily due to the inflows on account of issue of unit capital of ₹ 25,140.48 million (net of issue expenses of ₹ 374.79 million) during period nine months ended December 31, 2019.

Net cash flow generated from financing activities increased to ₹ 52,143.10 million in Fiscal 2020 from net cash flow used in financing activities of ₹ 3,565.75 million in Fiscal 2019, primarily due to proceeds from issue of unit capital of ₹ 25,140.48 million (net of issue expenses of ₹ 374.79 million) and increase in proceeds from issue of debentures and long term borrowings (net of repayment of long term borrowings) of ₹ 35,569.88 million, which was partially offset by an increase in distribution to Unitholders of ₹ 2,701.32 million and increase in finance costs by ₹ 1,652.49 million.

Net cash flow used in financing activities was ₹ 3,565.75 million for fiscal 2019 from a cash generation of ₹ 43,579.11 million in fiscal 2018 primarily due to a decreased inflow on account of proceeds from the issue of unit capital done in the previous period of ₹ 22,500 million, proceeds from the issue of debentures and long-term borrowings net of repayment of such borrowings of ₹ 22,024.31 million, outflow on account of an increased distribution to unitholders of ₹ 1,548.90 million and increased finance costs of ₹ 1,071.65 million.

Financial Resources

As of December 31, 2020, we had aggregate cash and cash equivalents including current investment of ₹ 13,538.37 million, an increase of ₹ 11,838.31 million from ₹ 1,700.06 million as of December 31, 2019 primarily on account of ₹ 5000.00 million held for refinancing, borrowing of ₹ 3600.00 million held for PrKTCL acquisition, higher cash held for DSRA and interest servicing of future period . Our current trade receivables increased from ₹ 2,512.73 million as of December 31, 2019 to ₹ 3,213.11 million as of December 31, 2020, due to an increase in trade receivables of GPTL and JKTPL.

As of March 31, 2020, we had aggregate cash and cash equivalents including current investment of ₹ 4,088.41 million, an increase of ₹ 2,409.03 million from ₹ 1,679.38 million as of March 31, 2019 due to an increase in the distribution to Unitholders, higher DSRA for increase in borrowings for the acquisition of NTL and OGPTL, cash acquired on acquisition of ENICL and cash held for payable for acquisitions. Our current trade receivables increased from ₹ 1,140.61 million as of March 31, 2019 to ₹ 2,458.33 million as of March 31, 2020 due to an increase in unsecured, considered goods, higher receivable for NTL and OGPTL acquired during fiscal 2020. Our other current financial assets increased from ₹ 553.26 million as of March 31, 2019 to ₹ 1,282.63 million as of March 31, 2020, primarily due to an increase in unbilled revenue for NTL and OGPTL.

As of March 31, 2019, we had aggregate cash and cash equivalents including current investment of ₹ 1,679.38 million, an increase of ₹ 6.46 million from ₹ 1,672.92 million as of March 31, 2018, which is in line with cash and cash equivalents of

March 31, 2019. Our trade receivables increased from ₹ 1,061.89 million as of March 31, 2018 to ₹1,140.61 million as of March 31, 2019, due to increase in receivables of PTCL which was acquired on August 31, 2018.

Contractual Liabilities

The table below sets forth, as of March 31, 2020, our contractual obligations with definitive payment terms. These obligations primarily relate to indebtedness incurred for the construction of the Portfolio Assets.

(₹ million)

Particulars	**Payable on demand**	**Less than 3 months**	**3 months to 12 months**	**1 year to 5 years**	**More than 5 years**	**Total**
March 31, 2020						
Borrowings	-		-	39,891.20	22,699.93	62,591.13
Trade payables	-	332.91	-	-	-	332.91
Other financial liabilities (excluding derivative instruments)	-	943.92	2,643.21	-	-	3,587.13
Derivatives #	-	73.45	155.39	833.44	1,458.93	2,521.21
Total	**-**	**1,350.28**	**2,798.60**	**40,724.64**	**24,158.86**	**69,032.38**

Based on gross undiscounted cash flows. The mark-to market as on March 21, 2020 is ₹ 23.00 million.

Contingent Liabilities as per Ind AS 37

As of March 31, 2020, we had a contingent liability as per Ind AS 37 of ₹ 435. 90 million the details for which are as set forth in the table below:

Particulars	**As on 31 March 2020 (in ₹ million)**
Entry tax demand	411.24
Sales tax demand	24.66
Total	**435.90**

Borrowings

Our borrowings consist of long-term and short borrowings, including secured and unsecured term loans from banks, financial institution and individuals, and market-linked non-convertible debentures excluding current and non-current lease liability.

As of December 31, 2020, we had non-current long term borrowings (including current maturities and excluding current and non-current lease liabilities) of ₹ 87,367.03 million, which increased by 36.87% from ₹ 63,832.17 million as of March 31, 2020, primarily due to long term loan availed for GPTL and additional long term loan and non-convertible bonds of India Grid Trust for acquisition of new assets and refinancing of existing borrowings.

As of March 31, 2019, we had non-current long term borrowings (including current maturities) of ₹ 26,118.65 million, which increased by 32.37% from ₹ 19,732.08 million as of March 31, 2018, primarily due to additional debt raised for refinancing of short term borrowing and acquisition of new assets.

Particulars	**(in ₹ million)**			
	Fiscal 2018	**Fiscal 2019**	**Fiscal 2020**	**As at December 31, 2020**
Secured Non-Current Long-term Borrowing	19,112.50	25,902.00	62,591.13	86,749.04
Non-Current Long-term Borrowing (current maturities)	619.58	216.65	1,241.04	617.99
Secured Short-term Borrowing	4,230.00	-	-	-
Total borrowings	**23,962.08**	**26,118.65**	**63,832.17**	**87,367.03**

For further details, please see the section entitled "*Financial Indebtedness and Deferred Payments*" on page 219.

Historical and planned capital expenditure

We do not anticipate any further capital expenditures for the Portfolio Assets. We will incur capital expenditure for the Target Asset until COD is achieved for NER in terms of the NER TSA.

Off-Balance Sheet Transactions

We do not have any off-balance sheet transactions.

Related party transactions

We have in past engaged, and in the future may engage, in related party transactions. For a description of our related party transactions, see the section entitled "*Related Party Transactions*" on page 243.

Market Risks

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: interest rate risk and foreign currency risk. Financial instruments affected by market risk include borrowings, bank deposits, investments in short-term mutual funds, and derivative financial instruments.

Interest rate risk

Our exposure to the risk of changes in market interest rate primarily relates to our long term debt obligations with floating interest rates.

The development and construction of the Portfolio Assets and the Target Asset were funded to large extent by debt and increase in interest expenses could have adverse effect on our cash flows, results of operations and financial condition. Although from time to time we may engage in interest rate hedging transactions or exercise any rights available to us under these financing arrangements to terminate the existing debt financing arrangement and enter into new financing arrangements, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks.

Foreign currency risk

Foreign currency borrowing creates an exchange rate risk as we do not have any revenues in foreign currency. This foreign currency risk is hedged by using foreign currency forward contracts and derivatives. As at December 31, 2020, March 31, 2020, March 31, 2019 and March 31, 2018, we hedged our foreign currency loan from financial institution aggregating to ₹ 2,293.24 million, ₹ 2,498.20 million, ₹ 2,453.19 million and ₹ 2,440.62 million, respectively.

Liquidity risk

Liquidity risk is the risk that we may encounter when we face difficulties in meeting financial obligations that are required to be settled by delivering cash or another financial asset. We primarily requires funds for short term operational needs as well as for long term investment programs mainly to finance projects. We manage this risk by closely monitoring our liquidity position and by deploying a cash management system, and we aim to minimise these risks by generating sufficient cash flows from our operations.

Credit Risk

Under the PoC mechanism, all the charges collected by the CTU are disbursed pro-rata to all transmission service providers, or TSPs, including us, from the pool in proportion of respective billed amount. Due to this, the TSPs are shielded against any potential default by a particular DIC. If a particular DIC delays or defaults, the delay or shortfall is prorated amongst all the licensees. Although a systemic risk, any delay in payments of monthly transmission charges to CTU by long term transmission customers ("**LTTCs**") may adversely affect our cash flows and results of operations. With respect to JKTPL, we are exposed to counter party credit risk since HVPNL is the sole customer under the existing transmission agreement .

Inflation

Inflation may have a material impact on our business, results of operations and cash flows. Only a relatively small proportion of our tariff fee is comprised of an escalable component which varies with inflation, most of the tariff is on a fixed non-escalable rate. Our major expenses, including insurance costs and third party contractors for operations and maintenance, are subject to inflation.

Seasonality

Our financial results are not affected by seasonality.

Unusual or Infrequent Events or Transactions

Except as described in this Draft Letter of Offer, there have been no events or transactions to our knowledge which may be described as "unusual" or "infrequent".

Known Trends or Uncertainties

Other than as described in the sections "*Risk Factors*" and "*Management's Discussion and Analysis of Factors by the Directors of the Investment Manager affecting the Financial Condition, Results of Operations and Cash Flows*" on pages 56 and 226, respectively, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

Future Relationships between Expenditure and Income

Other than as described in the sections "*Risk Factors*" and "*Management's Discussion and Analysis of Factors by the Directors of the Investment Manager affecting the Financial Condition, Results of Operations and Cash Flows*" on pages 56 and 226, to our knowledge there are no known factors which will have a material adverse impact on our operations or finances.

New Services or Business

Other than as described in the section "*Our Business*" on page 176, there are no new services or business in which we operate.

Competitive Conditions

We expect competitive conditions in our industry to intensify further as new entrants emerge and as existing competitors seek to emulate our InvIT business model and offer similar services and investment opportunities. For further details, please refer to the sections "*Risk Factors*" and "*Our Business*" on pages 56 and 176, respectively.

Significant Developments after December 31, 2020

To our knowledge, except the acquisition of PrKTCL, there has been no subsequent development after the date of the Consolidated Financial Statements which materially and adversely affects, or is likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next 12 months. For more details on the acquisition, please see the section entitled "*Our Business – Parbati Koldam Transmission Company Limited*" on page 205.

The Trust and the Investment Manager confirm that there has been no material change in the contingent liabilities since December 31, 2020, being the date of latest financial information included in this Draft Letter of Offer.

The Trust and the Investment Manager confirm that there has been no material change in the capital and other commitments since December 31, 2020, being the date of latest financial information included in this Draft Letter of Offer.

The month-wise unaudited revenue for the Portfolio Assets from the date of the latest financial statements included in this Draft Letter of Offer until the completed month before the filing of this Draft Letter of Offer has been provided below:

(in ₹ million)

Sr. No.	Portfolio Assets	January 2021#	February 2021#
1.	Bhopal Dhule Transmission Company Limited	231.00	194.00
2.	Jabalpur Transmission Company Limited	127.00	118.00
3.	Maheshwaram Transmission Limited	50.00	45.00
4.	RAPP Transmission Company Limited	39.00	34.00
5.	Purulia & Kharagpur Transmission Company Limited	64.00	58.00
6.	Patran Transmission Company Limited	27.00	24.00
7.	East – North Interconnection Company Limited	126.00	108.00
8.	Gurgaon – Palwal Transmission Limited	132.00	116.00
9.	Jhajjar KT Transco Private Limited	32.00	42.00
10.	NRSS XXIX Transmission Limited	447.00	397.00
11.	Odisha Generation Phase - II Transmission Limited	144.00	125.00
12.	Parbati Koldam Transmission Company Limited	151.00	135.00

Gross revenue earned (i.e. without adjustment of rebate)

RELATED PARTY TRANSACTIONS

In terms of Regulation 2(1)(zv) of the InvIT Regulations, related party shall be as defined as under the Companies Act, 2013 or under the applicable accounting standards and shall also include: (i) Parties to IndiGrid; and (ii) promoters, directors, and partners of the Parties to IndiGrid. Further, related parties also include such persons and entities as defined in terms of the applicable accounting standards, being IndAS 24 on "*Related Party Disclosures*" (the "**Related Parties**"). The Parties to IndiGrid, may, from time to time, enter into related party transactions, in accordance with applicable law.

Proposed Related Party Transactions

IndiGrid, acting through the Trustee, proposes to utilize the Issue Proceeds for, amongst others, acquiring 26% of the issued, subscribed and paid-up equity share capital of NER, either directly or indirectly from the Sterlite Sponsor, pursuant to a securities purchase agreement proposed to be entered into between Sterlite Sponsor, SGL4, the Investment Manager and other relevant entities and in line with the framework agreement entered into between the Sterlite Sponsor, the Investment Manager and the Trustee dated April 30, 2019. The Board of Directors of the Investment Manager has approved the acquisition of NER, subject to Unitholders' and other regulatory approvals. For further details, please refer to the section entitled "*Use of Proceeds*" on page 216.

Acquisition of the Target Asset by IndiGrid

The Trustee, on behalf of and acting in its capacity as Trustee to IndiGrid, has entered into a share purchase agreement for the purpose of acquiring 100% of the issued, subscribed and paid-up equity share capital of NER.

Share Purchase Agreement for acquisition of NER

The Trustee (on behalf of and acting in its capacity as Trustee to IndiGrid) has entered into a share purchase agreement dated March 5, 2021 with the Sterlite Sponsor, the Investment Manager, SGL4 and NER (the "**NER Share Purchase Agreement**") to acquire 100% of the issued, subscribed and paid up equity share capital of NER. IndiGrid has agreed to pay a consideration amounting to the equity value of NER, calculated based on the management certified profit and loss account, cash flow statement and balance sheet on a standalone basis of NER, for the period from April 1, 2020 to the Closing Financial Statements Date, as defined in the NER Share Purchase Agreement, prepared in accordance with the IndAS ("**Closing Equity Value**"), as adjusted by the difference between such Closing Equity Value and the final equity value as certified by the management of SGL4 and NER upon satisfaction or waiver of all the conditions precedent to the transaction. Pursuant to the NER Share Purchase Agreement, the Closing Equity Value will be the sum of an amount agreed in writing by the parties (the "**Enterprise Value**") minus certain identified liabilities.

Pursuant to the NER Share Purchase Agreement, NER will stand transferred to IndiGrid ("**Proposed Transaction**") subject to the satisfaction of certain conditions precedent such as:

(a). each of the Sterlite Sponsor ,SGL4 and NER having obtained necessary corporate approvals necessary for the Proposed Transaction;

(b). each of the Sterlite Sponsor, SGL4 and NER, as applicable, having obtained regulatory approvals and no-objection certificates that are required, if any;

(c). delivery of evidence of shareholding of the shares in NER by the SGL4 to IndiGrid;

(d). procuring consents, no dues or no claim certificates, invoices, no objection certificates and approvals (including the commercial operation date related approvals) from various parties, as specified in the NER Share Purchase Agreement;

(e). delivery of bank guarantee for an aggregate amount of 1,000 million to IndiGrid in accordance with the the inter-se agreement, in relation to the bank guarantee agreement, entered into on March 5, 2021 between, amongst others, the Sterlite Sponsor, Axis Trustee Services Limited (on behalf of and acting in its capacity as the Trustee to IndiGrid) and the Investment Manager; and

(f). each of the Sterlite Sponsor, SGL4 and NER, as applicable, having performed and complied with agreements, obligations and conditions as set out in the NER Share Purchase Agreement.

Further, in accordance with the NER Share Purchase Agreement, the Sterlite Sponsor and SGL4 has provided certain customary representations and warranties to IndiGrid and the Investment Manager in relation to itself and NER, which include, amongst others:

(a). each of Sterlite Sponsor, SGL4 and NER are duly incorporated;

(b). due authorization and validity of the shares being sold;

(c). due accounting and finance conditions;

(d). representations in relation to taxation, litigation, corporate records and material contracts; and

(e). validity of approvals, licenses, permits and authorizations.

Pursuant to the NER Share Purchase Agreement, the Sterlite Sponsor and SGL4 have agreed to, jointly and severally, indemnify IndiGrid, the Investment Manager and NER, for identified losses resulting from events such as breach of representations and warranties, breach of covenants, fraud and wilful defaults and claims in relation to certain specified items and approvals, as specifically laid out in the NER Share Purchase Agreement.

The Investment Manager's Internal Controls System

The Investment Manager has implemented an internal controls system to ensure that all future or any subsequent modifications of transactions of IndiGrid with related parties will be:

(a). on an arm's length basis in accordance with the relevant accounting standards;

(b). in the best interest of the Unitholders; and

(c). consistent with the strategy and investment objectives of IndiGrid.

For a description of the various measures implemented by the Investment Manager in this regard, please see the section entitled "*Corporate Governance*" on page 130.

Potential Conflicts of Interest

The Investment Manager has established certain procedures to deal with conflict of interest issues. For details and description of such procedures, please see the section entitled "*Corporate Governance*" on page 130.

Further, in order to manage any potential competition and conflicts of interest that may arise between SPTL and IndiGrid in relation to any interests in transmission business, SPGVL (which is now merged with SPTL) entered into a ROFO Deed with the Trustee (acting in its capacity as the trustee of IndiGrid) on May 5, 2017 and the Original Framework Agreement on April 30, 2019 read with the Amendment to the Framework Agreement dated August 28, 2020. For further details on management of potential conflicts of interest (including procedure for dealing with related party transactions), please see the section entitled "*Corporate Governance – Policies of the Board of Directors of the Investment Manager in relation to IndiGrid*" on page 135.

Disclosure of Related Party Transactions

For details of the related party transactions entered into by IndiGrid, please refer to disclosures made to the Stock Exchanges in this regard available at https://www.bseindia.com/ and https://nseindia/index_nse.htm and the disclosures made on https://www.indigrid.co.in/download-investor.html.

REGULATORY APPROVALS

IndiGrid, the Portfolio Assets and the Target Asset are required to obtain consents, licenses, registrations, permissions and approvals for carrying out their present business activities which include, approvals for registration as an infrastructure investment trust and for carrying out its present business, as applicable. Such approvals include transmission licenses, consents, licenses, registrations, permissions and approvals under the Electricity Act, 2003 and regulations made thereunder, approvals from the telegraph authority, energisation approvals from the Central Electricity Authority, aviation clearances from the Airport Authority of India, no objection certificates from the Ministry of Defence, certain environmental approvals and clearances and tax related approvals. There are certain other consents, licenses, registrations, permissions and approvals that the Portfolio Assets obtain for our business, which include, labour related approvals, approvals under the shops and establishments acts of various states, power line crossing approvals, railway line crossing approvals and other approvals. The requirement for such approvals for a particular project undertaken by us may vary based on factors such as the legal requirement in the state in which the project is being undertaken, the size of the projects undertaken and the type of project. Further, as the obligation to obtain such approvals arises at various stages of construction or completion of our projects and related assets, applications are filed and the necessary approvals are obtained at the appropriate stage.

Other than as stated in this section, IndiGrid, the Portfolio Assets and the Target Asset have obtained necessary consents, licenses, permissions, registrations and approvals from various governmental, statutory and regulatory authorities, required for the registration as an infrastructure investment trust and for carrying out its present business, as applicable. Certain material consents, licenses, registrations, permissions and approvals that are required to be obtained by IndiGrid, the Portfolio Assets and the Target Asset for undertaking their business may elapse from time to time in their normal course and they make applications to the relevant Central or State government authorities for renewal of such consents, licenses, registrations, permissions and approvals or may have made such applications (wherever expedient and prudent) for renewal of such consents, licenses, registrations, permissions and approvals. In view of the approvals listed below, IndiGrid can undertake the Issue as well as its current business, as applicable, and no further major approvals from any governmental or regulatory authority under the Electricity Act, 2003, or the rules made thereunder or any other entity are required to undertake the Issue or to continue its business, as applicable. Unless otherwise stated, these approvals are all valid as on date of this Draft Letter of Offer.

I. Approvals in relation to the Issue

1. In-principle approval from the BSE dated [●], 2021.

2. In-principle approval from the NSE dated [●], 2021.

II. Approvals for IndiGrid

1. Certificate of registration bearing number IN/InvIT/16-17/0005 dated November 28, 2016 with SEBI as an infrastructure investment trust.

2. E-mail communication bearing number FED.CO.FID.No. 1751/10.02.01/2020-21 dated February 17, 2021 from the Reserve Bank of India approving the subscription of Units by way of a rights issue, subject to compliance with the FEMA Rules and the SEBI Rights Issue Guidelines.

III. Approvals received by BDTCL

1. Transmission license dated October 12, 2011 issued by the CERC for building, maintaining and operating transmission lines for six interstate transmission systems, being, (i) Jabalpur to Bhopal; (ii) Bhopal to Indore; (iii) Bhopal to Bhopal; (iv) Aurangabad to Dhule; (v) Dhule to Vadodara; and (vi) Dhule to Dhule.

2. Tariff order dated October 28, 2011 issued by the CERC under Section 63 of the Electricity Act for adoption of transmission charges in respect of the transmission system developed by BDTCL.

3. Approval dated November 25, 2010 issued by the Ministry of Power, Government of India under Section 68 of the Electricity Act for the transmission project set up by BDTCL.

4. Approval dated January 29, 2013 issued by the Ministry of Power, Government of India, under Section 164 of the Electricity Act for six interstate transmission systems, being, (i) Jabalpur to Bhopal; (ii) Bhopal to Indore; (iii) Bhopal to Bhopal; (iv) Aurangabad to Dhule; (v) Dhule to Vadodara; and (vi) Dhule to Dhule.

5. Approvals issued by the CEA, for energisation of (i) the electrical apparatus at Dhule associated with the Dhule-Vadodara line, the Dhule-Aurangabad line, the bus reactor main bay, HVDC lines and the Dhule-Dhule lines and other associated apparatus, (ii) Agaria Bhopal sub-station, (iii) 400 kV D/C Bhopal-Bhopal transmission line; (iv) 765 kV S/C Bhopal-Indore transmission line; (v) 765 kV S/C Dhule-Aurangabad transmission line; (vi) 765 kV S/C Dhule-Vadodara transmission line; (vi) 765 kV S/C Jabalpur-Bhopal transmission line; and (vii) 400 kV D/C Dhule-Dhule transmission line.

IV. Approvals received by JTCL

1. Transmission license dated October 12, 2011 issued by the CERC to establish a transmission project to strengthen the western and northern region and building, owning, maintaining and operating transmission lines from (i) Dharamjaygarh to Jabalpur; and (ii) Jabalpur to Bina.

2. Tariff order dated October 28, 2011 issued by the CERC under Section 63 of the Electricity Act for adoption of transmission charges in respect of the transmission system developed by JTCL.

3. Approval dated November 25, 2010 issued by the Ministry of Power, Government of India under Section 68 of the Electricity Act for the transmission project set up by JTCL.

4. Approval dated July 12, 2013 issued by the Ministry of Power, Government of India under Section 164 of the Electricity Act for (i) 765 kV D/C Dharamjaygarh to Jabalpur transmission line; and (ii) 765 kV S/C Jabalpur to Bina transmission line.

5. Approvals issued by the CEA, for energisation of (i) the 765 kV S/C Jabalpur to Bina transmission line from the 765/400 kV substation at Jabalpur to the 765/400 kV substation at Bina; and (ii) the 765 kV D/C Dharamjaygarh to Jabalpur transmission line from the 765/400 kV substation at Jabalpur to the 765/400 kV substation at Dharamjaygarh.

V. Approvals received by MTL

1. Transmission license dated November 23, 2015 issued by the CERC for building, owning, operating and maintaining transmission lines from (i) Maheshwaram to Mehboobnagar; and (ii) Nizamabad to Yeddumailaram (Shankarpalli).

2. Tariff order dated November 24, 2015 issued by the CERC under Section 63 of the Electricity Act for adoption of transmission charges in respect of the transmission system developed by MTL and corrigendum to such tariff order dated June 12, 2017.

3. Approval dated July 27, 2015 issued by the Ministry of Power, Government of India under Section 68 of the Electricity Act for the transmission project set up by MTL.

4. Approval dated September 20, 2016 issued by the Ministry of Power, Government of India under Section 164 of the Electricity Act for (i) 400 kV D/C Maheshwaram to Mehboobnagar transmission line; and (ii) 400 kV D/C Nizamabad to Yeddumailaram (Shankarpalli) transmission line.

5. Approvals issued by the CEA, for energization of (i) 400 kV line bays extension for 400 kV D/C Nizamabad to Yeddumailaram (Shankarpalli) transmission line; (ii) 400 kV D/C Nizamabad to Yeddumailaram (Shankarpalli) transmission line; (iii) 400 kV D/C Maheshwaram to Mehaboobnagar transmission line; and (iv) 400 kV line bays extension at Veltoor (Mehboobnagar) station.

VI. Approvals received by PKTCL

1. Transmission license dated May 30, 2014 issued by the CERC to establish a transmission project to strengthen the eastern system and building, owning, operating and maintaining transmission lines from (i) Kharagpur to Chaibasa; and (ii) Purulia to Ranchi.

2. Tariff order dated August 20, 2014 issued by the CERC under Section 63 of the Electricity Act for adoption of transmission charges in respect of the transmission system developed by PKTCL.

3. Approval dated May 29, 2013 issued by the Ministry of Power, Government of India under Section 68 of the Electricity Act for the transmission project set up by PKTCL.

4. Approval dated May 7, 2015 issued by the Ministry of Power, Government of India under Section 164 of the Electricity Act for (i) 400 kV D/C Kharagpur to Chaibasa transmission line; and (ii) 400 kV Purulia to Ranchi transmission line.

5. Approvals issued by the CEA, for energisation of (i) 400 kV Puralia to Ranchi D/C transmission line; and (ii) 400 kV Kharagpur to Chaibasa D/C transmission line.

VII. Approvals received by RTCL

1. Transmission license dated July 31, 2014 issued by the CERC for building, owning, operating and maintaining the transmission system comprising the RTCL Kota to Shujalpur transmission line.

2. Tariff order dated July 23, 2014 issued by the CERC under Section 63 of the Electricity Act for adoption of transmission charges in respect of the transmission system to be developed by RTCL.

3. Approval dated May 16, 2013 issued by the Ministry of Power, Government of India under Section 68 of the Electricity Act for the transmission project set up by RTCL.

4. Approval dated January 7, 2015 issued by the Ministry of Power, Government of India under Section 164 of the Electricity Act for the 400 kV D/C RTCL Kota to Shujalpur transmission line.

5. Approvals issued by the CEA, for energisation of the 400 kV D/C (Twin Moose) RTCL Kota to Shujalpur transmission line.

VIII. Approvals received by PTCL

1. Transmission license dated July 14, 2014 issued by the CERC for establishing the transmission system comprising 2x500 MVA, 400/220 kV substation and LILO of both circuits of Patiala - Kaithal 400 kV ("**PTCL Project**").

2. Tariff order dated August 5, 2014 and corrigendum to the order dated May 19, 2017 issued by the CERC under Section 63 of the Electricity Act for adoption of transmission charges in respect of the transmission system developed by PTCL.

3. Approval dated May 16, 2013 issued by the Ministry of Power, Government of India under Section 68 of the Electricity Act for the transmission system set up by PTCL.

4. Approval dated March 21, 2016 issued by the Ministry of Power, Government of India under Section 164 of the Electricity Act for the PTCL Project.

5. Approvals issued by the CEA, for energisation of the LILO of 400 kV D/C Patiala-Kaithal line at 400/220 kV GIS Patran substation of PTCL and 400 kV GIS module, 220 kV GIS module at 400/220 kV GIS substation of PTCL.

IX. Approvals received by NTL

1. Transmission license dated November 14, 2014 issued by the CERC for establishing the transmission system comprising comprising (i) Jalandhar – Samba 400 kV D/C; (ii) LILO of both circuits of Uri- Wagoora 400 kV D/C line at Amargarh (on multi – circuit towers); (iii) Samba – Amargarh 400 kV D/C routed through Akhnoor/Rajouri; and (iv) Establishment of 7x 105 MVA (1ph units), with 400/220 kV GIS sub- station at Amargarh ("**NTL Project**").

2. Tariff order dated December 10, 2014 and corrigendum to the order dated June 12, 2017, issued by the CERC under Section 63 of the Electricity Act for adoption of transmission charges in respect of the transmission system developed by NTL.

3. Approval dated September 19, 2013 issued by the Ministry of Power, Government of India under Section 68 of the Electricity Act for the transmission system set up by NTL.

4. Approval dated September 17, 2015 issued by the Ministry of Power, Government of India under Section 164 of the Electricity Act for the NTL Project.

5. Approvals issued by the CEA, for energisation of (i) 400 kV D/C (Twin Moose) Jalandhar-Samba line; (ii) the 400 kV D/C (Twin Moose) Samba - Amargarh line; (iii) the LILO of both circuits of Uri- Wagoora 400 kV D/C line (line length = 6.82 km) at 400/220 kV GIS sub-station at Amargarh, Srinagar; and (iv) the 400/220 kV GIS sub-station at Amargarh of NTL.

X. Approvals received by OGPTL

1. Transmission license dated June 30, 2016 issued by the CERC for establishing the transmission system comprising (i) Jharsuguda (Sundargarh) Rajpur Pool 765 kV D/C line (Hexa Zebra Conductor); and (ii) OPGC-Jharsuguda (Sundargarh) 400 kV D/C (Triple Snowbird Conductor) ("**OGPTL Project**").

2. Tariff order dated May 31, 2016 issued by the CERC under Section 63 of the Electricity Act for adoption of transmission charges in respect of the transmission system developed by OGPTL.

3. Approval dated June 3, 2015 issued by the Ministry of Power, Government of India under Section 68 of the Electricity Act for the transmission system set up by OGPTL.

4. Approval dated March 6, 2017 issued by the Ministry of Power, Government of India under Section 164 of the Electricity Act for the OGPTL Project.

5. Approval issued by the CEA, for energisation of the 400 kV D/C OPGC-Jharsuguda line and 765 kV D/C Sundergarh-Raipur line.

XI. Approvals received by ENICL

1. Transmission license dated October 28, 2010 issued by CERC for establishing the transmission system comprising (i) Bongaigon – Siliguri 400 kV Quad D/C transmission line; and (ii) Purnea - Biharsharif 400 kV Quad D/C transmission line ("**ENICL Project**").

2. Tariff order dated October 28, 2010 issued by CERC under Section 63 of the Electricity Act for adoption of transmission charges in respect of the transmission system developed by ENICL.

3. Approval dated March 25, 2009 issued by the Ministry of Power, Government of India under Section 68 of the Electricity Act for the transmission system set up by ENICL.

4. Approval dated March 25, 2009 issued by the Ministry of Power, Government of India under Section 164 of the Electricity Act for the ENICL Project.

5. Approval issued by CEA, for energization of (i) Bongaigon – Siliguri 400 kV Quad D/C transmission line; and (ii) Purnea - Biharsharif 400 kV Quad D/C transmission line.

XII. Approvals received by JKTPL

1. Transmission license dated October 26, 2010 issued by Haryana Electricity Regulatory Commission for establishing the transmission system comprising (i) 400 kV transmission line from Jharli (Jhajjar) to Kabulpur (Rohtak); (ii) 400 kV transmission line from Kabulpur (Rohtak) to Dipalpur (Sonepat); (iii) 400 kV single circuit loop in loop out transmission line at 400 kV sub-station Dipalpur of 400 Kv double circuit Abdullapur to Bawana line for 1125 MW; and (iv) 400 kV/220 kV/ 132 kV sub- station at Kabulpur (Rohtak) and (v) 400 kV/220 kV sub- station at Dipalpur (Sonepat) ("**JKTPL Project**").

2. Approval dated September 8, 2010 issued by the Power Department, Government of Haryana under under Section 68 of the Electricity Act for the transmission system set up by JKTPL.

3. Approval dated December 9, 2010 issued by the Power Department, Government of Haryana under Section 164 of the Electricity Act for the JKTPL Project.

4. Approval issued by CEA, for energization of (i) 400 kV transmission line from Jharli (Jhajjar) to Kabulpur (Rohtak); (ii) 400 kV transmission line from Kabulpur (Rohtak) to Dipalpur (Sonepat); and (iii) 400 kV single circuit loop in loop out transmission line at 400 kV sub-station Dipalpur of 400 kV double circuit Abdullapur to Bawana line for 1125 MW.

XIII. Approvals received by GPTL

1. Transmission license dated September 29, 2016 issued by the CERC for establishing the transmission system "creation of new 400 kV GIS sub-station in Gurgaon and Palwal area as a part of ISTS" on build, own, operate and maintain basis, more specifically comprising (i) Aligarh - Prithala 400 kV D/C HTLS line; (ii) Prithala – Kadarpur 400 kV D/C HTLS line; (iii) Kadarpur-Sohna Road 400 kV D/C HTLS line; (iv) LILO of Gurgaon-Manesar 400 kV D/C Quad line at Sohna Road S/S; (v) Neemrana – Dhonanda 400 kV D/C HTLS line; (vi) 400/220 kV, 2 x 500 MVA Sub-station at Kadarpur; (vii) 400/220 kV, 2 x 500 MVA Sub-station at Sohna Road; (viii) 400/220 kV, 2 x 500 MVA sub-station at Prithala; (ix) Two 400 kV line bays at 400 kV Dhonanda sub-station ("**GPTL Project**").

2. Tariff order dated September 6, 2016 issued by CERC under Section 63 of the Electricity Act for adoption of transmission charges in respect of the transmission system developed by GPTL.

3. Approval dated November 26, 2015 issued by the Ministry of Power, Government of India under Section 68 of the Electricity Act for the transmission system set up by GPTL.

4. Approval dated March 28, 2017 issued by the Ministry of Power, Government of India under Section 164 of the Electricity Act for GPTL.

5. Approval issued by the CEA, for energization of (i) Aligarh Prithala 400 kV D/C HTLS line; (ii) Kadarpur – Sohna Road 400 kV D/C HTLS line; (iii) 400/220 kV, 2 x 500 MVA Sub-station at Sohna Road; (iv) Two 400 kV line bays at 400 kV Dhonanda sub-station; (v) 400/220 kV, 2 x 500 MVA Sub-station at Kadarpur; (vi) Prithala – Kadarpur 400 kV D/C HTLS line; (vii) 400/220 kV, 2 x 500 MVA sub-station at Prithala; (viii) Neemrana – Dhonanda 400 kV D/C HTLS line; and (ix) LILO of Gurgaon-Manesar 400 kV D/C Quad line at Sohna Road S/S .

XIV. Approvals received by NER

1. Transmission license dated June 20, 2017 issued by the CERC for establishing the transmission system comprising (i) 132 kV D/C Biswanath Chariyalli – Itanagar Line; (ii) 132 kV D/C LILO line between Biswanath Chariyali and Itanagar; (iii) 400kV D/C Silchar– Misa line; (iv) 400/132 kV Single phase sub-station at Surajmaninagar; (v) 400/132 kV Single phase sub-station at P.K. Bari; (vi) 132kV/D/C AGTPP – P.K. Bari line with line bays at AGTPP and P.K. Bari; (vii) 400 kV D/C Surajmaninagar –P.K. Bari Line; and (viii) 2 400 kV D/C line bays at Palatana GBPP switchyard for termination of Palatana- Surajmaninagar400 kV D/C line ("**NER Project**").

2. Tariff order dated June 12, 2017 issued by the CERC under Section 63 of the Electricity Act for adoption of transmission charges in respect of the transmission system developed by NER.

3. Approval dated February 7, 2017 issued by the Ministry of Power, Government of India under Section 68 of the Electricity Act for the transmission system set up by NER.

4. Approval dated August 31, 2018 issued by the Ministry of Power, Government of India under Section 164 of the Electricity Act for NER.

5. Approval issued by the CEA, for energization of (i) 400/132 kV Single phase sub-station at Surajmaninagar; (ii) 400/132 kV Single phase sub-station at P.K. Bari; (ii) 2 400 kV D/C line bays at Palatana GBPP switchyard for termination of Palatana- Surajmaninagar400 kV D/C line; and (iii) line bays at AGTPP and P.K. Bari.

XV. Approvals received by PrKTCL

1. Transmission license dated September 15, 2008 issued by the CERC to construct, maintain and operate the transmission assets comprising (i) 400 kV S/C Parbati-Koldam transmission line-I (Quad Moose Conductor); (ii) 400 kV S/C Parbati-Koldam transmission line-II (Quad Moose Conductor); (iii) 400 kV D/C Parbati-Koldam transmission line (Quad Moose Conductor); (iv) 400 kV D/C Koldam-Ludhiana transmission line (Triple Snowbird Conductor) ("**PrKTCL Project**").

2. Tariff order dated January 15, 2016 issued by the CERC under Section 63 of the Electricity Act for adoption of transmission charges in respect of the transmission system developed by PrKTCL.

3. Approval dated November 14, 2008 issued by the Ministry of Power, Government of India under Section 68 of the Electricity Act for the transmission system set up by PrKTCL.

4. Approval dated June 4, 2009 issued by the Ministry of Power, Government of India under Section 164 of the Electricity Act for PrKTCL.

5. Approval issued by the CEA, for energization of (i) 400 kV S/C Parbati-Koldam transmission line-I (Quad Moose Conductor); (ii) 400 kV S/C Parbati-Koldam transmission line-II (Quad Moose Conductor); (iii) 400 kV D/C Parbati-Koldam transmission line (Quad Moose Conductor); and (iv) 400 kV D/C Koldam-Ludhiana transmission line.

XVI. Approvals applied for, but not yet received

Except as disclosed below, there are no approvals required by IndiGrid, the Portfolio Assets and the Target Asset, for which applications have been made, but approvals have not been received as on the date of this Draft Letter of Offer:

1. ***MTL***

   (a). Final approval from the Ministry of Road Transport & Highway, Hyderabad for the installation of 400 kV Twin transmission lines from Nizamabad to Shankarpalli overhead crossing in between Km 495 to Km 496.

2. ***RTCL***

   (a). Stage II Forest approvals obtained from Ministry of Environment and Forest for diversion of 27.37 hectare of forest land for putting up the 400 kV D/C transmission line from RTCL to Sujalpur and for cutting 217 trees and loping 231 trees.

3. ***PKTCL***

   (a). No objection certificate from Director of OPS (ATS) for construction of 400 kV D/C Purulia -Ranchi Transmission Line in relation to the application made on October 15, 2016.

   (b). No objection certificate from Senior Air Traffic Controller, Airforce Station for installation of Kharagpur-Chaibasa Transmission Line in relation to the application made on February 9, 2016.

(c). No objection certificate from Senior Air Traffic Controller, Airforce Station for construction of 400 kV Kharagpur-Chaibasa Transmission Line in relation to the application made on November 3, 2015.

(d). Final approval from Ministry of Environment, Forest and Climate Change for diversion of 2.696 ha of forest land under Rairangpur Forest Division for setting up the 400 kV D/C Kharagpur-Chaibasa transmission line.

(e). Final approval from Ministry of Environment, Forest and Climate Change for diversion of 59.501 ha forest land in Ranchi and Khunti district of Jharkhand for setting up the 400 kV D/C Purulia -Ranchi transmission line.

4. ***PTCL***

(a). Approvals for the building plans of PTCL from competent authorities in relation to the construction of an electric sub-station in an area measuring 16.1435 acres at village Banwala and Darauli, District Patiala.

5. ***NTL***

(a). No objection certificate from the Air Head Quarters for the construction of the Uri – Wagoora transmission line in relation to the application made by NTL dated January 08, 2018.

(b). The final approval from the Air Headquarters for the construction of the 10 towers at s.no 667,673,675,676, 680, 681,682,686,687 and 688 in relation to the 400 kV D/C Jalandhar to Samba and Samba to Amargarh transmission line.

(c). Renewed registration of office of NTL under the Shops and Establishments Act, 1954.

6. ***OGPTL***

(a). Final approvals from the Ministry of Environment and Forests for forest clearance for the diversion of forest land for the construction of the Jharsuguda (Sundargarh) – Raipur and OGPC – Jharsuguda transmission lines.

(b). Final approval from the Ministry of Environment and Forests for diversion of 71.761 hectares of forest land for the construction of the Jharsuguda (Sundargarh) Rajpur 765 kV D/C transmission line.

(c). Final approval from the Ministry of Environment and Forests for diversion of 30.134 hectares of forest land for setting up of the OPGC-Jharsuguda 400 kV D/C transmission line.

(d). Final approval from the Ministry of Environment and Forests for diversion of 94.656 hectares of forest land for setting Jharsuguda (Sundargarh) Rajpur 765 kV D/C transmission line.

(e). Approval from Ind Bharat Energy Utkal Limited ("**IBEUL**") pursuant to the application dated October 6, 2016 for approval for railway line crossing of the 400 kV OPGC-Jharsuguda transmission line with the non – electrified U/C railway line of IBEUL in village Negipali.

(f). Final approval from South Eastern Central Railway for the erection of the OPGC-Jharsuguda transmission line over the railway line crossing in between Jharsuguda & IB at KM 522/7-522/10

(g). Final approval from South Eastern Central Railway for erection of Jharsuguda (Sundargarh) – Raipur transmission line at Pole No. 622/17-622/19 & in between Kharsia & Jharidhi at AP 96 – AP 97

(h). Final approval from South Eastern Central Railway for erection of Jharsuguda (Sundargarh) – Raipur transmission line electrical track crossing at AP102 and AP103 in between Dharamjaygarh & Kharsia Railway station

(i). Final approval from South Eastern Central for erection of the Jharsuguda (Sundargarh) – Raipur transmission line electrical track crossing at chainage 24/200 & 24/250 in between Lara & Talaipalli coal mine at AP-118 – AP 119.

7. ***NER***

(a). Final energization approval by CEA, for (i) 400 kV D/C Surajmaninagar –P.K. Bari Line; and (ii) 132kV/D/C AGTPP – P.K. Bari line.

XVII. Approvals for which applications are yet to be made

(a). Registration of the office of OGPTL under the Shops and Establishments Act, 1954.

(b). Commercial operation date related approvals for the NER Project.

LITIGATION

Except as stated in this section and on the basis of the below, there are no pending material litigation and actions by regulatory authorities, which are not in the ordinary course of business, in each case against IndiGrid, the Sterlite Sponsor, the Investment Manager, the Project Manager, or any of their Associates (excluding Associates of the Investment Manager which are affiliates of KKR) and the Trustee, as on the date of this Draft Letter of Offer,. Further, except as stated in this section and on the basis of the below, there are no pending material litigation and actions by regulatory authorities which are not in the ordinary course of business, against the KKR Sponsor or any of its Associates or Associates of the Investment Manager which are affiliates of KKR.

For the purpose of this section, details of all regulatory actions and criminal matters, which are not in the ordinary course of business, that are pending against IndiGrid, the Sterlite Sponsor, the Investment Manager, the Project Manager, or any of their Associates (excluding Associates of the Investment Manager which are affiliates of KKR) and the Trustee have been disclosed. For the purpose of this section and on the basis of the below, details of all regulatory actions which are not in the ordinary course of business and criminal matters that are pending against the KKR Sponsor or any of its Associates or Associates of the Investment Manager which are affiliates of KKR have been disclosed. Further, any matter that is pending involving an amount equivalent to, or more than, the amount or threshold as disclosed below, in respect of IndiGrid, the Sponsors, the Portfolio Assets, the Investment Manager and each of their Associates has been disclosed.

For the Sterlite Sponsor or Project Manager and its Associates, the total consolidated income for Fiscal 2020 was ₹ 51,583.16 million. Accordingly, all outstanding cases, litigations, claims and civil matters which involve an amount exceeding ₹ 2,579.15 million (being 5% of the total consolidated income) have been considered material. However, for GPTL and the Target Asset, the materiality threshold for civil matters is specified hereinbelow. The Investment Manager does not have any outstanding litigation.

*The disclosures with respect to material litigations and regulatory actions (which are not in the ordinary course) relating to the KKR Sponsor and its Associates, and Associates of the Investment Manager which are affiliates of KKR, have been made solely on the basis of the public disclosures made by KKR & Co. Inc. ("**KKR & Co.**") in the most recent annual report filed on Form 10-K with the U.S Securities and Exchange Commission (i.e., for the year ended December 31, 2020) with respect to all entities which are consolidated for financial reporting purposes with KKR & Co., which is listed on the New York Stock Exchange. In accordance with applicable securities law and stock exchange rules, KKR & Co. is required to disclose material litigations through applicable securities filings and KKR & Co. has made no public filings after December 31, 2020 which materially changes the disclosure made in that regard in such annual report. The threshold for identifying material litigations in such disclosures is based on periodically reviewed thresholds applied by the independent auditor of KKR & Co. in expressing its opinion on the financial statements and is generally linked to various financial metrics of KKR & Co.*

For the Trustee, the total consolidated income for Fiscal 2020 was ₹ 352.96 million and the consolidated net worth (i.e. the total of share capital and consolidated reserves and surplus) was ₹ 649.25 million. Accordingly, in respect of the Trustee, all outstanding civil matters which involve an amount equal to or exceeding ₹ 17.65 million (being 5% of the total consolidated income for Fiscal 2020) have been considered material.

In relation to the Portfolio Assets, all outstanding civil cases which exceed 5% of the revenue, as of March 31, 2020, for each such Portfolio Asset have been considered material. Further, all outstanding matters that may have a material impact on IndiGrid in terms of its business, prospects, financial condition, results of operations or cash flow, have been considered for the purposes of disclosure in this section.

For JTCL, the total revenue as of March 31, 2020 was ₹ 1,504.96 million. Accordingly, all outstanding civil cases which involve an amount exceeding ₹ 75.24 million (being 5% of the total revenue) have been considered material.

For BDTCL, the total revenue as of March 31, 2020 was ₹ 2,694.19 million. Accordingly, all outstanding civil cases which involve an amount exceeding ₹ 1,34.70 million (being 5% of the total revenue) have been considered material.

For PKTCL, the total revenue as of March 31, 2020 was ₹ 755.98 million. Accordingly, all outstanding civil cases which involve an amount exceeding ₹ 37.79 million (being 5% of the total revenue) have been considered material.

For RTCL, the total revenue as of March 31, 2020 was ₹ 488.23 million. Accordingly, all outstanding civil cases which involve an amount exceeding ₹ 24.41 million (being 5% of the total revenue) have been considered material.

For NTL, the total revenue as of March 31, 2020 was ₹ 5,710.60. Accordingly, all outstanding civil cases which involve an amount exceeding ₹ 285.53 million (being 5% of the total revenue) have been considered material.

For PTCL, the total revenue as of March 31, 2020 was ₹ 301.48 million. Accordingly, all outstanding civil cases which involve an amount exceeding ₹ 15.07 million (being 5% of the total revenue) have been considered material.

For GPTL, the total revenue as of March 31, 2020 was ₹ 678.41 million. Accordingly, all outstanding civil cases which involve *an amount exceeding ₹ 33.92 million (being 5% of the total revenue) have been considered material.*

For ENICL, the total revenue as of March 31, 2020 was ₹1,360.71 million. Accordingly, all outstanding civil cases which involve an amount exceeding ₹ 68.03 million (being 5% of the total revenue) have been considered material.

For OGPTL, the total revenue as of March 31, 2020 was ₹ 1,626.85 million. Accordingly, all outstanding civil cases which involve an amount exceeding ₹ 81.34 million (being 5% of the total revenue) have been considered material.

For JKTPL, the total revenue as of March 31, 2020 was ₹ 389.76 million. Accordingly, all outstanding civil cases which involve an amount exceeding ₹ 19.48 million (being 5% of the total revenue) have been considered material.

For PrKTCL, the total revenue as of March 31, 2020 was ₹ 1,894.06 million. Accordingly, all outstanding civil cases which involve an amount exceeding ₹ 94.70 million (being 5% of the total revenue) have been considered material.

For NER, the total revenue as of March 31, 2020 was ₹ 3.19 million. Accordingly, all outstanding civil cases which involve an amount exceeding ₹ 0.15 million (being 5% of the total revenue) have been considered material.

For IGL, the total revenue (includes revenue from contracts and other income) as of March 31, 2020 was ₹ 6,065.70 million. Accordingly, all outstanding civil cases which involve an amount exceeding ₹ 303.28 million (being 5% of the total revenue) have been considered material.

For IGL1, the total revenue (includes revenue from contracts) as of March 31, 2020 was ₹ 5,710.60] million. Accordingly, all outstanding civil cases which involve an amount exceeding ₹ 285.53 million (being 5% of the total revenue) have been considered material.

For IGL2, the total revenue (includes revenue from contracts and other income) as of March 31, 2020 was ₹ 1,627.17 million. Accordingly, all outstanding civil cases which involve an amount exceeding ₹ 81.35 million (being 5% of the total revenue) have been considered material.

I. Litigation involving India Grid Trust and its Portfolio Assets

A. IGL

Other than the matters disclosed in the section entitled "*Litigation – Tax Proceedings*" on page 267, there is no litigation involving IGL.

B. JTCL

Civil matters

Certain persons ("**Petitioners**") have filed separate cases before various courts, against JTCL and certain others ("**Respondents**"), alleging amongst others, (i) breach of right of way by the Respondents over the Petitioners land, (ii) damage caused due to the construction or laying of high voltage transmission lines by the Respondents, (iii) land being utilised by the Respondents without acquiring it in accordance with law, and (iv) inadequate compensation paid for cutting of trees in order to lay transmission lines by the Respondents. The Petitioners, by way of these cases have claimed certain compensation from the Respondents. The Respondents have filed their reply with respect of these cases. These matters are currently pending at various stages of adjudication.

C. BDTCL

Regulatory matters

(i) PGCIL filed a tariff petition before the CERC for determination of tariff due to it for the period where BDTCL's assets were not operational (the "**Interim Period**"). Through an order dated September 20, 2017 ("**First CERC Order**"), CERC directed BDTCL to pay the transmission charges to PGCIL for the Interim Period. BDTCL subsequently filed a review petition before CERC against the First CERC Order, which was dismissed by the CERC through an order dated July 23, 2018 ("**Second CERC Order**"). BDTCL has filed an appeal before APTEL against the First CERC Order and Second CERC Order. The estimated amount involved in this matter is ₹ 46 million. The matter is currently pending.

(ii) CERC passed an order dated June 25, 2018 pursuant to petition number 216/MP/2016 filed by BDTCL against CERC and others ("**First CERC Order**"), allowing change in law and force majeure events. Thereafter, BDTCL filed a consequential petition, claiming monetary relief resulting from the change in law pursuant to the CERC Order. CERC vide its order dated April 24, 2019 ("**Second CERC Order**"), rejected the relief and subsequential carrying cost. Aggrieved by the Second CERC Order, BDTCL filed an appeal before APTEL on June 4, 2019 to claim the amount of interest during construction and subsequential carrying cost. APTEL by way of its order dated October 20, 2020 allowed the appeal filed by BDTCL. The estimated amount involved in this matter is ₹ 840.01 million. Additionally, BDTCL has also filed a caveat before the Supreme Court of India on October 27, 2020, requesting a prior notice to BDTCL before any further action is taken in the present case and that a civil appeal may be filed against the APTEL Order in which BDTCL was the appellant.

(iii) CERC passed an order dated June 25, 2018 ("**First CERC Order**") pursuant to the petition number 216/MP/2016 filed by BDTCL, allowing certain force majeure and change in law event reliefs to BDTCL, directing transmission charges of DV line from February 9, 2015 to June 13, 2015 to be borne by PGCIL. Aggrieved by the CERC Order, PGCIL filed a review petition before CERC. However, the review petition was dismissed by CERC vide order dated April 15, 2019 ("**Second CERC Order**"). Aggrieved by the Second CERC Order, PGCIL filed an appeal before APTEL on June 24, 2019. The estimated amount involved in this matter is ₹ 130 million. BDTCL has filed its reply. The matter is currently pending.

Civil matters

Certain persons ("**Petitioners**") have filed separate cases before various courts, against BDTCL and certain others ("**Respondents**"), alleging amongst others, (i) breach of right of way by the Respondents over the Petitioners land, (ii) damage caused to the Petitioners land, crops and others due to the construction or laying of high voltage transmission lines by the Respondents, and (iii) inadequate compensation paid to the Petitioners in respect of these lands. The Petitioners, by way of these cases have claimed certain compensation from the Respondents. These matters are currently pending before various courts.

D. PKTCL

Regulatory matters

(i) CERC, vide its orders dated April 3, 2018 and April 26, 2018 ("**CERC Orders**"), pursuant to the petition number 110/MP/2016 filed by PKTCL, had approved extension of the commercial operation date of 'PR Line' by a period of 274 days and 'KC Line' by a period of 42 days from their respective scheduled commercial operation dates. Further, CERC directed that transmission charges of the KC Line, from May 20, 2017 till June 18, 2017, shall be payable by PGCIL. Aggrieved by the CERC Orders, PGCIL filed a review petition before CERC. The review petition was dismissed by CERC by way of its order dated April 23, 2019. Aggrieved by the dismissal, PGCIL filed an appeal before APTEL against the payment of transmission charges, to which PKTCL has filed its reply. Additionally, on January 3, 2020, PGCIL has also filed a rejoinder to PKTCL's response filed earlier. The estimated amount involved in this matter is ₹ 50 million. The matter is currently pending.

E. RTCL

Regulatory matters

(i) RTCL filed a petition dated March 11, 2016 under Section 79(1)(f) read with Section 79(1)(c) of the Electricity Act, 2003 before the CERC seeking payment of monthly transmission charges for the period starting from December 26, 2015 under the RTCL TSAs and the revenue sharing agreement and the order dated July 15, 2015 issued by the Ministry of Power, Government of India entitled "Policy for Incentivizing Early Commissioning of Transmission Projects" under which RTCL has prayed that it is entitled to the payment of monthly transmission charges from the actual date of commercial operation, December 26, 2015, which is in advance of the scheduled commercial operation date of February 2016. CERC, by its order dated September 21, 2016 (the "**Impugned Order**"), required Nuclear Power Corporation of India Limited ("**NPCIL**") to pay the transmission charges from March 1, 2016 till the bays are commissioned. NPCIL filed an interim application before APTEL dated November 4, 2016 (the "**Interim Application**") praying that the Impugned Order be stayed, since it is in violation of the principles of natural justice. Through an order passed on January 18, 2019 (the "**Order**"), APTEL has dismissed the Interim Application. APTEL has also given liberty to RTCL to regulate the power supply of NPCIL if NPCIL fails to make the payment within 30 days of the Order. RTCL has accordingly sent letters to NPCIL for the disbursement of the withheld amounts along with applicable charges. NPCIL has filed an appeal before the Supreme Court of India against the Order and RTCL has filed the counter affidavit on August 27, 2019. The estimated amount involved in this matter is ₹ 280 million. The matter is currently pending.

F. MTL

Regulatory matters

(i) MTL filed a petition against Tamil Nadu Generation & Distribution Corporation Limited and others, before CERC, seeking compensatory and declaratory reliefs in accordance with the transmission service agreement dated June 10, 2015, on account of change in law events which adversely affected the construction and operation of certain transmission lines operated by MTL. CERC, vide its order dated March 11, 2019 ("**CERC Order**"), disallowed the expenses towards land compensation resulting from change in law. The matter is currently pending.

Civil matters

Certain persons have ("**Petitioners**") filed a writ petition before the High Court of Telangana and Andhra Pradesh ("**High Court**") against the District Collector, Kamareddy District (the "**District Collector**"), MTL and others ("**Respondents**") under Article 226 of the Constitution of India. The Petitioners sought a declaration that the action of the Respondents of not paying compensation for erecting high tension transmission lines in the land of the Petitioners was illegal, arbitrary and in violation of Articles 14, 21 and 300-A of the Constitution of India and the principles of natural justice. Consequently, the Respondents were directed to pay to the Petitioners appropriate compensation. The High Court, by an order dated February 1, 2017, directed MTL to consider the representation made by the Respondents and dispose of the same in accordance with law. The Revenue Divisional Officer, Kamareddy issued directions to MTL to pay certain compensation to the Respondents. MTL has submitted a letter dated July 5, 2017 along with proof of compensation paid before the Revenue Division Officer, Kamareddy.

G. PTCL

Regulatory matters

(i) Pursuant to CERC's order dated January 4, 2017 (the "**CERC Order**"), Punjab State Power Corporation Limited ("**PSPCL**") had been held liable to pay transmission charges of the PTCL Project from scheduled commercial operation date, November 11, 2016 until commissioning of downstream system by PSPCL. PSPCL completed commissioning of downstream system on May 18, 2015 after substantial delay. PSPCL failed to pay liquidated dues of ₹ 113.67 million. Further, PSPCL has defaulted in making payment of ₹ 102.51 million as per notification no L-1/42/2010 passed by CERC dated September 28, 2010. Accordingly, PTCL issued a "notice for regulation of power supply" dated July 6, 2017 to PSPCL for regulation of power supply unless dues are cleared by PSPCL by July 13, 2017. PSPCL filed an appeal before the Appellate Tribunal for Electricity ("**Tribunal**") challenging the CERC Order. The Tribunal dismissed the appeal through its order dated March 27, 2018 (the "**APTEL Order**"). PSPCL has subsequently filed an appeal before the Supreme Court of India against the APTEL Order. The estimated amount in this matter is ₹ 130 million. The matter is currently pending.

H. GPTL

Regulatory matters

(i) GPTL ("**Petitioner**") filed a petition against UTC Chandigarh and others ("**Respondents**") before CERC, under Sections 63 and 79 (1)(f) of the Electricity Act, read with the transmission services agreement dated March 4, 2016 entered into between GPTL and certain LTTCs, amongst others, seeking monetary compensation due to change in law events and extension of the scheduled commissioning date of certain elements of a GPTL project, on account of force majeure events. Additionally, an affidavit on behalf of the Petitioner was filed before CERC on June 26, 2020, in compliance with the record of proceedings of CERC held on June 11, 2020, by which the CERC had directed the Petitioner to, amongst others, provide details and/or information in relation to the present petition. The estimated amount involved in this matter is ₹ 480 million. The matter is currently pending.

Civil matters

Certain persons ("**Petitioners**") have filed separate cases before various courts, against GPTL and certain others ("**Respondents**"), alleging amongst others, (i) breach of right of way by the Respondents over the Petitioners land and thereby interfering with the peaceful possession of the Petitioners land, (ii) damage caused to the Petitioners land, goods and others due to the construction or laying of high voltage transmission lines by the Respondents, and (iii) inadequate compensation paid to the Petitioners in respect of these lands. The Petitioners, by way of these cases have claimed certain compensation from the Respondents. These matters are currently pending at various stages of adjudication.

I. ENICL

Regulatory matters

(i) ENICL filed an appeal against PGCIL, CERC and 17 others ("**Respondents**") before APTEL, for quasing an order passed by CERC dated October 9, 2018 ("**CERC Order**"), directing ENICL to pay of transmission charges ("**Transmission Charges**") for a period when ENICL's projects were effected by force majeure events. The CERC Order directed ENICL to pay PGCIL the interest during construction ("**IDC**") and incidental expenditure during construction ("**IEDC**") for PGCIL's assets, namely two 400 kV line bays (for 400 kV D/C Siliguri-Bongaigaon transmission line) along with two 80 MVAR switchable line reactors at the 400 kV Siliguri sub-station, and two 400 kV line bays (for 400 kV D/C Siliguri-Bongaigaon transmission line) at the Bongaingaon sub-station from May 1, 2013 till the commissioning of ENICL's transmission elements, which are interconnected with PGCIL's transmission elements. ENICL has alleged that since its assets were effected by force majeure events during the said period, it should not be liable to pay the IDC and IEDC amounts. The estimated amount involved in this matter is ₹ 5.2 million. The matter is currently pending.

(ii) ENICL filed a petition against Jodhpur Vidyut Vitran Nigam Limited, Jaipur Vidyut Vitran Nigam Limited, Ajmer Vidyut Vitran Nigam Limited, BSES Yamuna Power Limited, BSES Rajdhani Power Limited, and 14 other respondents (collectively, the Long Term Transmission Customers or "**LTTCs**"), before CERC, seeking relief on account of occurrence of certain events preventing ENICL from performing its obligations under the Transmission Service Agreement dated August 6, 2009 ("**TSA**") entered into with the LTTCs. ENICL has claimed that the said events constitute force majeure and change in law events under the TSA, entitling it to claim relief under the TSA. ENICL has prayer CERC to, among other things, declare that ENICL be duly compensated for the unforeseen and unavoidable additional expenditure incurred in light of the force majeure event. The estimated amount involved in this matter is ₹ 940 million. The matter is currently pending.

Other matters

(i) Simplex Infrastructure Limited ("**Claimant**") filed a statement of claims dated July 10, 2019 against ENICL ("**Respondent**"), before the honourable arbitral tribunal comprising of honourable Justice (retd.) K.G. Balakrishnan, presiding arbitrator, honourable Justice (retd.) Vijender Jain, co-arbitrator, honourable Justice (retd.) R.S. Sodhi, co-arbitrator, pursuant to an umbrella agreement dated November 25, 2010 and three split contracts, namely a supply contract, civil works contract, and erection contract, each dated August 23, 2010 entered into between the Claimant and the Respondent, alleging, among other things, recovery of certain amounts due to the Claimant, in relation to (i) short payments, (ii) additional work done by the Claimant in relation to the ENICL project, (iii) time and cost overruns, (iv) amounts arising out of certain tax liabilities, and (v) refunds of certain security deposits and bonus. The Claimant has claimed an amount of approximately ₹ 2,150 million as compensation. The Respondent has filed its reply and submitted a counter claim of approximately ₹ 2,040 million. The matter is currently pending.

(ii) Various persons ("**Petitioners**") have filed civil applications under Section 10 read with Section 16 of the Indian Telegraph Act, 1885 against ENICL and others ("**Respondents**") before the District Judge, Jalpaiguri, praying for a compensation of approximately ₹ 96.19 million in relation to the damage caused to their land due to construction of high tension transmission lines by the Respondents. Additionally, certain persons have also filed cases before various courts against the Respondents, claiming compensation from the Respondents, for the alleged damaged caused to their land due to construction of transmission lines by the Respondents. These matters are currently pending at various stages of adjudication.

Criminal matters

ENICL filed a complaint against M/s. Akshya Urja Private Limited ("**Contractor**") and its directors, before the Metropolitan Magistrate Court, Esplanade, Mumbai, in order to recover an amount of ₹10.8 million paid to the Contractor, pursuant to a service contract between the parties. The Contractor failed to perform according to the terms of the service contract, and was unable to return the advance amount paid to it. The cheques tendered by the Contractor were returned dishonoured, as a consequence of which ENICL filed a complaint under section 138 of the Negotiable Instruments Act, 1881. The matter is currently pending.

J. NTL

Civil matters

Certain persons (the "**Petitioners**") have filed separate petitions against NTL and others ("**Respondents**"), before various courts, including the Jammu and Kashmir High Court, Sub Judge, Pattan, Sub Judge, Rajouri and the Chief Judicial Magistrate, Budgam, alleging amongst others, that (i) the Respondents have not adopted the due course of law while commencing construction and installation work on their lands and the process required under the Land Acquisition Act was not initiated, (ii) the adequate compensation was not paid to them in relation to acquisition of such lands, (iii) the Respondents shall be restrained from installation of electric towers, conductors or transmission lines, as applicable, on their lands, and (iv) the damages caused to their lands by the Respondents. In certain cases, contempt applications have been filed, alleging attempt by the Respondents to execute work on the disputed properties. The Petitioners by way of these cases have also claimed certain compensation from the Respondents. These matters are currently pending at various stages of adjudication.

K. OGPTL

Regulatory matters

(i) Pursuant to a petition filed by PGCIL, against Bihar State Power (Holding) Company Ltd. and others, in relation to determination of tariff of certain lines operated by PGCIL and certain lines which were associated with a common transmission system being operated by OGPTL. CERC passed an order dated February 14, 2019 ("**First CERC Order**"), determining the tariff for PGCIL's assets, namely asset-I of both circuit of 400 kV D/C Rourkela-Raigrah (second line), along with four 400 kV line bays at Jharsuguda (Sundargarh) sub-station; asset-II – split bus arrangement at 400 kV bus at Jharsuguda (Sundargarh) sub-station and asset-III – two 400 kV line bays for termination of OPGC (IB thermal power station) - Jharsuguda 400 kV D/C line (under tariff based competitive bidding at Jharsuguda (Sundargarh). In the First CERC Order, CERC held that the transmission charges from November 23, 2017 till the commercial operation date of the generating station shall be borne by OPGC, to be recovered on monthly basis. OGPTL has field its reply denying all allegations made by PGCIL directly or indirectly against OGPTL. The matter is currently pending.

(ii) OPGC ("**Petitioner**") filed a petition against the State Load Dispatch Centre, Odisha ("**SLDC**"), OGPTL and others before CERC, seeking directions for, amongst others, shifting of control area from the eastern load despatch centre to Odisha state load despatch centre and operating the bus coupler between certain units of the Petitioner, in closed condition for the common bus mode operation. OGPTL has filed its reply on November 14, 2019 before CERC, seeking directions to the Petitioner for payment of certain transmission charges to OGPTL. The matter is currently pending.

(iii) OPGC ("**Petitioner**") filed a petition bearing no. 128/MP/2019 against Central Transmission Utility, PGCIL ("**Respondent no. 1**") and OGPTL ("**Respondent no. 2**"), under sections 79(1)(c) and 79(1)(f) of the Electricity Act read with Regulation 32 of the CERC (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2009, challenging certain bills raised by Respondent no. 1. CERC by way of its order dated December 26, 2019 ("**CERC Order**"), held amongst others, (i) from August 30, 2017 till November 22, 2017, both the Petitioner and Respondent no. 1 shall share the transmission charges of a certain line ("**Transmission Line**"), (ii) from November 23, 2017, Petitioner shall be liable to pay the transmission charges for the Transmission Line, (iii) Respondent no. 1 shall raise a modified bill as specified in the CERC Order, (iv) Petitioner was directed to pay the consolidated bill for the period up to December 12, 2019 within 15 days of a bill being raised and submit the transmission charges collected to Respondent no. 2, in the manner specified in the CERC Order, and (v) Petitioner shall be liable to pay the transmission charges with respect to the monthly bills raised, with effect from January 1, 2020. Thereafter, aggrieved by the CERC Order, the Petitioner filed an appeal before APTEL. APTEL, by way of its order dated October 21, 2020 ("**APTEL Order**"), held amongst others, (i) the transmission charges from August 30, 2017 till November 22, 2017 shall be borne by the Petitioner and PGCIL in the ratio of 50:50, (ii) as the Petitioner was drawing start up power and injecting infirm power through the Transmission Line, the transmission charges from November 23, 2017 to December 28, 2018 shall be borne by the Petitioner and thereafter be recovered under the POC mechanism; and (iii) in accordance with the transmission service agreement, the transmission charges from December 26, 2018 shall be payable to the Respondent no. 2 from the POC pool in accordance with applicable law. Based on the APTEL Order, the Respondent no. 2 has sent the revised bills to the Petitioner and the Respondent no. 1.

(iv) OGPTL has filed a petition before CERC, against West Bengal State Electricity Distribution Company Limited and other LTTCs, under sections 79(1)(c), 79(1)(d), 79(1)(f) and 79(1)(k) of the Electricity Act and articles 11 and 12 of the transmission service agreement dated November 20, 2015 entered into between OGPTL and certain LTTCs, amongst others, seeking monetary compensation on account of occurrence of force majeure and change in law events in relation to the delay in commissioning of certain transmission lines. The estimated amount involved in this matter is ₹ 306.30 million. The matter is currently pending.

Civil matters

Certain persons ("**Petitioners**") have filed separate cases before various courts, against OGPTL and certain others ("**Respondents**"), alleging amongst others, (i) breach of right of way by the Respondents over the Petitioners land, (ii) damage caused due to the construction of high voltage transmission lines operated by the Respondents, and (iii) land being utilised by the Respondents without acquiring it in accordance with law. The Petitioners, by way of these cases have claimed certain compensation from the Respondents. These matters are currently pending at various stages of adjudication.

L. JKTPL

Regulatory matters

(i) JKTPL filed an appeal before APTEL on June 21, 2018 ("**Appeal**"), pursuant to the HERC order dated May 21, 2018 ("**HERC Order**") against HVPNL, claiming payment of full unitary charges allegedly deducted wrongly by HVPNL by wrongly computing availability of the transmission system capacity for the months of February and March 2016, due to occurrence of force majeure events. JKTPL has prayed for refund of the wrongful deduction of ₹ 35.45 million unitary charges, along with interest payable by HVPNL, for the months of February and March 2016. HERC, by way of the HERC Order, held, amongst others, that the intention of the transmission agreement is not to grant unitary charge during the force majeure event in addition to extension of the concession period and directed JKTPL and HVPNL to re-work the unitary charge payable for the aforesaid months. Additionally, on May 25, 2018, a dissenting note was filed by the chairman of HERC in relation to the HERC Order, wherein he opined that non-availability due to force majeure events will not be considered as availability for the purpose of determining the monthly unitary charges payable to JKTPL. He further stated that the claims for force majeure costs shall not be admissible, since the same was not sought for in the petition, among other reasons. However, in terms of section 92(3) of the Electricity Act, the majority order, i.e. the HERC Order was upheld as the order of the commission. Accordingly, aggrieved by the HERC Order, JKTPL had filed the Appeal. The matter is currently pending.

(ii) JKTPL filed a petition against HVPNL before HERC, regarding the alleged wrongful deduction of penalty on annualized unitary charges ("**Petition I**"). HVPNL filed its reply and issued a notice dated March 5, 2019 ("**HVPNL Notice**") to JKTPL. JKTPL filed an interim application before HERC seeking stay of the HVPNL Notice. Thereafter, JKTPL filed another petition before the HERC, seeking directions to HVPNL, to not initiate recovery of amounts from any of the invoices from the HVPNL Notice ("**Petition II**"). HERC, amongst others, summarily dismissed the Petition II vide order dated April 4, 2019 ("**First HERC Order**"). JKTPL filed a review petition before HERC against the First HERC Order passed in relation to Petition I and Petition II. The review petition was dismissed by HERC vide its order dated May 27, 2019 ("**Second HERC Order**"). Subsequently, JKTPL has filed an appeal before APTEL, praying, amongst others, to set aside the First and Second HERC Orders and to refund the entire amounts allegedly deducted wrongfully by HVPNL on account of incorrect methodology adopted for calculating the reliability parameter, along with the interest amount. The estimated amount involved in this matter is ₹ 54.58 million. The matter is currently pending.

(iii) JKTPL and HVPNL entered into a transmission services agreement dated May 28, 2010, which provides for a repair time of 30 days for certain inter connecting transformers ("**ICTs**"). However, HVPNL granted JKTPL 120 days as repair time for ICTs and deducted certain penalty amount ("**Penalty amount**") on the period exceeding 30 days for the delay in repair time of these ICTs at Kabulpur. Pursuant to a petition filed by JKTPL, HERC passed an order dated April 4, 2019, granting relief on the repair time of the ICTs up to 120 days ("**HERC Order**"). Aggrieved by the HERC Order, HVPNL filed an appeal before APTEL against the HERC Order and prayed amongst others, to set aside the HERC Order and uphold the Penalty amount deducted in relation to the ICTs ("**Appeal**"). JKTPL filed its reply on August 27, 2019, against the Appeal, denying the contentions of HVPNL and seeking that the Appeal be dismissed, and further that the amount deducted by HVPNL be paid to JKTPL, along with certain interest amount. The estimated amount involved in this matter is ₹ 7.73 million. The matter is currently pending.

(iv) JKTPL filed written submissions before an arbitral tribunal against HVPNL, claiming certain amounts, on account of, among other things, wrongful deduction of certain amounts by HVPNL on account of alleged delay in achieving commercial operation date of transmission lines of JKTPL, including, claim for reimbursement of supply cost incurred for laying extra length, claim for reimbursement for erection cost incurred for laying extra length and claim for interest amounts pursuant to certain provisions of the transmission service agreement dated May 28, 2010. The amount involved in this matter is approximately ₹ 620 million. The matter is currently pending.

Civil matters

(i) Jai Bhagwan ("**Petitioner**") has filed a petition before the District Judge, Sonipat ("**District Court**"), against HVPNL, certain directors of JKTPL and others ("**Respondents**") in relation to violation of certain provisions of the Indian Telegraph Act, 1885. It was alleged that the damage caused to the Petitioner was due to (i) cutting of 60 sangwan trees which were grown by the Petitioner, located in the transmission line corridor (Kabulpur to Deepalpur transmission line), allegedly cut-down from a height by J KTPL; (ii) loss of market value in relation to cutting of these trees; and (iii) destroying of crops and other losses caused by the Respondents. The Petitioner has prayed, amongst others, for a compensation to be paid by the Respondents, amounting to ₹ 34.6 million. The District Court, by way of its order dated May 13, 2019, listed the matter for Petitioner's evidence. However, since the Petitioner did not appear, the matter was dismissed in default on May 24, 2019. Thereafter, the Petitioner filed an application for restoration of the petition. The matter is currently pending.

(ii) Various persons have filed separate petitions before the District Court, Jhajjar ("**District Court**"), against the State of Haryana, JKTPL and others ("**Respondents**"), seeking compensation from December 2010 onwards, under the Indian Telegraph Act, 1885, the Electricity Act, 2003 and the Land Acquisition Act, 2013, in relation to installation of one of the high voltage transmission lines operated by JKTPL. The total compensation claimed in these matters amount to approximately ₹ 88.38 million, with an additional interest amount of ₹ 219 million approximately. Summons have been received, and replies have been filed, in some of these matters, by JKTPL. These matters are currently pending at various stages of adjudication.

(v) Various persons ("**Petitioners**") have filed separate applications before the High Court of Punjab and Haryana ("**High Court**") against the Union of India, JKTPL and others ("**Respondents**"), questioning whether the Respondents can be allowed to lay high power electric supply line of 400 KV over the agricultural land without following the due procedure laid down under law, particularly the Indian Telegraph Act, 1885, the Electricity Act, 2003, the Land Acquisition Act, 1894 and the Constitution of India. The Petitioners have further questioned: (i) Whether provisions of the Land Acquisition Act, 1894 are attracted in using and occupying land for laying down high power electric supply lines over the land in question; and (ii) whether Article 300A of the Constitution of India is attracted in using and occupying land for high power electric supply line. Additionally, the Respondents have also filed a review petition before the High Court, in relation to a separate case, wherein certain amount of compensation was directed to be paid by the Respondents to certain accused by the District court, Jhajjar. Separately, JKTPL has filed certain insurance claims, in the ordinary course of business. These matters are currently pending at various stages of adjudication.

M. IGL1

Nil.

N. IGL2

Nil.

O. PrKTCL

Regulatory matters

(i) Pursuant to a petition filed by PrKTCL against Himachal Pradesh State Electricity Board and others, before CERC, the CERC passed a provisional tariff order dated December 23, 2014 ("**First CERC Order**") and the final order dated December 19, 2016 ("**Second CERC Order**", together with the First CERC Order, the "**CERC Orders**"), which stated, among others, that PrKTCL was allowed to recover only interest during construction ("**IDC**") and incidental expenditure during construction ("**IEDC**") amounts from NTPC from August 7, 2014 to August 14, 2014. Aggrieved by the CERC Orders, NTPC filed a review petition before CERC, seeking, among others, complete transmission charges from August 7, 2014 to August 14, 2014. NTPC filed a review petition against the Second CERC Order, praying to set aside the direction holding NTPC liable for delay and to pay IEDC and IDC to PKTCL. CERC, vide order dated July 24, 2019 ("**Revision Order**"), pursuant to the review petitions, directed NTPC to pay full transmission charges to PrKTCL from August 7, 2014 to August 14, 2014. NTPC filed an appeal against the Revision Order, before APTEL. NTPC has also filed an interlocutory application before APTEL, seeking a stay on an invoice raised by PrKTCL, based on the Revision Order. The estimated amount involved in this matter is ₹ 585.46 million, along with additional interest. The matter is currently pending.

(ii) Pursuant to a petition filed by PrKTCL against Himachal Pradesh State Electricity Board and others, before CERC, the CERC passed a provisional tariff order dated December 22, 2014 ("**First CERC Order**") and the final order dated January 16, 2017 ("**Second CERC Order**", together with the First CERC Order, the "**CERC Orders**"), which stated, among others, that PrKTCL was allowed to recover only interest during construction ("**IDC**") and incidental expenditure during construction ("**IEDC**") amounts from NTPC. Aggrieved by the Second CERC Order, PrKTCL filed a review petition before CERC seeking, among other things, recovery of transmission charges effective from October 10, 2014. NTPC filed a review petition against the Second CERC Order, praying to set aside the direction holding NTPC liable for delay and to pay IEDC and IDC to PKTCL. CERC, vide order dated August 19, 2019 ("**Revision Order**"), pursuant to the review petitions, among others, directed NTPC to pay full transmission charges to PrKTCL from October 4, 2014 and March 20, 2015. NTPC filed an appeal against the Second CERC Order and the Revision Order, before APTEL. NTPC has also filed an interlocutory application before APTEL, seeking a stay on an invoice raised by PrKTCL, based on the Revision Order. The estimated amount involved in this matter is ₹ 305.49 million, along with additional interest. The matter is currently pending.

(iii) Pursuant to a petition filed by PrKTCL against Himachal Pradesh State Electricity Board and others, before CERC, the CERC passed a provisional tariff order dated December 30, 2015 ("**First CERC Order**") and the final order dated December 29, 2016 ("**Second CERC Order**", together with the First CERC Order, the "**CERC Orders**"), which stated, among others, that PrKTCL was allowed to recover only interest during construction ("**IDC**") and incidental expenditure during construction ("**IEDC**") amounts from NHPC for the period June 30, 2015 up to November 2, 2015. Aggrieved by the CERC Orders, PrKTCL filed a review petition before CERC, seeking, among others, complete transmission charges from June 30, 2015 to November 2, 2015. NHPC filed a review petition, praying to set aside the Second CERC Order (the review petitions filed by PrKTCL and NHPC, collectively the "**Review Petitions**").
Parallelly, in another matter before APTEL involving PGCIL, filed by NHPC against orders issued by CERC granting 100% transmission charges to PGCIL to be recovered from NHPC for PGCIL, PrKTCL was also made a party to the matter as PrKTCL assets associated in the scheme were also involved. APTEL, during the course of hearing, identified a similar matter of PrKTCL pending before CERC with similar facts, which involved PGCIL. Accordingly, APTEL passed an order dated July 16, 2018 and directed CERC to freshly carry out complete / comprehensive adjudication and reconsideration on the pending petitions, along with the Review Petitions. CERC, vide order dated December 12, 2018, pursuant to the Review Petitions, re-opened the main petition of PrKTCL, merging it with the PGCIL petition, for fresh consideration. The matter is currently pending.

(iv) Pursuant to a petition filed by PGCIL, Himachal Pradesh State Electricity Board and others ("**Original Petition**") before CERC, the CERC passed an order dated May 26, 2015 ("**First CERC Order**"), in relation to PGCIL assets related to PrKTCL line, allowing, among others, additional capital expenditure for the year 2013-2014. PGCIL filed a review petition against the First CERC Order, praying for approval of the commercial operation date of 'Asset-II' and grant of tariff. CERC, vide its order dated July 21, 2016 ("**Revision Order**") held that transmission charges from August 1, 2013 to March 23, 2014 shall be borne by NHPC. Aggrieved by the Revision Order, NHPC filed an appeal before APTEL, against the Revision Order granting 100% transmission charges to PGIL to be recovered from NHPC. PrKTCL was also made a party to the matter as PrKTCL assets associated in the scheme were also involved. APTEL, during the course of hearing, identified a similar matter of PrKTCL pending before CERC with similar facts, which involved PGCIL. Accordingly, APTEL passed an order dated July 16, 2018 and directed CERC to freshly carry out complete / comprehensive adjudication and reconsideration on the pending petitions. CERC, vide order dated December 12, 2018, merged the pending PrKTCL petition with the PGCIL petition, for fresh consideration. CERC issued an order dated February 5, 2020 ("**Second CERC Order**"), stating, among others, that the transmission charges for the period of mismatch shall be borne exclusively by NHPC and that there is no error in the Revision Order passed by the CERC. Aggrieved by the Second CERC Order, NHPC filed an appeal before APTEL. The matter is currently pending.

Civil matters

(i) Vishwanath ("**Petitioner**") has filed a writ petition before the High Court of Himachal Pradesh ("**High Court**"), against the State of Himachal Pradesh, PrKTCL and others ("**Respondents**"), seeking directions from the High Court to ensure that means of livelihood of the people, including the Petitioner, are not lost due to the construction of the 400 Kv D/C Koldam line in the district of Bilaspur, especially due its towers. In case livelihood is lost, then Petitioner has prayed for adequate compensation and a source of livelihood to be provided. The Petitioner has alleged that towers were constructed on his land, and on the lands of other people, in the process of which trees, fruits, etc. were destroyed by the Respondents. The estimated amount involved in this matter is ₹ 100 million. The matter is currently pending.

(ii) Certain persons ("**Petitioners**") have filed separate cases before various courts, against PrKTCL and others ("**Respondents**"), in relation to breach of right of way by the Respondents over the Petitioners land, seeking various reliefs, including, (i) restraining PrKTCL from interfering in the ownership and possession of the suit property by constructing, laying or installing of any transmission line or tower, or changing the nature of the land in any way, (ii) removal of overhead high voltage transmission wires installed by PrKTCL, (iii) monetary compensation towards damage caused to property, trees, crops and others including recovery of mesne profits. Further, in certain of these cases, the Petitioners have filed for injunctions against the Respondents. Separately, certain persons ("**Claimants**") have also filed a petition against the Respondents, alleging, amongst others, that the Respondents had removed certain existing transmission lines of the Claimants for installing a transmissions line, and that the Respondents have not returned these poles and transmission line accessories to the Claimants. A higher compensation has been demanded in this matter from the Respondents. The Respondents have filed their reply with respect to these matters. These matters are currently pending at various stages of adjudication.

(iii) Various persons ("**Petitioners**") have filed separate applications before the District Judge, Ropar ("**ADJ**") against PrKTCL, the Ministry of Power and others ("**Respondents**"), seeking enhancement of compensation of the lands, on which poplar trees and wheat crops were standing (collectively, "**Trees and Crops**"). The Petitioners have alleged that the Trees and Crops were cut and removed by the Respondents from the lands. In this regard, the Petitioners have sought, among other things, higher compensation on the value of the lands including certain interest amounts, due to the installation of high voltage wires on these lands. PrKTCL filed an application seeking rejection of the petitions filed by the Petitioners, on the ground that the claims are barred by limitation. However, the application filed by PrKTCL was dismissed vide ADJ order dated January 17, 2020 ("**ADJ Dismissal Order**"). In certain matters, PrKTCL also filed civil revision application before the High Court of Punjab and Haryana ("**High Court**"), against the orders dated October 31, 2017 and December 11, 2017 ("**ADJ Award Orders**") passed by the ADJ *ex parte*, awarding compensation to the Petitioners. The High Court, by its order dated February 19, 2020 has remitted these matters back to the ADJ, for re-determination. Certain Petitioners have filed applications before the ADJ for execution of the ADJ Award Orders and PrKTCL has filed its objections to this execution petition. The Ministry of Power has also filed applications before the ADJ, seeking to set aside the ADJ Award Orders and has also sought a stay on the execution proceedings. These matters are currently pending at various stages of adjudication.

Criminal matters

(i) Khub Ram and others ("**Petitioners**") have filed a complaint before Judicial Magistrate (First Class), Gohar, Mandi ("**Judicial Magistrate**"), against Satish Seth and others, including certain members of the board of directors of PrKTCL ("**Respondents**"), seeking registration of a first information report ("**FIR**") against certain officials of PrKTCL, alleging forcible construction of transmission line and illegal cutting of trees on the Petitioner's land, without any payment of compensation. It was further alleged that the Respondents had trespassed upon the Petitioner's land with criminal intention and without showing any khasra number allocation by the Government of India. Pursuant to an order dated June 24, 2019 ("**First Order**") passed by the Judicial Magistrate, the Petitioner's application was allowed, and the complaint was allowed to be sent to the station house officer, Gohar ("**SHO**"), for registration of the FIR and investigation in accordance with law. The matter is currently pending.

(ii) Jagat Ram and others ("**Petitioners**") have filed a complaint before the Additional Chief Judicial Magistrate, Sunder Nagar ("**Additional Chief Judicial Magistrate**"), against Satish Seth and others, including certain members of the board of directors of PrKTCL ("**Respondents**"), seeking issue of directions to the station house officer, Mandi ("**SHO**") to register a first information report ("**FIR**") against certain PrKTCL officials pursuant to the provisions of the Indian Penal Code, 1860, the Environment Protection Act, 1986, the Indian Forest Act, 1927 and the Prevention of Corruption Act (Amendment) Act, 2018. The Additional Chief Judicial Magistrate, vide order dated August 13, 2019, directed that the complaint filed by the Petitioners should be treated as a private complaint under section 202 of the Code of Civil Procedure, 1908. The matter is currently pending.

(iii) Kala Ram ("**Complainant**") filed an application before the Civil Judge, District Court, Bilaspur ("**Civil Judge**"), against certain officials of PrKTCL, alleging forcible construction, theft, and cutting of valuable trees without permission. The Civil Judge through its order dated December 29, 2016 dismissed the application of the Complainant stating that there is no prima facie evidence that any digging, cutting of trees and construction was done by PrKTCL as claimed by the Complainant. The Complainant had also filed an application before the Judicial Magistrate, First Class, Bilaspur ("**Judicial Magistrate**") for registration of a first information report ("**FIR**") against certain officials of PrKTCL. The Judicial Magistrate, vide order dated March 15, 2015, allowed the Complainant's application, and the complaint was sent to the station house officer, Bilaspur ("**SHO**") for registration of the FIR and investigation in accordance with law. Upon completion of the investigation, a cancellation report of investigation was filed by the Barmana police station, before the Judicial Magistrate. The matter is currently pending.

(iv) PrKTCL (through its board member Satish Seth) and others ("**Petitioners**") have filed three criminal special leave petitions before the Supreme Court of India ("**Supreme Court**"), against the State of Himachal Pradesh and others ("**Respondents**"), against a judgment dated May 16, 2019 ("**Impugned Order**") passed by the High Court of Himachal Pradesh ("**High Court**"), pursuant to which the High Court dismissed the petitions filed by the Petitioners, holding that there was a *prima facie* case against Petitioners for registration of a first information report ("**FIR**"). The Petitioners had sought quashing of proceedings pending before the Judicial Magistrate, Bilaspur ("**Judicial Magistrate**") and three FIRs lodged against the Petitioners ("**Impugned FIRs**"). The complaint on which the Impugned FIRs were registered was made by certain landowners against the Petitioners, alleging that the Petitioners had entered their premises without permission and had cut valuable trees for laying transmission lines and installing towers. Further, it was alleged that the Petitioners had not paid enough compensation to the farmers for using their land for laying the transmission lines and installing towers. Aggrieved by the FIRs, the Petitioners had filed criminal miscellaneous petitions before the High Court, which were disposed of vide the common Impugned Order. The Petitioners have prayed the Supreme Court to grant special leaves to appeal against the Impugned Order, interim relief of stay in operation of the Impugned Order and stay in the proceedings pending before the Judicial Magistrate. The matters are currently pending at various stages of adjudication.

(v) An FIR was filed by Gurpreet and others ("**Complainants**") against PrKTCL and certain of its employees ("**Accused**") under Sections 120-B, 145, 147, 379, and 392 of the IPC, amongst others, certain provisions of the Environment Protection Act, 1986, the Indian Forest Act, 1927 and the Himachal Pradesh Land Preservation Act, 1978, registered with the Police Station at Nalagarh, alleging, amongst others, (i) trespass on the land of the Complainants by the Accused; (ii) forcible construction of high voltage transmission line towers over the residential houses, cowsheds and land of the Complainants; and (iii) subsequent damage caused to the land of the Complainants by the Accused. . The matter is currently pending.

(vi) Nokhu Ram and others ("**Complainants**") filed an application before the Judicial Magistrate, First Class, Gohar ("**Judicial Magistrate**"), against certain officials of PrKTCL and others ("**Respondents**"), alleging forcible construction, theft, and cutting of valuable trees without permission and therefore, praying that the station house officer, Gohar ("**SHO**") be directed to register a first information report ("**FIR**") against the Respondents. The Judicial Magistrate vide order dated June 5, 2015 ("**First Order**") directed the SHO to register the FIR and carry out necessary investigations as per law. Subsequently, the SHO registered an FIR dated June 6, 2015 against the Respondents and initiated the investigations as directed in the First Order. Based on investigations, the SHO filed a cancellation report dated January 23, 2017 ("**Cancellation Report**") before the Judicial Magistrate claiming that the accusations made by the Complainants, against the Respondents are false and misleading. The Judicial Magistrate vide order dated August 28, 2017 ("**Second Order**"), accepted the Cancellation Report filed by the SHO. The matter is currently pending.

P. NER

Regulatory matters

SPGVL has filed a petition ("**Petition**") before CERC for licensing transmission towers, sub- stations, unutilized OPGW of NER under the Electricity Act and CERC (Sharing of Revenue Derived from Utilization of Transmission Assets for Other Business) Regulations, 2020 ("**Sharing Regulations**"). SPGVL has prayed, among others, for the following: (i) intimate CERC for utilizing transmission assets for carrying on 'other business' ("**Other Business**) (ii) approval of the CERC for sharing 10% of the revenue generated from the Other Business with LTTCs and (iii) CERC's approval for SPGVL to use this business model for all the SPVs that it acquires in the future through bidding process. SPGVL has in its petition submitted that the business model undertaken by NER for optimum utilization of assets does not squarely fall under the category of 'telecom business' as defined under the Sharing Regulations. Thereafter, GUVNL by way of its letter dated August 28, 2020 ("**GUVNL reply**"), submitted, amongst others, that the revenue from the Other Business be shared in the ratio of 50:50 with the LTTCs with appropriate reductions in the transmission charges. Further, GUVVL has stated that there should be no financial implication as a result of this additional business and SPGVL is required to indemnify the LTTCs for all financial or legal implications including any tax liability that arises from this business.

Thereafter, SPGVL filed a rejoinder dated September 10, 2020 to the GUVNL reply, stating, amongst others, that the requirement under the Sharing Regulations is to only share 10% of revenue for telecommunication business and considering that this is a unique business which results in lesser revenue than telecom business, 50% revenue cannot be shared and the business would need to complete at least a 2 year business cycle to understand the overhead costs and other expenses. Further, the Electricity Act and Sharing Regulations do not require SPGVL to provide a blanket indemnity to LTTCs and Sharing Regulations specifically provide for an indemnity only if the transmission licensee creates a subsidiary to undertake this 'Other Business', which is not the case here. Additionally, UPPCL has also filed a reply, challenging the Petition, to which SPGVL has responded. The matter is currently pending.

Civil matters

(i) Certain persons ("**Plaintiffs**") have filed separate cases against NER ("**Respondent**") before the District Court at Unakoti, Tripura, under Section 8 of the Indian Telegraph Act, 1885, seeking amongst others, compensation for damage suffered by the Plaintiffs on account of (i) cutting of trees on their property; (ii) a part of the property being rendered un-utilisable; and (iii) damage caused to the property without any assessment or inquiry by the concerned revenue department. In certain of these cases, a higher compensation has been demanded by the Plaintiffs from the Respondent. The Respondent has filed its reply and also paid certain compensation with respect to these cases. These matters are currently pending.

(ii) Md. Taj Uddin Barbhuiya ("**Plaintiff**") filed a suit against the Executive director, PGCIL, the Manager/Construction Head, NER ("**Defendants**"), before the Court of Munsiff No. 3 at Silchar Cachar ("**Court**"), in relation to, amongst others, declaration of right, title and interest over a parcel of land and seeking a permanent/temporary injunction against the Defendants from drawing a high voltage line. An application under Order 39 Rule 1 of the CPC was filed by the Plaintiff for seeking temporary injunction against the Defendants from drawing the high voltage line ("**Interim Application**"). By way of an order dated December 23, 2020, the Court granted the temporary injunction and directed the Defendants to not draw the said high voltage line ("**Interim Relief**"). NER filed an objection thereby challenging the maintainability of the Interim Application. The Court, by way of an order dated January 6, 2021, continued the Interim Relief until further orders. Further, the Court by way of an order dated January 22, 2021, vacated the ad-Interim Relief. Thereafter, the Plaintiff filed an application under Order 26 Rule 9 of the CPC for seeking appointment of an 'advocate commissioner' to survey the distance between the proposed drawing of the high voltage line until The Plaintiff's land. The matter is currently pending.

(iii) Jishu Debbarma and another ("**Petitioners**") filed a writ petition against, the State of Tripura, NER and others ("**Respondents**"), before the High Court of Tripura Agartala ("**Court**"), for seeking, issuance of writs for violation of their rights, including Article 19 and 21 of the Constitution of India and Tripura Land Revenue and Land Reforms Act, 1960, due to laying of high-tension electricity line by NER which would pass through a piece of land allotted to the Petitioners. The Petitioners alleged, amongst others, that NER had cut several rubber trees planted by the Petitioners without any notice or compensation paid. The Court, by way of its order dated August 13, 2020, denied the Petitioner's prayer for granting compensation and ordered a further inquiry into the procedure followed by the Respondents for laying down the said electricity lines. On September 29, 2020, NER filed an affidavit in reply challenging the writ petition on various grounds and further stated that the Petitioners failed to inform the Court about the caveat filed by NER on July 2, 2020. The amount involved in this matter is approximately ₹ 23 million. The matter is currently pending.

(iv) Basulal Das and another ("**Plaintiffs**") filed a suit against NER ("**Defendant**") before the Court of Civil Judge, Silchar, for seeking a declaration that the (i) Plaintiffs are occupancy tenants of certain parcel of land ("**Suit Land**"); (ii) Defendants have no right, title, interest or possession over any portion of the Suit Land; (iii) Defendants are trespassers over the Suit land; (iv) the Plaintiffs are entitled to get compensation amounting to ₹ 3.02 million; and (v) temporary and permanent injunctions against the Defendants. Summons have been issued to NER and NER has filed its written statement. Additionally, certain FIRs have also been filed by the Plaintiffs in relation to this matter. The m atter is currently pending. For further details in relation to the FIRs, please see the section entitled "*Litigation – NER – Criminal matters*" on page 263.

Criminal matters

(v) An FIR was filed by NER, on August 10, 2019, against Harilal Das and Babul Chakrabarty, under Sections 341, 325, 385, 506 and 341 of the IPC, registered with the Silchar Police Station, in relation to the manhandling of Rajneesh Pandey, one of the employees of NER, at Srikona. The said FIR was filed pursuant to a letter dated August 11, 2019, sent by NER to the Officer in Charge, Silchar Sadar Police Station, complaining of mental and physical harassment of Rajneesh Pandey. The matter is currently pending.

(vi) An FIR was filed by NER, on May 4, 2020, against Jakir Hussain Laskar, under Section 341 and 385 of the IPC, registered with the Silchar Police Station, for obstructing construction of a transmission line under the NER project and demanding higher right of way compensation, beyond what is prescribed under the applicable guidelines ("**Cause of action**"). The said FIR was filed pursuant to a letter dated May 5, 2020, sent by NER to the Officer in Charge, Borkhola Police Station, in relation to the Cause of action. The matter is currently pending.

(vii) An FIR was filed by NER on May 12, 2020, against Shaidul Islam Hq. Mozumder, under Sections 120-B and 384 of the IPC, registered with the Borkhola Police Station, in relation to creating obstructions while commencing construction of certain towers and demanding higher compensation beyond what is prescribed under the applicable guidelines ("**Cause of action**"). The said FIR was filed pursuant to a letter dated May 12, 2020 written by NER to the Officer in Charge, Borkhola Police Station, in relation to the Cause of action. The matter is currently pending.

(viii) An FIR was filed by Bashu Lal Das ("**Complainant**") on August 12, 2020 against certain employees of SPGVL ("**Accused**") under Sections 447, 427, 406, 294, 501, 506, 34 of the IPC, registered with the Silchar Police Station. As per the FIR, an agreement was made between the Complainant, the Accused and NER for an amount of ₹ 0.6 million for the use of the Complainant's land for transporting certain raw materials through JCB and trucks. Further, it was alleged, amongst others, by the Complainant that the Accused failed to undertake the repair of the land, crops and vegetables and trespassed on the land. The matter is currently pending.

(i) An FIR was filed by Manish Mishra, on behalf of NER, against Basu Lal Das, Kajal Das, and certain others, under Sections 341, 385, 506, 341 of the IPC, registered with the Silchar Police Station, for obstructing work undertaken on a project and demanding high right of way compensation, beyond what is prescribed by the guidelines under Section 10 of the Indian Telegraph Act, 1885 and guidelines issued by the Government of Assam. The matter is currently pending.

(ii) A complaint dated April 6, 2019 ("**Complaint**") was filed with the Senior Superintendent of Police, West Tripura, Agartala for reporting an incident against that Bittu Dev Barma, Kajal Dev Barma, Uttam Debbarma and certain others ("**Accused**") for stoppage of work, in relation to construction of certain sub-station, as a part of the NER project. On April 19, 2019, a notice was issued to one of the accused, Uttam Debbarma and he was directed to appear before the Sub-Inspector of Police, Ranir Bazar Police Station within seven days of receipt of that notice. Further, an FIR was filed by Captain Vivek Sachar under sections 448, 342, 384, 506 34 of the IPC against the Accused, pursuant to the Complaint.] A notice dated September 19, 2019 under Section 41A(1) of the CrPC was issued by the police station against the Accused. The matter is currently pending.

(iii) An FIR was filed by Santosh Kumar, on behalf of NER, on October 27, 2020, against Shaibur Rahman Laskar, Azad Hussain Laskar, Iftakar Alom Lakskar and others, under Sections 420, 384 and 353 of the IPC, alleging that the accsed are obstructing construction of a transmission line under the NER project ("**Cause of action**"). The said FIR was filed pursuant to a letter dated October 24, 2020 sent by NER to the Officer in Charge, Borkhola Police Station, in relation to the Cause of action. The matter is currently pending.

(iv) An FIR was filed by Ratan Gupta, on behalf of NER, on December 26, 2020, against Wahida Akhtar Barbhuiya, Rashid Ahmed Barbhuiya, alleging, amongst others, that the Accused are demanding higher compensation beyond what is prescribed under the applicable guidelines ("**Cause of action**"). The said FIR was filed pursuant to a letter dated December 25, 2020 filed by NER to the Officer in Charge, Borkhola Police Station, in relation to the Cause of action. The matter is currently pending.

(v) An FIR was filed by Rajneesh Pandey, on behalf of NER, on December 27, 2020, under sections 341, 294,385, 506, 34 of the IPC, against Aklim Raja Barbhuiya, Aftab Uddin Barbhiuya, Taj Uddin Barbhuiya ("**Accused**") alleging, amongst others, that the Accused had obstructed the work undertaken on a project and demanded higher right of way compensation beyond what is prescribed under the applicable guidelines, without any basis ("**Cause of action**"). The said FIR was filed pursuant to a letter dated December 25, 2020 filed by NER to the Officer in Charge, Srikona Police Outpost, Silchar, in relation to the Cause of action. The matter is currently pending.

(vi) An FIR was filed by Basulal Das ("**Complainant**"), on February 1, 2021, against Sterlite Manager, Amit Singh, Ashok Rauth, Sunil Kumar and certain others ("**Accused**"), under sections 147, 447, 294, 427, 188 and 506 of the IPC, registered with the Silchar Police Station, alleging amongst others, certain unauthorised work undertaken by the Accused on the land of the Complainant, thereby causing damage to such land. The matter is currently pending

Notices

Various persons ("**Aggrieved persons**") have sent 13 legal notices to NER, in several districts including Tripura, Mouja Purba, and Silchar, seeking, amongst others, (i) satisfactory compensation for standing trees and crops and for installing towers and structures by NER; (ii) satisfactory compensation for felling of trees, including rubber trees pursuant to the Indian Telegraph act, 1885; (iii) compensation for damage caused to the Aggrieved Persons land by NER; and (iv) restraining NER from drawing or transmitting electricity lines over the Aggrieved Persons land and demanding compensation for shifting their land or house, as applicable. Aggrieved persons have claimed higher compensation in some of these cases. NER has sent its reply and is at various stages of discussions with the Aggrieved persons. Additionally, in the past, certain sub-contractors appointed by NER for the NER project, have also received notices in relation to non-payment of dues on time. These notices are currently pending.

Other Litigations

II. Litigation involving the Sterlite Sponsor and Project Manager – Sterlite Power Transmission Limited

Criminal matters

An FIR was filed against Waseem Ahmad Baba, one of the employees of SPTL, under Sections 447-A and 427 of the IPC and Section 6 of the Forest Act, 1927, before the Sub-Judge Judicial Magistrate, Chadoora - Criminal, Badgam, Jammu and Kashmir, in relation to allegedly cutting of certain trees illegally, while being employed in the NTL project. The matter is currently pending. Additionally, there is one criminal matter filed against certain ex-employees of SPTL, in relation to the ENICL project.

Others

Three separate public interest litigations have been filed by Goa Foundation and Federation of Rainbow Warriors, respectively, against GTTPL and others, before the High Court of Bombay, in relation to amongst others, (i) challenging the conversion of certain land for the purpose of construction of an electrical substation and related infrastructure, including certain residences, by GTTPL; (ii) challenging the approval granted by the CEA under Section 164 of the Electricity Act to GTTPL, for alignment of a transmission line in the state of Goa, which directly affects forests, wildlife and a total of 131,082 trees in the ecological sensitive areas of Western Ghats; (iii) challenging the forest clearance approvals (Stage I and Stage II) granted to GTTPL, pursuant to the CEA approval, for erection of transmission lines through parts of Goa; and (iv) seeking reliefs against the forest clearance approvals (Stage I and Stage II) granted to GTTPL, by the Deputy Inspector, General of Forest (Central), MoEF, for diversion of 69.41 hectares of forest land in North Goa, for construction of a transmission line by GTTPL, on the grounds of lack of feasibility to the environment and the biodiversity impact. These matters are currently pending.

For further litigation involving the Sterlite Sponsor or Project Manager, please see the section entitled "*Litigation – Tax Proceedings*" on page 267.

III. Litigation involving the Project Manager – IGL

Please see the section entitled "*Litigation - Litigation involving India Grid Trust and its Portfolio Assets – IGL*" on page 254.

IV. Litigation involving the Associates of the Sterlite Sponsor and Project Manager – Sterlite Power Transmission Limited

Please see the section entitled "*Litigation - Litigation involving India Grid Trust and its Portfolio Assets*" on page 254.

V. Litigation involving the Associates of Project Manager – IGL

Please see the section entitled "*Litigation - Litigation involving India Grid Trust and its Portfolio Assets*" on page 254.

VI. Litigation and regulatory actions against the KKR Sponsor and its Associates and Associates of the Investment Manager which are affiliates of KKR

Except as stated below, there are no outstanding material litigation or regulatory actions (which are not in the ordinary course) against the KKR Sponsor or its Associates or Associates of the Investment Manager which are affiliates of KKR, solely on the basis described above.

From time to time, KKR is involved in various legal proceedings, lawsuits and claims incidental to the conduct of KKR's business. KKR's business is also subject to extensive regulation, which may result in regulatory proceedings against it.

In December 2017, KKR & Co. L.P. and its Co-Chief Executive Officers were named as defendants in a lawsuit pending in Kentucky state court alleging, amongst other things, the violation of fiduciary and other duties in connection with certain separately managed accounts that Prisma Capital Partners LP, a former subsidiary of KKR, manages for the Kentucky Retirement Systems. Also named as defendants in the lawsuit are certain current and former trustees and officers of the Kentucky Retirement Systems, Prisma Capital Partners LP, and various other service providers to the Kentucky Retirement Systems and their related persons. KKR and other defendants' motions to dismiss were denied by the trial court in November 2018, but in April 2019 the Kentucky Court of Appeals vacated the trial court's opinion and order denying the motions to dismiss the case for lack of standing. The decision of the Court of Appeals has been appealed by plaintiffs to the Supreme Court of Kentucky, whose decision is pending. On July 9, 2020, the Supreme Court of Kentucky reversed the trial court's order and remanded the case to the trial court with direction to dismiss the complaint for lack of constitutional standing. On July 20, 2020, the Office of the Attorney General, on behalf of the

Commonwealth of Kentucky, filed a motion to intervene as a plaintiff in the lawsuit and on July 21, 2020 filed a new lawsuit in the same Kentucky trial court making essentially the same allegations against the defendants, including KKR & Co. Inc. and Messrs. Kravis and Roberts. On July 29, 2020, certain private plaintiffs in the original lawsuit filed a motion to further amend their original complaint and to add new plaintiffs. On July 30, 2020, KKR and other defendants filed objections to the Attorney General's motion to intervene. On December 28, 2020, the trial court dismissed the complaint filed by the original plaintiffs and denied their motion to amend their original complaint and add new plaintiffs, but granted the Office of the Attorney General's motion to intervene. Some of the attorneys for the private plaintiffs in the original lawsuit have filed a new lawsuit, and a motion to intervene in the original lawsuit, on behalf of a new set of plaintiffs, who claim to be "Tier 3" members of Kentucky Retirement Systems, alleging substantially the same allegations as in the original lawsuit. In addition, the Kentucky Retirement Systems has commissioned an investigation into certain matters alleged in the Attorney General's complaint.

KKR currently is and expects to continue to become, from time to time, subject to examinations, inquiries and investigations by various U.S. and non-U.S. governmental and regulatory agencies, including but not limited to the SEC, Department of Justice, state attorney generals, Financial Industry Regulatory Authority, or FINRA, and the U.K. Financial Conduct Authority. Such examinations, inquiries and investigations may result in the commencement of civil, criminal or administrative proceedings or fines against KKR or its personnel.

Moreover, in the ordinary course of business, KKR is and can be both the defendant and the plaintiff in numerous lawsuits with respect to acquisitions, bankruptcy, insolvency and other types of proceedings. Such lawsuits may involve claims that adversely affect the value of certain investments owned by KKR's funds.

KKR establishes an accrued liability for legal proceedings only when those matters present loss contingencies that are both probable and reasonably estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. No loss contingency is recorded for matters where such losses are either not probable or reasonably estimable (or both) at the time of determination. Such matters may be subject to many uncertainties, including amongst others: (i) the proceedings may be in early stages; (ii) damages sought may be unspecified, unsupportable, unexplained or uncertain; (iii) discovery may not have been started or is incomplete; (iv) there may be uncertainty as to the outcome of pending appeals or motions; (v) there may be significant factual issues to be resolved or (vi) there may be novel legal issues or unsettled legal theories to be presented or a large number of parties. Consequently, management is unable to estimate a range of potential loss, if any, related to these matters. In addition, loss contingencies may be, in part or in whole, subject to insurance or other payments such as contributions and/or indemnity, which may reduce any ultimate loss.

It is not possible to predict the ultimate outcome of all pending legal proceedings, and some of the matters discussed above seek or may seek potentially large and/or indeterminate amounts. As of such date, based on information known by management, management has not concluded that the final resolutions of the matters above will have a material effect upon the financial statements. However, given the potentially large and/or indeterminate amounts sought or may be sought in certain of these matters and the inherent unpredictability of investigations and litigations, it is possible that an adverse outcome in certain matters could, from time to time, have a material effect on KKR's financial results in any particular period.

VII. Litigation involving the Investment Manager

Nil.

VIII. Litigation involving the Associates of the Investment Manager (Excluding the Associates of the Investment Manager which are affiliates of KKR)

Please see the section entitled "*Litigation - Litigation involving the Associates of IndiGrid*" above.

IX. Litigation involving the Trustee

Nil.

X. Tax Proceedings

Details of all direct tax and indirect tax matters against IndiGrid, Associates of IndiGrid, Parties to IndiGrid and their Associates as of the date of this Draft Letter of Offer, are as follows:

Sr. No.	Nature of Case	Number of cases	Amount involved (in ₹ million)
IndiGrid and Associates of IndiGrid (excluding Associates of the Sterlite Sponsor and the KKR Sponsor)			
IGL, also the Project Manager for JKTPL and PrKTCL			
1.	Direct Tax	-	-
2.	Indirect Tax	1	17.99
JTCL			
1.	Direct Tax	-	-
2.	Indirect Tax	9	261.98
BDTCL			
1.	Direct Tax	1	27.90
2.	Indirect Tax	6	179.92
PKTCL			
1.	Direct Tax	-	-
2.	Indirect Tax	1	16.06
RTCL			
1.	Direct Tax	-	-
2.	Indirect Tax	2	13.31
MTL			
1.	Direct Tax	-	-
2.	Indirect Tax	-	-
PTCL			
1.	Direct Tax	-	-
2.	Indirect Tax	-	-
GPTL			
1.	Direct Tax	-	-
2.	Indirect Tax	-	-
IGL1			
1.	Direct Tax	-	-
2.	Indirect Tax	-	-
IGL2			
1.	Direct Tax	-	-
2.	Indirect Tax	-	-
ENICL			
1.	Direct Tax	-	-
2.	Indirect Tax		
NTL			
1.	Direct Tax	-	-
2.	Indirect Tax	-	-
OGPTL			
1.	Direct Tax	-	-
2.	Indirect Tax	-	-
JKTPL			
1.	Direct Tax	2	7.90
2.	Indirect Tax	-	-
PrKTCL			
1.	Direct Tax	-	-
2.	Indirect Tax	1	42.27
Sterlite Sponsor or Project Manager – Sterlite Power Transmission Limited			
1.	Direct Tax	10*	-
2.	Indirect Tax	-	-
KKR Sponsor			
1.	Direct Tax	-	-
2.	Indirect Tax	-	-
Investment Manager			
1.	Direct Tax	-	-
2.	Indirect Tax	-	-

** Includes cases involving NER and SPTL.*

SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by the Parties to the InvIT or the Lead Manager or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE, together, hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Stock Exchange Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 on October 3, 2018 (the "**SCR (SECC) Regulations**"), which regulate *inter alia* the recognition, ownership and governance of stock exchanges and clearing corporations in India together with providing for minimum net worth requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and Delisting of Units

The InvIT Regulations provide for listing and delisting of units of infrastructure investment trusts on the Stock Exchanges.

BSE

Established in 1875, it is the oldest stock exchange in India. The BSE became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchanges of India.

NSE

NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchanges of India. NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. 1ST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading facility in 1995. This totally automated screen based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

RIGHTS OF UNITHOLDERS

The rights and interests of Unitholders are included in this Draft Letter of Offer and the InvIT Regulations. Under the Amended and Restated Trust Deed and the Investment Management Agreement, these rights and interests are safeguarded by the Trustee and the Investment Manager, respectively. Any rights and interests of Unitholders as specified in this Draft Letter of Offer would be deemed to be amended to the extent of any amendment to the InvIT Regulations.

Beneficial Interest

Each Unit represents an undivided beneficial interest in IndiGrid. A Unitholder has no equitable or proprietary interest in the InvIT Assets and is not entitled to any share in the transfer of the InvIT Assets (or any part thereof) or any interest in the InvIT Assets (or any part thereof) of IndiGrid. A Unitholder's right is limited to the right to require due administration of IndiGrid in accordance with the provisions of the Amended and Restated Trust Deed and the Investment Management Agreement.

Ranking

No Unitholder of IndiGrid shall enjoy superior voting or any other rights over another Unitholder. Further, the Units of IndiGrid shall not have multiple classes, except any subordinate Units that may be issued to the Sponsors in the future in accordance with Regulation 4(2)(h) of the InvIT Regulations.

Grievance Redressal Mechanism

The Trustee shall periodically review the status of Unitholders' complaints and their redressal undertaken by the Investment Manager. The Stakeholders' Relationship Committee of the Investment Manager shall monitor the status of complaints and their redressal.

Distribution

The Unitholders shall have the right to receive distribution in accordance with the InvIT Regulations and in the manner set forth in this Draft Letter of Offer. For details, please see the section entitled "*Distribution*" on page 224.

Meeting of Unitholders

Meetings of Unitholders will be conducted in accordance with the InvIT Regulations.

Passing of resolutions

1. With respect to any matter requiring approval of the Unitholders:

   (i) a resolution shall be considered as passed when the votes cast by Unitholders, so entitled and voting, in favour of the resolution exceed a certain percentage as specified in the InvIT Regulations, of votes cast against;

   (ii) the voting may be done by postal ballot or electronic mode;

   (iii) a notice of not less than 21 days shall be provided to the Unitholders;

   (iv) voting by any Unitholder (including, the Sponsors in its capacity as Unitholders), who is a related party in such transaction, as well as associates of such Unitholder(s) shall not be considered on the specific issue;

   (v) the Investment Manager shall be responsible for all the activities pertaining to conducting of meeting of the Unitholder, subject to overseeing by the Trustee.

   However, for issues pertaining to the Investment Manager, including a change in Investment Manager, removal of Investment Manager or change in control of Investment Manager; the Trustee shall convene and handle all activities pertaining to conduct of the meetings. Additionally, for issues pertaining to the Trustee, including change in Trustee, the Trustee shall not be involved in any manner in the conduct of the meeting.

2. With respect to IndiGrid:

   (i) an annual meeting of all Unitholders shall be held not less than once a year within 120 days from the end of each financial year and the time between two meetings shall not exceed 15 months;

   (ii) with respect to the annual meeting of Unitholders,

      (a) any information that is required to be disclosed to the Unitholders and any issue that, in the ordinary course of business, may require approval of the Unitholders may be taken up in the meeting including:

- latest annual accounts and performance of IndiGrid;
- approval of auditor and fee of such auditor, as may be required;
- latest valuation reports;
- appointment of valuer, as may be required; and
- any other issue;

(b) for any issue taken up in such meetings which require approval from the Unitholders other than as specified in Regulation 22(6) of the InvIT Regulations, votes cast in favour of the resolution shall be more than the votes cast against the resolution.

3. In case of the following, approval from the Unitholders shall be required where the votes cast in favour of the resolution shall be more than the votes cast against the resolution:

(i) any approval from the Unitholders required in terms of Regulation 18 (*Investment conditions and dividend policy),* Regulation 19 (*Related party transactions)* and Regulation 21 *(Valuation of assets*) of the InvIT Regulations;

(ii) any transaction, other than any borrowing, the value of which is equal to or greater than 25% of the InvIT Assets of IndiGrid;

(iii) any borrowing in terms of the limit specified under clause (a) of Regulation 20(3) of the InvIT Regulations;

(iv) any issue of Units after initial public offer by IndiGrid, in whatever form, other than any issue of Units which may be considered by SEBI, under Regulation 22(5) of the InvIT Regulations;

(v) increasing period for compliance with investment conditions to one year in accordance with Regulation 18(5)(c) of the InvIT Regulations;

(vi) any issue, in the ordinary course of business, which in the opinion of the Sponsors or the Trustee or the Investment Manager, is material and requires approval of the Unitholders, if any;

(vii) de-classification of the status of the Sponsors;

(viii) any issue for which SEBI or the designated stock exchanges requires approval.

4. In case of the following, approval from the Unitholders shall be required where the votes cast in favour of the resolution shall not be less than one and a half times the votes cast against the resolution:

(i) any change in the Investment Manager, including removal of the Investment Manager or change in control of the Investment Manager;

(ii) any material change in investment strategy or any change in the management fee of IndiGrid;

(iii) the Trustee and Investment Manager proposing to seek delisting of units of IndiGrid under Regulation 17(1)(e) of the InvIT Regulations;

(iv) any issue, not in the ordinary course of business, which in the opinion of the Sponsors or Investment Manager or Trustee requires approval of the Unitholders, provided that if such approval is not obtained, an exit option shall be provided to the Unitholders to the extend and in the manner specified by SEBI;

(v) any issue for which SEBI or the designated stock exchanges require approval;

(vi) any issue taken up on request of the Unitholders including:

(a) removal of the Investment Manager and appointment of another investment manager to IndiGrid;

(b) removal of the Auditor and appointment of another auditor to IndiGrid;

(c) removal of the Valuer and appointment of another valuer to IndiGrid;

(d) delisting of IndiGrid, if the Unitholders have sufficient reason to believe that such delisting would act in the interest of the Unitholders;

(e) any issue which the Unitholders have sufficient reason to believe that is detrimental to the interest of the Unitholders;

(f) change in the Trustee if the Unitholders have sufficient reason to believe that acts of such Trustee is detrimental to the interest of the Unitholders.

With respect to the rights of the Unitholders under clauses 4(vi) above:

(i) not less than 25% of the Unitholders by value, other than any party related to the transactions and its associates, shall apply, in writing, to the Trustee for the purpose;

(ii) on receipt of such application, the Trustee shall require, with the Investment Manager to place the issue for voting in the manner as specified in the InvIT Regulations;

(iii) with respect to clause 4(vi)(f) above, not less than 60% of the Unitholders by value shall apply, in writing, to the Trustee for the purpose.

5. In case of any borrowing by IndiGrid in terms of the limit specified under Regulation 20(3)(b) of the InvIT Regulations, the approval from 75% of the Unitholders by value shall be obtained.

6. For delisting of Units of IndiGrid in terms of Regulation 17(1)(ea), approval from not less than 90% of the Unitholders by value shall be requires and exit shall be provided to the dissenting Unitholders. No person, other than the Sponsors, their related parties and their associates, shall acquire units of an infrastructure investment trust which taken together with the Units held by such person and by persons acting in concert with such person in such infrastructure investment trust, exceeds 25% of the value of the outstanding infrastructure investment trust Units unless approval from 75% of the Unitholders by value excluding the value of the Units held by parties to the transaction is obtained. In the event the Unitholders do not approve the acquisition, the person acquiring the Units shall provide an exit option to dissenting Unitholders to the extent and in the manner as may be specified by SEBI.

7. In case of any change in sponsor or inducted sponsor or change in control of sponsor or inducted sponsor, prior approval of 75% of the Unitholders by value excluding the value of Units held by parties to the transaction is to be obtained. In the event the Unitholders do not provide their approval: (i) in case of change of sponsor or inducted sponsor, the proposed inducted sponsor shall provide an exit option to dissenting Unitholders to the extent and in the manner as may be specified by SEBI; and (ii) in case of change in control of sponsor or inducted sponsor, the said sponsor or inducted sponsor shall provide an exit option to dissenting Unitholders to the extent and in the manner as may be specified by SEBI.

Information rights

The Investment Manager, on behalf of IndiGrid, shall also submit such information to the Stock Exchanges and Unitholders, on a periodical basis as may be required under the InvIT Regulations. The Investment Manager (on behalf of IndiGrid) shall disclose to the Stock Exchanges, Unitholders and SEBI, all such information and in such manner a s specified under the InvIT Regulations and such other requirements as may be specified by SEBI. The Investment Manager, on behalf of IndiGrid, shall also provide disclosures or reports specific to the sector or sub-sector in which IndiGrid has invested or proposes to invest, in the manner as may be specified by SEBI.

Buyback and Delisting of Units

Any buyback or delisting of Units, will be in accordance with the InvIT Regulations.

For additional details in relation to rights of Unitholders, please see the section entitled "*Parties to IndiGrid*" on page 96.

ISSUE INFORMATION

This section is for the information of the Bidders proposing to apply in this Issue. Investors should carefully read the provisions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. The Trustee, the Sponsors, the Investment Manager and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Bidders are advised to make their independent investigation (for which the Investment Manager, the Sponsors, IndiGrid and the Lead Manager take no responsibility or liability) and ensure that the Application Form is correctly filled up. Unless otherwise permitted under the InvIT Regulations read with SEBI Rights Issue Guidelines, Bidders proposing to apply in this Issue can apply only through ASBA.

OVERVIEW

This Issue and the Units issued pursuant to this Issue, are subject to the terms and conditions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the InvIT Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other governmental, statutory and regulatory authorities from time to time, including approvals, from RBI or other regulatory authorities, and the terms and conditions as stipulated in the Allotment advice. The Issue shall be undertaken in accordance with the provisions of the InvIT Regulations and the SEBI Rights Issue Guidelines.

Important:

1. **Dispatch and availability of Issue materials:**

The Investment Manager will dispatch the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material (i) only to e-mail addresses of resident Eligible Unitholders who have provided their e-mail addresses; (ii) only to the Indian addresses of the resident Eligible Unitholders, on a reasonable effort basis, whose e-mail addresses are not available with the Investment Manager or the Eligible Unitholders have not provided the valid e-mail address to the Investment Manager; (iii) only to the Indian addresses of the non-resident Eligible Unitholders, on a reasonable effort basis, who have provided an Indian address to the Investment Manager and located in jurisdictions where the offer and sale of the Units may be permitted under laws of such jurisdictions.

Further, the Letter of Offer will be sent/ dispatched (i) only to e-mail addresses of resident Eligible Unitholders who have provided their e-mail addresses; (ii) only to the Indian addresses of the resident Eligible Unitholders, on a reasonable effort basis, whose e-mail addresses are not available with the Investment Manager or the Eligible Unitholders have not provided the valid e-mail address to the Investment Manager; (iii) only to the Indian addresses of the non-resident Eligible Unitholders, on a reasonable effort basis, who have provided an Indian address to the Investment Manager and located in jurisdictions where the offer and sale of the Units may be permitted under laws of such jurisdictions, by the Lead Manager, in each case who make a request in this regard.

Investors can access the Letter of Offer, the Abridged Letter of Offer, the Application Form, statutory advertisement, corrigendum, if applicable (provided that the Eligible Unitholder is eligible to subscribe for the Units under applicable securities laws) on the websites of:

(i) the Trust at www.indigrid.co.in;

(ii) the Registrar at www.kfintech.com;

(iii) the Lead Manager, being Axis Capital Limited, at www.axiscapital.co.in;

(iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com.

Eligible Unitholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (www.kfintech.com) by entering their DP ID, Client ID and PAN. The link for the same shall also be available on the website of IndiGrid (www.indigrid.co.in).

Further, the Investment Manager along with the Lead Manager will undertake all adequate steps to reach out to the Eligible Unitholders who have provided their Indian address through other means, as may be feasible. The Investment Manager, the Sponsors, the Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, or delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Unitholders or electronic transmission delays or failures (including corruption of the document being transmitted electronically), or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in transit.

2. **Facilities for Application in this Issue:**

In accordance with the InvIT Regulations read with the SEBI Rights Issue Guidelines, all Bidders desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA. For details, please see the section entitled "*- Procedure for Application through the ASBA Process*" on page 281.

(a) **ASBA facility**: Bidders can submit either the Application Form in physical mode to the Designated Branches of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

3. **Credit of Rights Entitlements in demat accounts of Eligible Unitholders**

In accordance with InvIT Regulations read with the SEBI Rights Issue Guidelines, the credit of Rights Entitlements and Allotment of Units shall be made in the dematerialized form only. Prior to the Issue Opening Date, the Investment Manager shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Unitholders holding the Units in dematerialised form (other than fractional entitlement); and (ii) a demat suspense escrow account opened by the Investment Manager, for the Eligible Unitholders which would comprise Rights Entitlements relating to (a) the Units held in a demat suspense account pursuant to Regulation 39 of the SEBI LODR Regulations; or (b) the demat accounts of the Eligible Unitholder which are frozen or details of which are unavailable with the Investment Manager or with the Registrar on the Record Date; or (d) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Units under dispute, including any court proceedings, as applicable.

4. **Other important links and helpline:**

The Investors can visit following links for the below-mentioned purposes:

- Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by Bidders: https://www.indigrid.co.in/
- Updation of Indian address/ email address/ mobile number in the records maintained by the Registrar or the Investment Manager: https://www.indigrid.co.in/
- Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Unitholders: https://www.indigrid.co.in/

Eligibility for the Issue

The Trust is registered as an irrevocable trust under the Indian Trusts Act, 1882, on October 21, 2016, and as an infrastructure investment trust under the InvIT Regulations, on November 28, 2016, having registration number IN/InvIT/16-17/0005 at New Delhi. The existing Units of the Trust are listed on BSE and NSE. The Issue is being undertaken in accordance with the InvIT Regulations, the SEBI Rights Issue Guidelines and other applicable law.

Compliance with the SEBI Rights Issue Guidelines

The Trust is in compliance with Clause 11 of the SEBI circular entitled "*Guidelines for rights issue of units by a listed Infrastructure Investment Trust (InvIT)*" dated January 17, 2020 (Circular No. SEBI/HO/DDHS/DDHS/CIR/P/2020/10), as amended, which is provided below, and accordingly eligible to undertake this Issue by way of a 'fast track issue'.

(i). units of the Trust have been listed on BSE and NSE for a period of at least three years immediately preceding March 3, 2021 (the "**Record Date**");

(ii). all the units of the Trust are held in dematerialised form on the, as on the Record Date;

(iii). the average market capitalisation of public unitholding of the Trust is at least ₹ 2,500 million;

(iv). the Trust is in compliance with the listing and disclosure requirements of the InvIT Regulations;

(v). the Trust has redressed at least ninety-five per cent of the complaints received from the investors until the end of the quarter immediately preceding the month of the Record Date;

(vi). no show-cause notices have been issued or prosecution proceedings have been initiated by SEBI and pending against the Trust, Parties to the Trust or their respective promoters or partners or directors as on the Record Date;

(vii). None of the Trust, Parties to the Trust or their respective promoters or partners or directors has settled any alleged violation of securities laws through the consent or settlement mechanism with SEBI during the three years immediately preceding the Record Date;

(viii). units of the Trust have not been suspended from trading as a disciplinary measure during the three years immediately preceding the Record Date;

(ix). no regulatory action has been imposed on the Trust in the three years preceding the year in which the Issue is proposed to be undertaken;

(x). there is no conflict of interest between the Lead Manager and the Trust or its associates;

(xi). each of the Sponsors shall mandatorily subscribe to its rights entitlement and shall not renounce its rights, except for the purpose of complying with minimum public unitholding norms prescribed under the InvIT Regulations; and

(xii). there are no audit qualifications with respect to the audited financial statements for the Trust for the financial year ended March 31, 2018, March 31, 2019, March 31, 2020 and with respect to the condensed limited review financial statements for the nine months ended December 31, 2020.

Renouncees

All rights and obligations of the Eligible Unitholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Basis for this Issue

The Units are being offered for subscription for cash to the Eligible Unitholders whose names appear as unitholders as per the list to be furnished by the Depositories in respect of the Units held in dematerialised form on the Record Date.

Rights Entitlements

As your name appears as a unitholder in respect of the Units held in dematerialised form as on the Record Date, you may be entitled to subscribe to the number of Units as set out in the Rights Entitlement Letter.

Eligible Unitholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (www.kfintech.com) by entering their DP ID and Client ID. The link for the same shall also be available on the website of IndiGrid (www.indigrid.co.in).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Unitholders before the Issue Opening Date only in dematerialised form.

IndiGrid is undertaking this Issue on a rights basis to the Eligible Unitholders only and will send the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form only to e-mail addresses of Eligible Unitholders who have provided an Indian address to the Investment Manager. The Letter of Offer will be provided, only through email, by the Registrar on behalf of the Investment Manager or the Lead Manager to the Eligible Unitholders who have provided their Indian addresses to the Investment Manager. The Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar, the Trust and the Lead Manager through a link contained in the aforementioned e-mail sent to e-mail addresses of Eligible Unitholders (provided that the Eligible Unitholder is eligible to subscribe for the Units under applicable securities laws) and on the Stock Exchange websites. The distribution of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Units on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken by IndiGrid, the Sponsors, the Investment Manager or the Lead Manager to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer will be filed with SEBI and the Stock Exchanges. Accordingly, the Rights

Entitlements and the Units may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Units or the Rights Entitlements, distribute or send this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes and Application will be deemed to have declared, warranted and agreed, by accepting the delivery of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Units under the laws of any jurisdiction which apply to such person.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE UNITS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT, OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE UNITS REFERRED TO IN THIS DRAFT LETTER OF OFFER, THE LETTER OF OFFER ARE BEING OFFERED AND SOLD IN OFFSHORE TRANSACTIONS OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S TO UNITHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE UNITS IS PERMITTED UNDER LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS DRAFT LETTER OF OFFER, THE LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY UNITS OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES.

Neither the Trust, nor any person acting on behalf of the Trust, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who the Trust, or any person acting on behalf of the Trust, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States or from any other jurisdiction where it would be illegal to make an offer of securities under this Draft Letter of Offer or the Letter of Offer. The Trust is making this Issue on a rights basis to the Eligible Equity Unitholders and will dispatch, only through email, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form only to Eligible Unitholders who have provided an Indian address to the Trust.

Any person who acquires Rights Entitlements or Units will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Units or the Rights Entitlements, it will not be, in the United States, and is authorized to acquire the Rights Entitlements and the Units in compliance with all applicable laws and regulations.

The Trust, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form which: (i) appears to the Trust or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Units is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is not in the United States and eligible to subscribe for the Units under applicable securities laws and such person is complying with laws of jurisdictions applicable to such person in connection with this Issue and have obtained requisite approvals before applying in this Issue; or (iii) where either a registered Indian address is not provided or the Trust believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and the Trust shall not be bound to issue or allot any Units in respect of any such Application Form.

PRINCIPAL TERMS OF THIS ISSUE

Issue Price

Each Unit is being offered at a price of ₹ [●] per Unit in this Issue. The Issue Price for the Units has been arrived at by the Investment Manager in consultation with the Lead Manager and has been decided prior to the determination of the Record Date.

Rights Entitlements Ratio

The Units are being offered on a rights basis to the Eligible Unitholders in the ratio of [●] Lot for every [●] Lots held by the Eligible Unitholders as on the Record Date.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Unitholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Unitholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Unitholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. RBI, by way of its e-mail communication dated February 17, 2021, has clarified that Rule 6(c) read with Schedule VIII of the FEM Rules permits the issue of Units by InvITs to persons resident outside India. The RBI has further clarified that an InvIT is permitted to undertake a fast track rights issue in accordance with the SEBI Rights Issue Guidelines read with the InvIT Regulations.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements using the secondary market platform of the Stock Exchanges or through an off-market transfer. For details, please see the section entitled "- *Procedure for Renunciation of Rights Entitlements*" on page 283.

In this regard, the Investment Manager has made necessary arrangements with NSDL and CDSL for the crediting of the Rights Entitlements to the demat accounts of the Eligible Unitholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Eligible Unitholders are requested to provide relevant details (such as copies of self-attested PAN and details confirming the legal and beneficial ownership of their respective Units) to the Investment Manager or the Registrar not later than two Working Days prior to the Issue Closing Date, being by [●], to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Unitholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Unitholders in this regard. Such Eligible Unitholders are also requested to ensure that their demat account, details of which have been provided to Investment Manager or the Registrar account is active to facilitate such transfer.

Additionally, Investment Manager will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Unitholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Unitholders can be accessed by such respective Eligible Unitholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Trading of the Rights Entitlements

The Rights Entitlements credited shall be admitted for trading on the Stock Exchanges under ISIN [●]. Prior to the Issue Opening Date, Investment Manager will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. Bidders shall be able to trade their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The On Market Renunciation shall take place electronically on the secondary market platform of the Stock Exchanges on T+2 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. The Rights Entitlements shall be tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1,701 Units.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, being, from [●] to [●] (both days inclusive). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. Eligible Unitholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date. For details, please see the sections entitled "- *Procedure for Renunciation of Rights Entitlements – On Market Renunciation*" and "- *Procedure for Renunciation of Rights Entitlements – Off Market Renunciation*" on page 284. Once the Rights Entitlements are credited to the demat account of the Renouncees, application in the Issue could be made until the Issue Closing Date. For details, please see the section entitled " – *Procedure for Application*" on 280.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Bidders on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

No Units for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and the purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Units offered under this Issue for subscribing to the Units offered pursuant to this Issue.

Terms of Payment

Full amount of ₹ [●] per Unit shall be payable on Application.

Fractional Entitlements

As the lot size comprises of 1,701 Units in accordance with InvIT Regulations for IndiGrid, the Rights Entitlements will be credited to the unitholders in multiples of 1,701 Units and the participation by unitholders in the Rights Issue will also be in multiples of 1,701 Units. Entitlements that are not in the multiple of 1,701 Units will be treated as fractional entitlements. Such fractional entitlements will not be credited to the Unitholders' accounts and the option of trading of fractional entitlements will also not be allowed by the Stock Exchanges. Accordingly, off-line transfers will not be permitted.

Illustration in relation to Fractional Entitlements

For ease of reference and understanding, we have assumed that the ratio of [●] Lot for every [●] Lots held by the Eligible Unitholders will be offered on a rights basis. The detailed description of the fractional entitlement and the basis of allotment are provided below:

The Units are being offered on a rights basis to existing Eligible Unitholders in the ratio of [●] Lot for every [●] Lots held as on the Record Date. Fractional entitlements of the Rights Entitlement will be credited to a suspense account. Accordingly, if the Unitholding of any of the Eligible Unitholders is less than [●] Lot or is not in the multiple of [●] Lots, the fractional entitlements of such Eligible Unitholders shall be ignored. However, the Eligible Unitholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one additional lot if they apply for additional Units in the Issue over and above their Rights Entitlements, if any, subject to availability of lots in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Unitholder holds 1,701 Units, such Unitholder will be entitled to [●] Lot and will also be given a preferential consideration for the Allotment of 1,701 Units if such Eligible Unitholder has applied for additional Lots in the Issue, over and above his/her Rights Entitlements, subject to availability of lots in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Unitholders holding less than [●] Lots shall have 'zero' entitlement for the lots. Such Eligible Unitholders are entitled to apply for additional lots in the Issue and will be given preference in the Allotment of 1,701 Units, if such Eligible Unitholders apply for additional lots in the Issue, subject to availability of lots in this Issue post allocation.

Ranking

The Units to be issued and allotted pursuant to this Issue shall be subject to the provisions of theLetter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the InvIT Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other governmental, statutory and regulatory authorities from time to time, including approvals, from RBI or other regulatory authorities, and the terms and conditions as stipulated in the Allotment advice. The Units to be issued and Allotted under this Issue shall rank *pari passu* with the existing Units, in all respects including distributions.

Listing and trading of the Units to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Units proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the InvIT Regulations, the Units Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Units will be taken within such period prescribed under the InvIT Regulations. The Investment Manager has received in-principle approval from the BSE through letter bearing reference number [●] dated March [●], 2021 and from NSE through letter bearing reference number [●] dated March [●], 2021. The Investment Manager will apply to the Stock Exchanges for final approvals for the listing and trading of the Units subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Units or the price at which the Units offered under this Issue will trade after the listing thereof.

The existing Units are listed and traded on BSE (Scrip Code: 540565) and NSE (Scrip Code: INDIGRID) under the ISIN INE219X23014. The Units shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing and trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals from the Stock Exchanges, the Units shall be debited from the temporary ISIN and credited shall to the new ISIN for the Units issued pursuant to this Issue and shall be available for trading. Accordingly, the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Units issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case the Investment Manager fails to obtain listing or trading permission from the Stock Exchanges, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within seven days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Units.

Subscription to this Issue by the Sponsors and their Associates

For details of the intent and extent of subscription by the Sponsors and their Associates, please see the section entitled "*The Issue – Intention and extent of participation by the Sponsors and its Associates*" on page 20.

GENERAL TERMS OF THE ISSUE

Market Lot

The Units of IndiGrid shall be tradable only in dematerialized form. The trading lot for Units in dematerialised mode is 1,701 Units.

Arrangements for Disposal of Odd Lots

The Units issued pursuant to this Issue shall be traded in dematerialised form only and shall be issued in the applicable trading lot. Accordingly, no arrangement for disposal of odd lots are required for the Units issued pursuant to this Issue.

Notices

The Investment Manager, will send, only through e-mail, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Unitholders who have provided their Indian addresses to the Investment Manager or who are foreign corporate or institutional Unitholders located in jurisdictions where the offer and sale of the Units may be permitted under laws of such jurisdictions. The Letter of Offer will be provided, only through e-mail, by the Registrar on behalf of the Investment Manager or the Lead Manager to the Eligible Unitholders who have provided their Indian addresses to the Investment Manager or who are foreign corporate or institutional Unitholders located in jurisdictions where the offer and sale of the Units may be permitted under laws of such jurisdictions and in each case who make a request in this regard.

All notices to the Eligible Unitholders required to be given by the Investment Manager shall be published in one English language national daily newspaper with wide circulation and one Hindi language national daily newspaper with wide circulation.

The Investment Manager will make use of advertisements in television channels, radio, internet *etc*., including in the form of crawlers/ tickers, to disseminate information relating to the Application process in India.

This Draft Letter of Offer shall be filed with the Stock Exchanges, where the Units of IndiGrid are listed, and shall be made available to the public through the website of the Stock Exchanges, IndiGrid and the Lead Manager for the purposes of seeking public comments for a period of seven working days from the date of filing the Draft Letter of Offer. The Investment Manager shall, after filing this Draft Letter of Offer make appropriate advertisements on the website of the Sterlite Sponsor, Investment Manager and Stock Exchanges and in relevant newspapers.

The Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

Offer to Non-Resident Eligible Unitholders/Investors

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent to the email address of non-resident Eligible Unitholders who have provided an Indian address to Investment Manager or who are foreign corporate or institutional Unitholders located in jurisdictions where the offer and sale of the Units may be permitted under laws of such jurisdictions. Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Unitholder is eligible to subscribe for the Units under applicable securities laws) from the websites of the Registrar, IndiGrid, the Lead Manager and the Stock Exchanges. The Investment Manager may, at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Units purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Units against which Units are issued on rights basis.

In case of change of status of holders, from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of Investment Manager and the Lead Manager.

The non-resident Eligible Unitholders can update their Indian address in the records maintained by the Registrar and the Investment Manager by submitting their respective copies of self-attested proof of address, passport, etc. at www.kfintech.com or www.indigrid.co.in.

PROCEDURE FOR APPLICATION

How to Apply

In accordance with the InvIT Regulations and the SEBI Rights Issue Guidelines, all Bidders desiring to make an Application in this Issue are mandatorily required to use either the ASBA process. Bidders should carefully read the provisions applicable to such Applications before making their Application through ASBA.

The Lead Manager, the Investment Manager, the Trustee, the Sponsors, their directors, employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Application Form

The Application Form for the Units offered as part of this Issue would be sent to email address of the Eligible Unitholders who have provided an Indian address to the Investment Manager or who are foreign corporate or institutional Unitholders located in jurisdictions where the offer and sale of the Units may be permitted under laws of such jurisdictions. The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email at least three days before the Issue Opening Date. In case of non-resident Eligible Unitholders, the Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through e-mail to e-mail address if they have provided an Indian address to the Investment Manager or who are foreign corporate or institutional Unitholders located in jurisdictions where the offer and sale of the Units may be permitted under laws of such jurisdictions.

Please note that none of the Sponsors, the Investment Manager, the Trustee, the Lead Manager or the Registrar shall be responsible for delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Unitholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

To update the respective email addresses or mobile numbers in the records maintained by the Registrar or Investment Manager, Eligible Unitholders should visit www.kfintech.com or www.indigrid.co.in. Bidders can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Unitholder is eligible to subscribe for the Units under applicable securities laws) from the websites of:

(i) the Trust at www.indigrid.co.in;

(ii) the Registrar at www.kfintech.com;

(iii) the Lead Manager, being Axis Capital Limited, at www.axiscapital.co.in;

(iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com.

The Eligible Unitholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (www.kfintech.com) by entering their DP ID, Client ID and PAN. The link for the same shall also be available on the website of IndiGrid (www.indigrid.co.in).

The Application Form can be used by the Investors, Eligible Unitholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account and applying in this Issue. In case of multiple demat accounts, the Bidders are required to submit a separate Application Form for each demat account.

Investors may accept this Issue and apply for the Units by submitting the Application Form to the Designated Branches of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that Applications made with payment using third party bank accounts are liable to be rejected.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Please note that Applications without depository account details shall be treated as incomplete and shall be rejected.

Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Incorrect depository account details or PAN number could lead to rejection of the Application. For details, please see the section entitled "- *Grounds for Technical Rejection*" on page 287. The Sponsors, the Investment Manager, the Trustee, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incorrect demat details provided by the Applicants.

Options available to the Eligible Unitholders

The Rights Entitlement Letter will clearly indicate the number of Units that the Eligible Unitholder is entitled to.

If the Eligible Unitholder applies in this Issue, then such Eligible Unitholder can:

(i) apply for its Units to the full extent of its Rights Entitlements; or

(ii) apply for its Units to the extent of part of its Rights Entitlements (without renouncing the other part); or

(iii) apply for Units to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or

(iv) apply for its Units to the full extent of its Rights Entitlements and apply for additional Units in the Issue; or

(v) renounce its Rights Entitlements in full.

Procedure for Application through the ASBA process

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branches of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

The Trust, the Investment Manager, the Sponsors, the Trustee, their directors, employees, affiliates, associates and their respective directors and officers, Lead Manager and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Acceptance of this Issue

Investors may accept this Issue and apply for the Units by submitting the Application Form to the Designated Branches of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Please note that on the Issue Closing Date, the Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Applications submitted to anyone other than the Designated Branches of the SCSB are liable to be rejected.

Additional Units

Investors are eligible to apply for additional Units in the Issue, over and above their Rights Entitlements, provided that they are eligible to apply for Units under applicable law and they have applied for all the Units forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Units applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Units in the Issue, shall be considered and Allotment shall be made in accordance with the InvIT Regulations and in the manner prescribed under the section "- *Basis of Allotment*" on page 290.

Eligible Unitholders who renounce their Rights Entitlements cannot apply for additional Units in the Issue. Non-resident Renouncees who are not Eligible Unitholders cannot apply for additional Units in the Issue.

Application on Plain Paper under ASBA process

An Eligible Unitholder who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form. In such cases of non-receipt of the Application Form through e-mail or physical delivery (where applicable) and the Eligible Unitholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges or the Lead Manager. An Eligible Unitholder shall submit the plain paper Application to the Designated Branches of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

Please note that the Eligible Unitholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branches of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of the Trust, being India Grid Trust;

2. Name and address of the Eligible Unitholder including joint holders (in the same order and as per specimen recorded with the Investment Manager or the Depository);

3. Registered Folio Number/DP and Client ID No.;

4. Number of Units held as on Record Date;

5. Allotment option – only dematerialised form;

6. Number of Lots entitled to;

7. Number of Lots applied for within the Rights Entitlements;

8. Number of additional Units applied for, if any;

9. Total number of Units applied for;

10. Total amount paid at the rate of ₹ [●] per Equity Share;

11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;

12. In case of NR Eligible Unitholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address and branch of the SCSB with which the account is maintained;

13. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Unitholders and for each Eligible Unitholder in case of joint names, irrespective of the total value of the Units applied for pursuant to this Issue;

14. Authorisation to the Designated Branches of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;

15. Signature of the Eligible Unitholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);

16. In addition, all such Eligible Unitholders are deemed to have accepted the following:

(a) In addition, all such Eligible Unitholders are deemed to have accepted the following:

*"I/ We understand that neither the Rights Entitlements nor the Units have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "**United States**"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/ we understand the Units referred to in this application are being offered and sold in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act ("**Regulation S**") to existing unitholders located in jurisdictions where such offer and sale of the Units is permitted under laws of such jurisdictions. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Units or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Units or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Units under applicable securities laws (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Trust, nor the Registrar, the Lead Manager or any other person acting on behalf of the Trust will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Trust, the Registrar, the Lead Manager or any other person acting on behalf of the Trust have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.*

I/ We will not offer, sell or otherwise transfer any of the Units which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Units and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled "Restrictions on Purchases and Resales" on page 297.

I/ We understand and agree that the Rights Entitlements and Units may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

I/ We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with the Investment Manager, the Sponsors, the Lead Managers and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at https://rights.kfintech.com.

The Investment Manager, the Sponsors, the Lead Managers and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Procedure for Renunciation of Rights Entitlements

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges; or (b) through an off-market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights

Entitlements. The Lead Manager, the Sponsors, the Trustee and the Investment Manager accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

(a) ***On Market Renunciation***

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock broker in the same manner as the existing Units of IndiGrid.

In this regard, the Rights Entitlements credited to the respective demat accounts of the Eligible Unitholders shall be admitted for trading on the Stock Exchanges under ISIN [●] subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1,701 Units.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, *i.e.*, from [●] to [●] (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN [●] and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock broker will issue a contract note in accordance with the requirements of the Stock Exchanges and SEBI.

(b) ***Off Market Renunciation***

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Unitholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants and only during the Renunciation Period.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with IndiGrid, the Sponsors, the Investment Manager, the Trustee, the Lead Manager and the Registrar not having any liability to the Investor.

IndiGrid, the Sponsors, the Lead Manager, the Trustee and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Allotment of the Units in Dematerialized Form

PLEASE NOTE THAT THE UNITS APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR UNITS ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, PLEASE SEE THE SECTION ENTITLED *"ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS"* ON PAGE 291.

General instructions for Investors

(b) Please read the Letter of Offer carefully to understand the Application process and applicable settlement process.

(c) Please read the instructions on the Application Form sent to you.

(d) The Application Form can be used by both the Eligible Unitholders and the Renouncees.

(e) Application should be made only through the ASBA facility.

(f) Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

(g) In accordance with the InvIT Regulations, SEBI Rights Issue Guidelines, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

(h) An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.

(i) Applications should be submitted to the Designated Branches of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

(j) Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), the Investment Manager or the Registrar or the Lead Manager.

(k) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form.

(l) All Applicants should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, **Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Units pursuant to this Issue shall be made into the accounts of such Investors**.

(m) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.

(n) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India . Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

(o) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

(p) All communication in connection with Application for the Units, including any change in address of the Eligible Unitholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address of the Eligible Unitholders, the Eligible Unitholders should also send the intimation for such change to the respective depository participant, or to the Investment Manager or the Registrar in case of Eligible Unitholders holding Units in physical form.

(q) Only persons outside the United States located in jurisdictions where the offer and sale of the Units is permitted under laws of such jurisdictions.

(r) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

(s) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.

(t) Investors are required to ensure that the number of Units applied for by them do not exceed the prescribed limits under the applicable law.

(u) In addition, all such Eligible Unitholders are deemed to have accepted the following:

*"I/ We understand that neither the Rights Entitlements nor the Units have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "**United States**"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/ we understand the Units referred to in this application are being offered and sold in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act ("**Regulation S**") to existing unitholders located in jurisdictions where such offer and sale of the Units is permitted under laws of such jurisdictions. I/we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Units or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Units or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Units under applicable securities laws (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Trust, nor the Registrar, the Lead Manager or any other person acting on behalf of the Trust will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Trust, the Registrar, the Lead Manager or any other person acting on behalf of the Trust have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.*

I/ We will not offer, sell or otherwise transfer any of the Units which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Units and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled "Restrictions on Purchases and Resales" on page 297.

I/ We understand and agree that the Rights Entitlements and Units may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

I/ We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Do's:

(a) Ensure that the Application Form and necessary details are filled in.

(b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.

(c) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects.

(d) Investors should provide correct DP ID and client ID while submitting the Application. Such DP ID and Client ID number should match the demat account details in the records available with the Investment Manager or the Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. IndiGrid, the Investment Manager, the Sponsors, the Trustee, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

Don'ts:

(a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.

(b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

(d) Do not pay the Application Money in cash, by money order, pay order or postal order.

(e) Do not submit multiple Applications.

Do's for Investors applying through ASBA:

(a) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Units will be Allotted in the dematerialized form only.

(b) Ensure that the Applications are submitted with the Designated Branches of the SCSBs and details of the correct bank account have been provided in the Application.

(c) Ensure that there are sufficient funds (equal to {number of Units (including additional Units) applied for} X {Application Money of Units }) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branches of the SCSB.

(d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.

(e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

(f) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.

Don'ts for Investors applying through ASBA:

(a) Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB, IndiGrid or the Investment Manager; instead submit the same to a Designated Branch of the SCSB only.

(b) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

(a) DP ID and Client ID mentioned in Application not matching with the DP ID and Client ID records available with the Registrar.

(b) Sending an Application to the Lead Manager, Registrar, Escrow Collection Bank (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or the Investment Manager.

(c) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.

(d) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

(e) Account holder not signing the Application or declaration mentioned therein.

(f) Submission of more than one application Form for Rights Entitlements available in a particular demat account.

(g) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

(h) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

(i) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

(j) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer.

(k) Physical Application Forms not duly signed by the sole or joint Investors.

(l) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.

(m) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.

(n) Applications which: (i) appears to the Trust or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Units is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is not in the United States and eligible to subscribe for the Units under applicable securities laws or; or (iii) where either a registered Indian address is not provided or where the Trust believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and the Trust shall not be bound to issue or allot any Units in respect of any such Application Form.

(o) Eligible Unitholders who renounce their Rights Entitlements applying for additional Units in the Issue. Application for additional units will be rejected.

(p) Multiple Application Forms, including cases where a Bidder submits Application Forms along with plain paper Application.

Depository account and bank details for Investors holding Units in demat accounts and applying in this Issue

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM.

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Application Forms, the Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to the Investment Manager or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Units are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of the Investment Manager, the Sponsors, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors, (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.

Modes of Payment

In case of Application through ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by the Investment Manager. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their Application at the time of the submission of the Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, the Investment Manager would have a right to reject the Application on technical grounds as set forth hereinafter.

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, the following conditions shall apply:

1. Individual non-resident Indian Applicants who are permitted to subscribe to Units by applicable local securities laws can obtain Application Forms on the websites of the Registrar, the Investment Manager and the Lead Manager.

   Note: Applications from non-resident investors in any jurisdiction outside India will not be accepted unless such person is a corporate or institutional Unitholder. In case of non-resident Eligible Unitholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to their email addresses if they have provided their Indian address to the Investment Manager or if they are foreign corporate or institutional Unitholders located in certain jurisdictions (other than the United States and India) where the offer and sale of the Units may be permitted under laws of such jurisdictions. The Letter of Offer will be provided, only through email, by the Registrar on behalf of Investment Manager or the Lead Manager to the Eligible Unitholders who have provided their Indian addresses to Investment Manager or who are foreign corporate or institutional Unitholders located in jurisdictions where the offer and sale of the Units may be permitted under laws of such jurisdictions and in each case who make a request in this regard.

2. Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Units may be restricted by applicable securities laws.

3. Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI.

Notes:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Units can be remitted outside India, subject to tax, as applicable according to the Income-tax Act.

2. In case Units are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Units cannot be remitted outside India.

3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Units shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.

5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.

6. Non-resident Renouncees who are not Eligible Unitholders must submit regulatory approval for applying for additional Units in the Issue.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications.

In cases where multiple Application Forms are submitted, including through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of the Sponsors or their Associates to meet the minimum subscription requirements applicable to this Issue as described in the section entitled "*The Issue – Intention and extent of participation by the Sponsors and its Associates*" on page 20.

Last date for Application

The last date for submission of the duly filled in the Application Form is [●], being the Issue Closing Date. The Investment Manager or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 15 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by Investment Manager, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Investment Manager shall be at liberty to dispose of the Units hereby offered, as provided under the section, "- *Basis of Allotment*" on page 290.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Bidder shall withdraw their Application post the Issue Closing Date.

Issue Schedule

Last Date for credit of Rights Entitlements	[●]
Issue Opening Date	[●]
Last Date For On Market Renunciation of Rights Entitlement*	[●]
Issue Closing Date^	[●]
Finalisation of Basis of Allotment (On or about)	[●]
Date of Allotment (On or about)	[●]
Date of Credit (On or about)	[●]
Date of Listing (On or about)	[●]

* *Eligible Unitholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

^ *The Investment Manager will have the right to extend the Issue Period as it may determine from time to time, provided that this Issue will not remain open in excess of 15 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Units in the following order of priority:

(a) Full Allotment to those Eligible Unitholders who have applied for their Rights Entitlements of Units either in full or in part and also to the Renouncee(s) who has or have applied for Units renounced in their favour, in full or in part, as adjusted for fractional entitlement.**

(b) Allotment to Eligible Unitholders who having applied for the Units in full to the extent of their Rights Entitlement and have also applied for Additional Units shall be made as far as possible on an equitable basis, after giving preference to the Unitholders with fractional entitlement, having due regard to the number of Units held by them on the Record Date, provided there is an undersubscribed portion after making Allotment in (a) above.

(c) Allotment to the Renouncees, who having applied for the Units renounced in their favour and also applied for Additional Units, provided there is an undersubscribed portion after making full Allotment specified in (a) and (b). The Allotment of such Additional Units may be made on a proportionate basis.

(d) Allotment to the Sponsors and their Associates, who are Unitholders on the Record Date and who have disclosed their intent to subscribe to Additional Units in terms of the SEBI Rights Issue Guidelines, if there is an unsubscribed portion after making full Allotment as per clause (a), (b) and (c) above.

(e) Allotment to the underwriter appointed for the Issue, if any, at the discretion of the Board of Directors of the Investment Manager, subject to disclosure in the Letter of Offer.

**Allotment to those Eligible Unitholders holding fractional entitlement will be given preference basis their fractional holding, provided there is an undersubscribed portion after making Allotment in (a) above. For example, fractional entitlement unitholder holding 4 lots will get preference for allotment of one lot over those holding 3, 2 or 1 lot.

The units allotted in the manner specified above shall be listed within six Working Days from the Issue Closing Date.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Units in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened the Investment Manager for this Issue, for each successful Application;

2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Allotment Advice or Refund/ Unblocking of ASBA Accounts

The Investment Manager will email Allotment advice, refund intimations or demat credit of securities and/or letters of regret, along with crediting the Allotted Units to the respective beneficiary accounts (only in dematerialised mode) or unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, the Investment Manager shall pay interest at such rate as specified under applicable law from the expiry of such 15 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through email, to the email address provided to the Investment Manager or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for additional Units in the Issue and is Allotted a lesser number of Units than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The un-blocking of ASBA funds/ refund of monies shall be completed be within such period as prescribed under applicable law. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, the Investment Manager shall pay the requisite interest at such rate as prescribed under applicable law.

Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done throu gh any of the following modes.

(a) Unblocking amounts blocked using ASBA facility.

(b) NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

(c) National Electronic Fund Transfer ("**NEFT**") – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to the Investment Manager or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

(d) Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by the Investment Manager.

(e) RTGS – If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by the Investment Manager. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.

(f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.

(g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

Allotment Advice or Demat Credit of Securities

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Units in Dematerialized Form

PLEASE NOTE THAT THE UNITS APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE UNITS ARE HELD BY SUCH INVESTOR ON THE RECORD DATE.

Investors shall be Allotted the Units in dematerialized (electronic) form. In this context, the Trustee (acting on behalf of IndiGrid), the Investment Manager and the Registrar have executed an agreement dated April 3, 2017 with NSDL and an agreement dated April 19, 2017 with CDSL.

INVESTORS MAY PLEASE NOTE THAT THE UNITS CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by the Investment Manager. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

The Investment Manager reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Units Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, the Investment Manager shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

Minimum Subscription

Pursuant to the SEBI Rights Issue Guidelines, if IndiGrid does not receive the minimum subscription of 90% of the Issue Size, the Investment Manager, on behalf of IndiGrid, shall refund the entire subscription amount received within 15 days from the Issue Closing Date.

Further, the Sponsors have confirmed that the KKR Sponsor will subscribe to all of the unsubscribed portion in this Issue, subject to compliance with the minimum public unitholding requirements. Further, assuming the KKR Sponsor subscribes to the full extent of its Rights Entitlement in the Issue, Esoteric II Pte. Ltd. will hold at least [●] % of the issued and outstanding Units of IndiGrid on a post Issue basis.

Important

1. Please read the Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.

2. All enquiries in connection with the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Unitholder as mentioned on the Application Form and super scribed "**India Grid Trust – Rights Issue**" on the envelope and postmarked in India or in the e-mail) to the Registrar at the following address:

   KFin Technologies Private Limited
   (formerly known as " Karvy Fintech Private Limited")
   Selenium, Tower B
   Plot No- 31 and 32, Financial District,
   Nanakramguda, Serilingampally,
   Hyderabad 500 032
   Telangana, India
   Tel.: +91 40 6716 2222
   Fax: +91 40 2343 1551
   Toll free number: 1800345001
   E-mail: indigrid.rights@kfintech.com
   Investor Grievance E-mail: einward.ris@kfintech.com
   Website: www.kfintech.com
   Contact Person: M. Murali Krishna
   SEBI Registration No.: INR000000221
   CIN: U72400TG2017PTC117649

3. The Investment Manager will have the right to extend the Issue Period as it may determine from time to time but not exceeding 15 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Underwriting

This Issue is not underwritten.

SELLING RESTRICTIONS

The distribution of this Draft Letter of Offer and the Letter of Offer or any offering material and the offering, sale or delivery of the Units is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Draft Letter of Offer and the Letter of Offer or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Letter of Offer may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized and/or by any person who is not an Eligible Unitholder.

General

No action has been taken or will be taken that would permit a public offering of the Units to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Draft Letter of Offer and the Letter of Offer or any other material relating to IndiGrid or the Units in any jurisdiction where action for such purpose is required. Accordingly, the Units may not be offered or sold, directly or indirectly, and neither this Draft Letter of Offer and the Letter of Offer nor any offering materials or advertisements in connection with the Units may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI regulations. Each purchaser of the Units in the Issue will be deemed to have made acknowledgments and agreements as described under the section entitled "*Restrictions on Purchases and Resales*" on page 297.

Australia

Any offer or invitation of Units contained in the Letter of Offer may only be made to persons who are "wholesale clients" within the meaning of section 761G(4) of the Corporations Act 2001 (Cth) (Australian Corporations Act) and either sophisticated investors or professional investors within the meaning of sections 708(8) and 708(11) of the Australian Corporations Act respectively. This Draft Letter of Offer and the Letter of Offer is not a product disclosure statement or similar document required under Part 7.9 of the Corporations Act nor is it a prospectus or other disclosure document under Chapter 6D of the Corporations Act. Accordingly, this Letter of Offer does not contain the information which would be contained in a product disclosure statement, prospectus or other disclosure document prepared under the Australian Corporations Act and does not purport to contain all of the information that may be necessary or desirable to enable a potential investor to properly evaluate and consider an investment in IndiGrid. The Units may not be resold in Australia within a period of 12 months after the date of Issue otherwise than by means of an offer exempt from the disclosure requirements of Parts 6D.2 and 7.9 of the Australian Corporations Act. This Draft Letter of Offer and the Letter of Offer has not been lodged with the Australian Securities and Investments Commission. Any advice in this Draft Letter of Offer and the Letter of Offer is of a general nature only and does not consider the specific objectives, financial intentions or needs of any particular person.

Canada

Prospective Canadian investors are advised that the information contained within this Draft Letter of Offer and the Letter of Offer has not been prepared with regard to matters that may be of particular concern to Canadian investors. Accordingly, prospective Canadian investors should consult with their own legal, financial and tax advisers concerning the information contained within this Draft Letter of Offer and the Letter of Offer and as to the suitability of an investment in the Units in their particular circumstances.

The Units may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Units must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Draft Letter of Offer and the Letter of Offer (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the Lead Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

We hereby notify prospective Canadian purchasers that: (a) we may be required to provide personal information pertaining to the purchaser as required to be disclosed in Schedule I of Form 45-106F1 under NI 45-106 (including its name, address, telephone number and the aggregate purchase price of any Units purchased) ("**personal information**"), which Form 45-106F1 may be required to be filed by us under NI 45-106, (b) such personal information may be delivered to the Ontario Securities Commission (the "**OSC**") in accordance with NI 45-106, (c) such personal information is collected indirectly by the OSC under the authority granted to it under the securities legislation of Ontario, (d) such personal information is collected for the purposes of the administration and enforcement of the securities legislation of Ontario, and (e) the public official in Ontario who can answer questions about the OSC's indirect collection of such personal information is the Administrative Support Clerk at the OSC, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Telephone: (416) 593-3684. Prospective Canadian purchasers that purchase Units in the Issue will be deemed to have authorized the indirect collection of the Personal Information by the OSC, and to have acknowledged and consented to its name, address, telephone number and other specified information, including the aggregate purchase price paid by the purchaser, being disclosed to other Canadian securities regulatory authorities, and to have acknowledged that such information may become available to the public in accordance with requirements of applicable Canadian laws.

Upon receipt of this Draft Letter of Offer and the Letter of Offer, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque acheteur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières

Cayman Islands

The Letter of Offer does not constitute a public offer of the Units, whether by way of sale or subscription, in the Cayman Islands. Each Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any Units to any member of the public in the Cayman Islands.

European Economic Area

See section of this Draft Letter of Offer entitled "Notice to Bidders in the European Economic Area".

Ireland

Only those Units referred to in the Letter of Offer are being marketed to professional investors in Ireland, as defined in the European Union (Alternative Investment Fund Managers) Regulations 2013 (the "**Irish AIFMD Regulations**"). In no circumstance shall any Units be marketed to any person in Ireland other than a professional investor. In particular, no Units are being marketed to retail investors in Ireland, as defined in the Irish AIFMD Regulations. None of (i) the Units in IndiGrid, or (ii) any investment therein has been authorised by the Central Bank of Ireland. This Draft Letter of Offer and the Letter of Offer and the information contained herein are private and confidential and are for the use solely of the persons to whom this Draft Letter of Offer and the Letter of Offer was sent. If a Bidder is not interested in making an investment in Units of IndiGrid, this Draft Letter of Offer and the Letter of Offer should be promptly returned. This Draft Letter of Offer and the Letter of Offer does not, and shall not be deemed to constitute an invitation to the public in Ireland to purchase Units in IndiGrid. No person receiving a copy of this Draft Letter of Offer and the Letter of Offer may treat it as constituting an invitation to purchase Units in IndiGrid or a solicitation to anyone other than the addressee. No action has been taken or arrangement made with the central bank of Ireland (the competent authority in Ireland for the purpose of Directive 2003/71/ec (the "**Prospective Directive**")) for the use of this Draft Letter of Offer and the Letter of Offer as an approved prospectus (as defined in the Prospectus Directive) in Ireland.

Luxembourg

The Units may not be offered or sold in the Grandduchy of Luxembourg, except where offered in circum stances that do not require the approval of a prospectus by the Luxembourg Financial Regulatory Authority in accordance with the Law of July 12, 2005 on prospectuses for securities. The Letter of Offer shall be non-public and strictly confidential and shall only be disclosed to a limited number of professional investors for their consideration in connection with the private offering of the Units, in all cases under circumstances designed to preclude a distribution that would be other than a private placemen t. For the avoidance of doubt, the offering or sale of Units to professional investors in Luxembourg has been duly approved by the Luxembourg Financial Regulatory Authority in accordance with (i) Article 45 of the Law of July 12, 2013 on AIFMDs and (ii) the Luxembourg regulator's current practice and guidelines, and such approval has not been revoked. This Draft Letter of Offer and the Letter of Offer may not be reproduced or used for any purpose, or provided to any person other than those to whom copies have been sent. The recipient will keep permanently confidential all information contained in this Draft Letter of Offer and the Letter of Offer not already in the public domain and will use this Draft Letter of Offer and the Letter of Offer for the sole purpose of evaluating a possible investment in IndiGrid.

Hong Kong

The Units may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to ''professional investors'' within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a ''prospectus'' within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Units may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to ''professional investors'' within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Mauritius

The Units are not being offered to the public in Mauritius and nothing in this Draft Letter of Offer and the Letter of Offer or any information contained herein may be treated as a prospectus for the purpose of the Securities Act 2005 of Mauritius. Units may not be offered, distributed or sold, directly or indirectly, in Mauritius or to any resident of Mauritius, except as permitted by applicable Mauritius law, including but not limited to Securities Act 2005 of Mauritius.

New Zealand

No action has been or will be taken by the Lead Managers which would permit an offer of any of the Units to retail investors in New Zealand, or possession or distribution of any offering material in relation to the Units to retail investors in New Zealand. Each Lead Manager represents and agrees, that:

(i). it has not offered, sold or delivered and will not directly or indirectly offer, sell or deliver any of the Units; and

(ii). it will not distribute any Draft Letter of Offer and the Letter of Offer or advertisement in relation to any offer of the Units;

in New Zealand other than to "wholesale investors" within the meaning of clause 3(2) of Schedule 1 of the Financial Markets Conduct Act 2013 of New Zealand.

Each Lead Manager will be deemed to represent and agree that it has not offered or sold, and will not offer or sell, any of the Units to persons whom it believes to be persons to whom any amounts payable on the Units are or would be subject to New Zealand resident withholding tax, unless such persons certify that they hold a valid certificate of exemption for New Zealand resident withholding tax purposes and provide a New Zealand tax file number to such Lead Manager (in which event the Lead Manager shall provide details thereof to IndiGrid).

Singapore

This Draft Letter of Offer and the Letter of Offer and any other document or material in connection with the offer or sale of the Units has not and will not be registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") as IndiGrid is invoking the exemptions from compliance with prospectus requirements pursuant to the exemption under Section 304 of the Securities and Futures Act (Cap. 289) of Singapore ("**SFA**"). The MAS assumes no responsibility for the contents of the Letter of Offer.

The offer or invitation of interests in IndiGrid, which is the subject of the Letter of Offer, does not relate to a collective investment scheme which is authorized under Section 286 of the SFA or recognized under Section 287 of the SFA. IndiGrid is not authorized or recognized by the MAS and the Units are not allowed to be offered to the retail public. The Letter of Offer and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply, and investors should consider carefully whether the investment is suitable for them.

This Draft Letter of Offer and the Letter of Offer and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Units may not be circulated or distributed, nor may the Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than to an institutional investor (as defined in the SFA and relevant subsidiary legislation issued thereunder), or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Investors should therefore ensure that their own transfer arrangements comply with the restrictions. Investors should seek legal advice to ensure compliance with the above arrangement.

United Kingdom

See section of the Letter of Offer entitles "*Notice to Bidders in the United Kingdom*.

United States

See the section of the Letter of Offer entitled "*Restrictions on Purchases and Resales*".

RESTRICTIONS ON PURCHASES AND RESALES

General Eligibility and Restrictions

The Rights Entitlements, Units have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States.

United States

The Rights Entitlements and the Units have not been, and will not be, registered under the U.S. Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly within the United States except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Rights Entitlements and Units referred to in the Letter of Offer are being offered in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. Neither receipt of this Draft Letter of Offer and the Letter of Offer, nor any of its accompanying documents constitutes an offer of the Rights Entitlements or the Units to any Eligible Equity Shareholder other than the Eligible Equity Shareholder who has received this Draft Letter of Offer and the Letter of Offer and its accompanying documents directly from the Trust or the Registrar.

Each person outside of the United States by accepting the delivery of this Draft Letter of Offer and the Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Units and accepting delivery of any Rights Entitlements or any Units, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Units as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the "purchaser", which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser (i) is aware that the Rights Entitlements and the Units have not been and will not be registered under the U.S. Securities Act and are being distributed and offered outside the United States in reliance on Regulation S, (ii) is, and the persons, if any, for whose account it is acquiring such Rights Entitlements and/or the Units are, outside the United States and eligible to subscribe for Rights Entitlements and Units in compliance with applicable securities laws, and (iii) is acquiring the Rights Entitlements and/or the Units in an offshore transaction meeting the requirements of Regulation S.

2. No offer or sale of the Rights Entitlements or the Units to the purchaser is the result of any "directed selling efforts" in the United States (as such term is defined in Regulation S).

3. The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Units, and, if the purchaser is exercising the Rights Entitlements and acquiring the Units as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Units on behalf of each owner of such account.

4. The purchaser understands that the foregoing representations and acknowledgments have been provided in connection with United States, India and other securities laws. It acknowledges that the Trust and the Lead Manager, their affiliates and others (including legal counsels to each of the Trust, the Lead Manager) will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agree that, if at any time before the closing of this Issue or the issuance of the Units, any of the acknowledgements, representations, warranties and agreements made in connection with its exercise of Rights Entitlements and subscription for the Units is no longer accurate, it shall promptly notify the Trust in writing.

TAXATION

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE TRUST AND ITS UNIT-HOLDERS UNDER THE APPLICABLE LAWS IN INDIA

The Board of Directors
Indigrid Investment Managers Limited (as Investment Manager of India Grid Trust)
(Previously known as Sterlite Investment Managers Limited)
Unit No 101, First Floor,
Windsor Village, Kole Kalyan Off CST Road,
Vidyanagari Marg, Santacruz (East)
Mumbai-400098
Maharashtra

Dear Sirs/Madams,

Statement of Possible Tax Benefits available to India Grid Trust ("the Trust" or "issuer" or "InvIT") and its unit-holders under the applicable laws in India

We hereby confirm that the enclosed Annexure 1 (the "Annexure"), prepared by management of Indigrid Investment Managers Limited, (hereinafter referred as the "Investment Managers"), provides the possible tax benefits available to the Trust and to the unit-holders of the Trust under the Income-tax Act, 1961 (the "Act") as amended by the Finance Act 2020, i.e. applicable for the Financial Year 2020-21 relevant to the assessment year 2021-22, presently in force in India (together, the **'Tax Laws'**). This statement can be included in the Letter of offer (the "LOF") proposed to be filed with the Securities and Exchange Board of India ("SEBI"), BSE Limited and National Stock Exchange of India Limited (collectively, the "Stock Exchanges") for the proposed offering ("the issue") of Units (the "Units" or "Securities"), by the Trust outside the United States, as required under the provisions of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended, and Circular #SEBI/HO/DDHS/DDHS /CIR/P/2020/10 dated January 17, 2020 Guidelines for rights issue of units by a listed Infrastructure Investment Trust (InvIT), as amended on March 13, 2020 through Circular #SEBI/HO/DDHS/DDHS/CIR/P/2020/36 (hereinafter "rights issue circular"). Several of these benefits are dependent on the Trust or its unit-holders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Trust and / or its unit-holders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Trust faces in the future, the Trust or its unitholders may or may not choose to fulfil.

1. The benefits discussed in the enclosed Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Investment Manager. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

2. We do not express any opinion or provide any assurance as to whether:

   i) the Trust or its unit-holders will continue to obtain these benefits in future;
   ii) the conditions prescribed for availing the benefits have been / would be met with; and
   iii) the revenue authorities/courts will concur with the views expressed herein.

3. The contents of the enclosed Annexure are based on information, explanations and representations obtained from the Trust and on the basis of their understanding of the business activities and operations of the Trust.

4. This Statement is issued solely in connection with the proposed offering and is not to be used, referred to or distributed for any other purpose.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Huzefa Ginwala
Partner
Membership Number: 111757
UDIN: 21111757AAAABE6849

Place of Signature: Pune
Date: March 03, 2021

ANNEXURE TO STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO INDIA GRID TRUST AND ITS UNITHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

I. UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as 'the Act')

1. <u>TAX BENEFITS AVAILABLE TO INDIA GRID TRUST ('IndiGrid') UNDER THE ACT</u>

The following benefits are available to IndiGrid after fulfilling conditions as per the applicable provisions of the Act and the guidelines prescribed by the Securities and Exchange Board of India ('SEBI') [including the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended] ('SEBI Regulations').

1.1 <u>Tax benefit in the hands of IndiGrid in respect of income received from the Special Purpose Vehicle(s) ('SPVs'):</u>

1.1.1 <u>Interest income and dividend income from SPVs</u>

Interest and dividend income received or receivable by IndiGrid from the Project SPVs should be exempt from tax, subject to satisfaction of conditions given in section 10(23FC) of the Act.

Further, in view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning the above exempt income shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by IndiGrid, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Income-tax Rules, 1961 ('the Rules').

1.2 <u>Benefits in the hands of IndiGrid in respect of income other than the income from SPVs:</u>

1.2.1 Dividend income from specified units

Finance Act, 2020 has discontinued the exemption available undersection 10(35) and hence the business trusts shall be liable to pay tax on dividends received on or after April 1, 2020 at maximum marginal rate.

1.2.2 Section 10(34A) of the Act - Income from buy back of shares

The provisions of section 115QA mandate domestic companies to pay an additional tax at the rate of 20% (plus applicable surcharge and cess) on buy-back of shares. Correspondingly, income arising from buy-back of shares shall not be taxable as per section 10(34A) of the Act in the hands of IndiGrid.

In view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning such exempt income shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by IndiGrid, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Rules.

1.2.3 Taxability of Capital Gains

In terms of section 115UA(2) of the Act, the total income of IndiGrid shall be chargeable to tax at the maximum marginal rates in force except for

a) Income chargeable to tax on transfer of Short Term Capital assets under section 111A
b) Income chargeable to tax on transfer of Long Terms Capital assets under section 112A and section 112 of the Act, respectively; and
c) income referred in para 1.1.1 above.

If the period of holding of a security (other than a unit) listed on a recognised stock exchange in India or a unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond is more than 12 months, it will be considered a long term capital asset as per section 2(29A) of the Act. With respect to shares of a company not being listed on a recognized stock exchange, the determinative period of holding shall be more than 24 months for it to be regarded as long term capital asset. With respect to other assets including a unit of a mutual fund other than equity oriented mutual fund or unit of a business trust, the determinative period of holding is more than 36 months for it to be regarded as long term capital asset. Asset not considered as long term capital asset shall be regarded as short term capital assets.

Long term capital gain exceeding Rs. 1,00,000 on transfer of equity shares or units of equity oriented fund or units of a business trust on or after 1 April 2018 through a recognized stock exchange and subject to securities transaction tax, shall be taxable at the concessional rate of 10% (plus applicable surcharge and cess) as per the provisions of section 112A of the Act introduced vide Finance Act, 2018.

As per the provisions of section 111A of the Act, any income arising from transfer of short term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of an eligible business trust, transacted through a recognized stock exchange and subject to securities transaction tax, shall be taxable at a concessional rate of 15% (plus applicable surcharge and cess if any).

As per the provisions of section 112(1)(d) of the Act, gains arising on the transfer of long term capita l assets shall be chargeable to tax in the hands of IndiGrid at the rate of 20% (plus applicable surcharge and cess). However, as per the proviso to section 112 of the Act, the tax on long term capital gains resulting on transfer of Zero Coupon Bonds shall be at the rate of 10% (plus applicable surcharge and cess) without indexation benefit.

Section 48 of the Act prescribes the mode of computation of Capital Gains and provides for deduction of cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of Capital Gains. However, in respect of long term capital gains, section 48 provides for substitution of cost of acquisition/ improvement with indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time. Such indexation benefit would not be available on bonds and debentures.

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Also, as per section 70 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years. Long term capital loss arising on sale of shares or units of equity oriented fund subject to securities transaction tax is not allowed to be set-off and carried forward.

2. TAX BENEFITS AVAILABLE TO UNIT-HOLDERS OF INDIGRID

2.1 Special Benefits available to the Unit-Holders of IndiGrid:

Following tax benefit is specifically available to the unitholders of IndiGrid subject to the fulfilment of the conditions specified in the Act and SEBI Regulations:

2.1.1 Section 10(23FD) of the Act - Tax exemption in respect of income distributed by IndiGrid

As per the provisions of section 115UA(1) of the Act, the income distributed by IndiGrid shall be deemed to be of the same nature and in the same proportion in the hands of the Unit-holder as if such income was received by or accrued to IndiGrid.

As per the provisions of section 10(23FD), any income referred to in section 115UA(1) of the Act and distributed by the business trust shall not be included in the total income of the unit-holders except for the following income:

a. Interest referred to in section 10(23FC)
b. Specified dividend i.e. dividend income received in cases where SPV has exercised the option under section 115BAA of the Act

In view of the provisions of section 14A of the Act, any expenditure incurred in relation to earning the exempt income under section 10(23FD) shall not be tax deductible. In case the Tax Authorities are not satisfied by the disallowance considered by IndiGrid, the quantum of disallowance shall be computed in accordance with the provisions of section 14A read with Rule 8D of the Rules.

Interest income received by the unitholders from IndiGrid shall be taxable as follows:

a) at the applicable tax rates, in case of resident unitholders; and
b) at 5% (plus applicable surcharge and cess) in case of non-resident Unitholders.

Further, in case the SPVs of IndiGrid are opting for the concessional tax rate under section 115BAA, the dividend received by the unit holders shall be taxable in their hands as follows:

c) at the applicable tax rates, in case of resident unitholders; and
d) at 20% (plus applicable surcharge and cess) in case of non-resident Unitholders.

As per section 57 of the Act, no deduction shall be allowable against the taxable dividend income other than deduction on account of interest expense wholly and exclusively incurred for earning of such dividend income. Further, such interest expense shall not exceed 20% of the gross dividend income from IndiGrid included in the total income for that year.

Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of tax residence of the non-resident and the provisions of the Act apply to the extent they are more beneficial to the non-resident assessee.

2.1.2 Section 10(23FE) of the Act - Tax exemption in respect of specified income earned by notified Sovereign Wealth Funds and Provident Funds

Finance Act, 2020 has introduced a specific tax exemption under section 10(23FE) of the Act to 'Specified Persons' with respect to the income in the nature of **dividend, interest or long-term capital gains** arising from direct India investments made on or after 1 April 2020 but on or before 31 March 2024, inter alia, in units of an Infrastructure Investment Trust.

For the purposes of the above exemption, following investors are considered as 'Specified Persons':

a. Wholly owned subsidiaries of Abu Dhabi Investment Authority;
b. notified foreign Sovereign Wealth Fund ('SWF'); and
c. notified foreign pension Fund ('PF').

For the purpose of claiming the aforesaid exemption, the aforesaid 'Specified Persons' need to be specifically notified under section 10(23FE) and needs to satisfy the conditions specified in the notification.

2.2 <u>General Benefits available to the all the Unit-Holders of IndiGrid:</u>

2.2.1 <u>For resident Unit-holder:</u>

Income arising from transfer of units of IndiGrid held for more than 36 months and subject to securities transaction tax, shall be considered as long term capital assets. Assets not considered as long term capital assets shall be considered as short term capital assets.

As per clause (hc) of Explanation 1 to section 2(42A) the period of holding for the said units received in exchange of shares shall include the period for which the shares were held in the SPV. Further, as per clause (iie)/(fc) to Explanation 1 to section 115JB any notional gain/loss on transfer of shares of SPV in exchange of units allotted shall not be considered while computing book profits for levy of Minimum Alternate Tax, if applicable. As per clause (k)/(iif) of Explanation 1 to section 115JB any gain/loss on transfer of such units shall be considered while computing the book profit for levy of Minimum Alternate Tax with cost reference of original shares.

Long term capital gain exceeding Rs. 1,00,000 on transfer of units of IndiGrid on or after 1 April 2018 through a recognized stock exchange and subject to securities transaction tax, shall be taxable at the concessional rate of 10% (plus applicable surcharge and cess) as per the provisions of section 112A of the Act.

In this regard, clause (ac) inserted in section 55(2) which provides that cost of acquisition of the aforesaid capital asset (i.e., equity shares or units of equity oriented fund or units of a business trust) acquired prior to 1 February 2018, shall be higher of –

(a) Cost of acquisition of asset; and
(b) Lower of –
    a. the fair market value of the asset (as defined in Explanation to section 55(2)(ac)); and
    b. the full value of consideration received or accruing as a result of the transfer of the capital asset

A Unit-holder being a domestic company will not be able to claim the above benefit while computing the book profits under section 115JB of the Act, if applicable, and income tax payable under the said section shall be available as credit under section 115JAA.

Short-term capital gains arising on transfer of the units of IndiGrid will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act provided such transaction is subject to securities transaction tax. In case of a Unit-holder being an individual or HUF, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111A of the Act.

Short Term Capital Loss computed for the given year is allowed to be set-off against Short Term/ Long Term Capital Gains computed for the said year under section 70 of the Act. Further, as per Section 71 of the Act, short term capital loss for the year cannot be set-off against income under any other heads for the same year. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years

Where the gains arising on the transfer of the units of IndiGrid are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act. The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other f actors.

2.2.2 <u>For unit-holders who are Foreign Portfolio Investors ('FPIs')/ Foreign Institutional Investors ('FIIs'):</u>

As per section 2(14) of the Act, transfer of any shares/ securities (other than those held as stock in trade) being invested in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 sha ll be deemed to be treated as Capital Gains.

Income arising from transfer of units of IndiGrid held for more than 36 months and subject to securities transaction tax, shall be considered as long term capital assets. Assets not considered as long term capital assets shall be considered as short term capital assets.

Long term capital gain exceeding Rs. 1,00,000 on transfer of units of a IndiGrid on or after 1 April 2018 through a recognized stock exchange and subject to securities transaction tax, shall be taxable at the concessional rate of 10% (plus applicable surcharge and cess) as per the provisions of section 112A of the Act.

In this regard, clause (ac) inserted in section 55(2) provides that cost of acquisition of the aforesaid capital asset (i.e., equity shares or units of equity oriented fund or units of a business trust) acquired prior to 1 February 2018, shall be higher of –

(c) Cost of acquisition of asset; and
(d) Lower of –
  a. the fair market value of the asset (as defined in Explanation to section 55(2)(ac)); and
  b. the full value of consideration received or accruing as a result of the transfer of the capital asset

Short-term capital gains arising on transfer of the units of IndiGrid will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT.

Short term capital loss computed for the given year is allowed to be set-off against short term/ long term capital gains computed for the said year under section 70 of the Act. Further, as per Section 71 of the Act, short term capital loss for the year cannot be set-off against income under any other heads for the same year. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.

In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the AADT, if any, between India and the country in which the FII has Fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the AADT to the extent they are more beneficial to the FII.

Pursuant to Central Board of Direct Tax press release dated 24 September 2015, the Government has clarified the inapplicability of Minimum Alternate Tax provisions to FIIs/FPIs.

2.2.3 <u>For non-resident Unit-Holder (other than FIIs/ FPIs):</u>

Income arising from transfer of units of IndiGrid held for more than 36 months and subject to securities transaction tax, shall be considered as long term capital assets. Assets not considered as long term capital assets shall be considered as short term capital assets.

Long term capital gain exceeding Rs. 1,00,000 on transfer of units of IndiGrid on or after 1 April 2018 through a recognized stock exchange and subject to securities transaction tax, shall be taxable at the concessional rate of 10% (plus applicable surcharge and cess) as per the provisions of section 112A of the Act.

In this regard, clause (ac) inserted in section 55(2) provides that cost of acquisition of the aforesaid capital asset (i.e., equity shares or units of equity oriented fund or units of a business trust) acquired prior to 1 February 2018, shall be higher of –

(e) Cost of acquisition of asset; and
(f) Lower of –
  a. the fair market value of the asset (as defined in Explanation to section 55(2)(ac)); and
  b. the full value of consideration received or accruing as a result of the transfer of the capital asset

Short-term capital gains arising on transfer of the units of IndiGrid will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT.

Short term capital loss computed for the given year is allowed to be set-off against short term/ long term capital gains computed for the said year under section 70 of the Act. Further, as per Section 71 of the Act, short term capital loss for the year cannot be set-off against income under any other heads for the same year. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.

Where the gains arising on the transfer of shares of the company are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.

Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the AADT between India and the country of tax residence of the non-resident and the provisions of the Act apply to the extent they are more beneficial to the non-resident assessee.

As per Explanation 4 to section 115JB(2), the provisions of section 115JB shall not be applicable to a foreign company if the foreign company is a resident of a country having AADT with India and such foreign company does not have a permanent establishment within the definition of the term in the relevant AADT, or the foreign company is a resident of a country which does not have a AADT with India and such foreign company is not required to seek registration under section 592 of the Companies Act 1956 or section 380 of the Companies Act 2013.

2.2.4 For unit-holders who are Mutual Funds:

Under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

2.2.5 For Venture Capital Companies/ Funds:

For VCF/VCC registered prior to 21 May 2012

Under Section 10(23FB) of the Act, any income of Venture Capital Company to whom the certificate of registration is granted before 21/05/2012 under SEBI (Venture Capital Funds) Regulations, 1996 or as a sub-category I Alternative Investment Fund as is regulated under SEBI (Alternative Investment Funds Regulations) under the SEBI Act, 1992, would be exempt from income tax, subject to conditions specified therein.

As per Section 115U of the Act, any income derived by a person from his investment in Venture Capital Company/ Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing or arising to or received by such person had the investments been made directly in the venture capital undertaking.

For VCF/VCC registered post 21 May 2012

VCF/VCC registered post 21 May 2012 shall be classified as a Category 1 Alternate Investment Fund which shall be governed by the SEBI (AIF) Regulations 2012. For such funds benefit of section 10(23FB) and section 115U shall not be applicable and shall be governed section 115UB read with section 10(23FBA) and 10(23FBB) which states that business income earned by such fund shall be taxable in the hands of the Fund and exempt in the hands of the unit holders, and other income earned viz. capital gains, income from other sources shall be exempt in the hands of the fund and taxable in the hands of unit holder.

II. TAX DEDUCTION AT SOURCE

Section 194LBA – Certain income from units of IndiGrid:

Where any distributed income payable by IndiGrid referred in section 115UA, is in the nature referred to in sub clause (a) of clause (23FC) of section 10 i.e. interest, to its unit holder being a resident, shall at the time of credit of such payment deduct tax at the rate of 10%.

In case payment referred to above is made to a non-resident unit holder, then the same shall be subjected to the tax deduction at the rate of 5% (Plus applicable surcharge and cess).

Where any distributed income payable by IndiGrid referred in section 115UA, is in the nature referred to in sub clause (a) of clause (23FC) of section 10 i.e. any dividend is received from SPV which has exercised the option under section 115BAA of the Act, shall at the time of credit of such payment to the account of the payee or at the time of payment, whichever is earlier, deduct tax at the rate of 10%. In case of payments to non-resident unit holders, the rate of 10% shall be further increased by applicable surcharge and cess.

As per Ministry of Finance's press release dated 13 May, 2020, the applicable rate of withholding tax on aforesaid income payable to a resident, paid or credited from 14 May 2020 to 31 March 2021 will be 7.50%.

No tax is required to be deducted on dividend income distributed by IndiGrid to the unit holders, in case the SPV has not opted for the option under section 115BAA.

Section 194A – Interest paid by the SPVs to IndiGrid on loans:

As per Clause xi) of sub-section 3 to section 194A of the Act, interest income paid by the SPVs to IndiGrid in respect of the loans shall not be subjected to any withholding tax.

Section 194 – Dividend distribution by the SPVs to IndiGrid:

As per section 194 of the Act, dividend income distributed/ paid by an SPV to IndiGrid shall be subject to withholding tax at the rate of 10%.

Applicability of other provisions

No income tax is deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act. However, as per the provisions of Section 195 of the Act, any income by way of capital gains payable to non-residents may be subject to withholding of tax at the rate under the domestic tax laws or under the tax laws or under the AADT, whichever is beneficial to the assessee, unless a lower withholding tax certificate is obtained from the tax authorities. However, the non-resident investor will have to furnish a certificate of him being a tax resident in a country outside India and a suitable declaration for not having a fixed base/ permanent establishment in India, to get the benefit of the applicable AADT and such other document as may be prescribed as per the provision of section 90(4) of Act.

Pursuant to amendment in section 206AA vide notification 53/2016 dated 24 June 2016 introducing Rule 37BC, requirement of quoting permanent account number (PAN) in case of certain specified income is eliminated by maintaining specified documents as mentioned in the said notification.

Notes:

1. The income-tax rates specified in this note are as applicable for the financial year 2020-21, and are exclusive of surcharge and education cess, if any. Rate of surcharge and cess are provided below:

Surcharge:

Domestic companies (not opting for Section 115BAA/ 115BAB):

If the net income does not exceed INR 10 million – Nil
If the net income exceeds INR 10 million but does not exceed INR 100 million - 7 per cent
If the net income exceeds INR 100 million - 12 per cent

Domestic companies (opting for Section 115BAA/ 115BAB): 10%

Foreign companies:

If the net income does not exceed INR 10 million - Nil
If the net income exceeds INR 10 million but does not exceed INR 100 million - 2 per cent
If the net income exceeds INR 100 million - 5 per cent

Individuals, HUF, AOP and BOI:

If the net income does not exceed INR 5 million – 10 per cent
If the net income exceeds INR 5 million but does not exceed INR 20 million – 15 per cent

If the net income exceeds INR 20 million but does not exceed INR 50 million – 25 per cent
If the net income exceeds INR 50 million – 37 per cent

The enhanced surcharge of 25% & 37%, is not levied on income chargeable to tax under sections 111A, 112A and 115AD. The maximum rate of surcharge on tax payable on such incomes shall be 15 per cent.

For other assessees surcharge at the rate of 12% shall be applicable if the total income exceeds INR 10 million. Surcharge on dividend distribution tax shall be at the rate of 12%.

Health and Education cess:

In all cases, health and education cess will be levied at the rate of 4 per cent of income-tax and surcharge.

2. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Shares, units and other securities.

3. The stated benefits will be available only to the sole/ first named holder in case the units are held by joint holders.

4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable AADT, if any, between India and the country in which the non-resident has fiscal domicile.

5. This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

6. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

7. This statement of possible direct tax benefits enumerated above is as per the Act as amended by the Finance Act, 2020. The above statement of possible Direct-tax Benefits sets out the possible tax benefits available to the company and its shareholders under the current tax laws presently in force in India. Several of these benefits available are dependent on the taxpayers parties to the transaction fulfilling the conditions prescribed under the relevant tax laws.

   This statement of possible direct tax benefits enumerated above does not capture the amendments proposed by the recently introduced Finance Bill, 2021 since the same has not yet been enacted.

8. The information provided above sets out the possible tax benefits available to the unit holders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares, units and other securities, under the current tax laws presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the equity shares and units particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation impacting the benefits, which an investor can avail.

FINANCIAL STATEMENTS

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Independent Auditor's Review Report on the Unaudited Interim Condensed Consolidated Ind AS Financial Statements of the Trust as at and for the nine months period ended December 31, 2020

The Board of Directors
Indigrid Investment Managers Limited (as Investment Manager of India Grid Trust)
(Previously known as Sterlite Investment Managers Limited)

1. We have reviewed the accompanying unaudited interim condensed consolidated Ind AS financial statements of India Grid Trust ("the Trust") comprising of the unaudited interim condensed consolidated balance sheet as at December 31, 2020, the related unaudited interim condensed consolidated statement of profit and loss, including other comprehensive income for the nine month period ended December 31, 2020, the unaudited condensed consolidated cash flow statement for the nine month period ended December 31, 2020 and the unaudited condensed consolidated statement of changes in unit holders' equity for the nine month period ended December 31, 2020 of the Trust and its subsidiaries (together, "the Group") ("Unaudited Interim Condensed Consolidated Ind AS Financial Statements") attached herewith, being prepared by Indigrid Investment Managers Limited (the "Investment Manager").

2. The Unaudited Interim Condensed Consolidated Ind AS Financial Statements, which are the responsibility of the Investment Manager and has been approved by the Board of Directors of the Investment Manager, have been prepared in accordance with the requirements of Indian Accounting Standard 34 (referred to as "Ind AS 34"), specified under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standard) Rules, 2015 (as amended) and read with SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended and the circulars issued thereunder ("InvIT Regulations") and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Unaudited Interim Condensed Consolidated Ind AS Financial Statements based on our review.

3. We conducted our review of the Unaudited Interim Condensed Consolidated Ind AS Financial Statements in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Unaudited Interim Condensed Consolidated Ind AS Financial Statements are free of material misstatement. A review of interim financial information consists of making inquiries, primarily of Investment Manager personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. The Unaudited Interim Condensed Consolidated Ind AS Financial Statements includes the following entities:
    a. Indigrid Limited (formerly known as Sterlite Grid 1 Limited)
    b. Indigrid 1 Limited (formerly known as Sterlite Grid 2 Limited)
    c. Indigrid 2 Limited (formerly known as Sterlite Grid 3 Limited)
    d. Patran Transmission Company Limited
    e. Bhopal Dhule Transmission Company Limited
    f. Jabalpur Transmission Company Limited
    g. Maheshwaram Transmission Limited

h. RAPP Transmission Company Limited
i. Purulia & Kharagpur Transmission Company Limited
j. NRSS XXIX Transmission Limited
k. Odisha Generation Phase-II Transmission Limited
l. East North Interconnection Company Limited
m. Gurgaon- Palwal Transmission Limited
n. Jhajjar KT Transco Private Limited

5. Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Interim Condensed Consolidated Ind AS Financial Statements are not prepared in accordance with the requirements of Indian Accounting Standard 34 (referred to as "Ind AS 34"), specified under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standard) Rules, 2015 (as amended) and read with SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended and the circulars issued thereunder ("InvIT Regulations") and other accounting principles generally accepted in India, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S R B C & CO LLP
ICAI Firm registration number: 324982E/E300003
Chartered Accountants

per Huzefa Ginwala
Partner
Membership No.: 111757
UDIN: 21111757AAAAAY2219
Place: Pune
Date: February 24, 2021

INDIA GRID TRUST
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020
(All amounts in Rs. million unless otherwise stated)

	Notes	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,15,445.58	1,08,163.16
Capital work-in-progress	3	23.58	-
Financial assets			
i. Other financial assets	5	2,826.85	9.86
Other non-current assets	6	356.53	382.34
		1,18,652.54	1,08,555.36
Current assets			
Financial assets			
i. Investments	4	1,700.01	-
ii. Trade receivables	7	3,213.11	2,458.33
iii. Cash and cash equivalents	8	11,838.36	4,088.41
iv. Bank Balances other than (iii) above	9	1,389.77	1,299.74
v. Other financial assets	5	1,524.48	1,282.63
Other current assets	6	280.02	235.72
		19,945.75	9,364.83
Total assets		1,38,598.29	1,17,920.19
EQUITY AND LIABILITIES			
Equity			
Unit capital	10	53,145.69	53,145.69
Other equity			
Retained earnings/ (Accumulated deficit)	11	(5,253.67)	(2,659.44)
Total Unit holders' equity		47,892.02	50,486.25
Non-current liabilities			
Financial liabilities			
i. Borrowings	12	86,787.60	62,637.00
Deferred tax liabilities (net)	18	910.91	602.06
		87,698.51	63,239.06
Current liabilities			
Financial liabilities			
i. Trade payables	13		
a. Total outstanding dues of micro enterprises and small enterprises		1.92	105.32
b. Total outstanding dues of creditors other than micro enterprises and small enterprises		184.76	227.59
ii. Other financial liabilities	14	2,526.03	3,617.60
Provisions	15	1.91	-
Other current liabilities	16	292.82	240.27
Current tax liability	17	0.32	4.10
		3,007.76	4,194.88
Total liabilities		90,706.27	67,433.94
Total equity and liabilities		1,38,598.29	1,17,920.19
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited)
(as Investment Manager of India Grid Trust)

per Huzefa Ginwala
Partner
Membership Number : 111757
Place : Pune
Date : 24 February 2021

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 24 February 2021

Jyoti Kumar Agarwal
CFO
Place : Mumbai
Date : 24 February 2021

Swapnil Patil
Company Secretary
Place : Mumbai
Date : 24 February 2021

INDIA GRID TRUST
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2020
(All amounts in Rs. million unless otherwise stated)

	Notes	Nine Months ended 31 December 2020 (Rs. in million) (Unaudited)	Nine Months ended 31 December 2019 (Rs. in million) (Unaudited)
INCOME			
Revenue from contracts with customers	19	11,764.46	9,143.36
Income from investment in mutual funds		98.21	165.56
Interest income on investment in fixed deposits		103.62	78.31
Other finance income		10.05	-
Other income	20	24.22	45.42
Total income (I)		12,000.56	9,432.65
EXPENSES			
Employee benefit expenses	21	81.74	-
Transmission infrastructure maintenance charges		223.99	167.91
Insurance expenses		192.89	101.47
Investment manager fees (refer note 26)		231.04	174.42
Project manager fees (refer note 26)		58.17	46.61
Legal and professional fees		71.16	55.54
Rates & taxes		53.29	32.95
Valuation expenses		2.76	4.21
Trustee fee		2.89	2.01
Vehicle hire charges		12.54	9.82
Payment to auditors (including for subsidiaries)			
- Statutory audit fees		8.11	5.69
- Tax audit fees		1.76	1.38
- Other services (including certification)		0.45	0.07
Other expenses		237.76	77.91
Depreciation expense	23	3,100.59	2,244.03
Impairment/ (reversal) of service concessions/ property, plant and equipment		231.66	(456.96)
Finance costs	22	4,805.86	2,958.26
Total expenses (II)		9,316.66	5,425.32
Profit before tax (I-II)		2,683.90	4,007.33
Tax expense			
Current tax		4.91	59.62
Deferred tax		21.85	(112.76)
Total		26.76	(53.14)
Profit for the period		2,657.14	4,060.47
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income for the period		-	-
Total comprehensive income for the period		2,657.14	4,060.47
Earnings per unit (Computed on the basis of profit for the period (Rs.)	24		
Basic and Diluted		4.55	7.46
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited)
(as Investment Manager of India Grid Trust)

per Huzefa Ginwala
Partner
Membership Number : 111757
Place : Pune
Date : 24 February 2021

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 24 February 2021

Jyoti Kumar Agarwal
CFO
Place : Mumbai
Date : 24 February 2021

Swapnil Patil
Company Secretary
Place : Mumbai
Date : 24 February 2021

INDIA GRID TRUST
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN UNIT HOLDERS' EQUITY FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2020
(All amounts in Rs. million unless otherwise stated)

A. Unit capital

	Nos. in million	Rs. in million
Balance as at 01 April 2019	283.80	28,380.00
Changes in unit capital during the period (refer note 10)	299.69	25,140.48
Issue expenses (refer note 10)		(374.79)
Balance as at 31 December 2019	583.49	53,145.69
Issued during the period (refer note 10)	-	-
Balance as at 31 March 2020	583.49	53,145.69
Balance as at 01 April 2020	583.49	53,145.69
Changes in unit capital during the year	-	-
Balance as at 31 December 2020	583.49	53,145.69

B. Other equity

(Rs. in million)

	Retained earnings / (Accumulated deficit)	Total other equity
As at 01 April 2019	(1,613.89)	(1,613.89)
Profit for the nine months period ended 31 December 2019	4,060.47	4,060.47
Less: Distribution during the nine months period ended 31 December 2019	(4,352.30)	(4,352.30)
As at 31 December 2019	(1,905.72)	(1,905.72)
Profit for the quarter ended 31 March 2020	996.73	996.73
Less: Distribution during the quarter ended 31 March 2020	(1,750.45)	(1,750.45)
As at 31 March 2020	(2,659.44)	(2,659.44)
As at 01 April 2020	(2,659.44)	(2,659.44)
Profit for the nine months period ended 31 December 2020	2,657.14	2,657.14
Less: Distribution during the nine months period ended 31 December 2020	(5,251.37)	(5,251.37)
As at 31 December 2020	(5,253.67)	(5,253.67)

The distribution relates to the distributions made during the nine months period along with the distribution related to the last quarter of FY 2018-19 and FY 2019-20 respectively and does not include the distribution relating to the third quarter of FY 2019-20 and FY 2020-21 respectively which will be paid after period end date.

The distributions made by IndiGrid to its unitholders are based on the Net Distributable Cash Flows (NDCF) of IndiGrid under the InvIT Regulations and hence part of the same includes repayment of capital as well.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited)
(as Investment Manager of India Grid Trust)

per Huzefa Ginwala
Partner
Membership Number : 111757
Place : Pune
Date : 24 February 2021

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 24 February 2021

Jyoti Kumar Agarwal
CFO
Place : Mumbai
Date : 24 February 2021

Swapnil Patil
Company Secretary
Place : Mumbai
Date : 24 February 2021

INDIA GRID TRUST
INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2020
(All amounts in Rs. million unless otherwise stated)

	Nine Months ended 31 December 2020 (Rs. in million) (Unaudited)	Nine Months ended 31 December 2019 (Rs. in million) (Unaudited)
A. Cash flow from operating activities		
Net profit as per statement of profit and loss	2,657.14	4,060.47
Adjustment for taxation	26.76	(53.14)
Profit before tax	2,683.90	4,007.33
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation expenses	3,100.59	2,244.03
Impairment/ (reversal) of service concessions/ property, plant and equipment	231.66	(456.96)
Foreign exchange gain on borrowing	(75.50)	(71.63)
Mark to market loss / (gain) on derivatives	167.47	(34.86)
Finance cost	4,713.89	3,064.75
Income from investment in mutual funds	(98.21)	(165.56)
Interest income on investment in fixed deposits	(103.62)	(78.31)
Operating profit before working capital changes	10,620.18	8,508.79
Movements in working capital :		
in trade payables	(159.61)	(44.53)
in other current financial liabilities	50.16	326.43
in other current liabilities	27.59	(440.47)
in other non-current financial liabilities	-	(156.72)
in provisions	1.91	-
in trade receivables	(305.02)	(361.18)
in other non-current financial asset	3.71	(34.86)
in other non-current asset	25.81	9.41
in other current financial asset	108.60	85.26
in other current assets	(40.53)	(54.91)
Change in working capital	(287.38)	(671.57)
Cash generated from operations	10,332.80	7,837.22
Direct taxes paid (net of refunds)	113.96	(114.32)
Net cash flow from operating activities (A)	10,446.76	7,722.90
B. Cash flow from investing activities		
Purchase of property plant & equipment (including capital work-in-progress and capital advances)	(11,702.13)	(50,249.51)
Purchase of service concession receivable of subsidiary	(3,049.42)	-
Acquisition of other assets (net of other liabilities)	(507.33)	(448.70)
Interest income on investment in fixed deposits	135.66	38.61
Income from investment in mutual funds	98.21	165.56
Investment in mutual funds	(26,574.40)	(1,069.46)
Proceeds from mutual funds	24,874.40	-
Investment in fixed deposits (net of redemptions)	(90.03)	(1,010.42)
Net cash flow used in investing activities (B)	(16,815.04)	(52,573.92)
C. Cash flow from financing activities		
Proceeds from issue of unit capital	-	25,140.48
Unit issue expense incurred	-	(374.79)
Acquisition of borrowings	9,583.11	-
Proceeds of long term borrowings	23,551.22	26,291.13
Repayment of long term borrowings	(9,583.11)	-
Finance costs	(4,183.63)	(2,903.22)
Payment of distributions to unitholders	(5,249.36)	(4,351.36)
Net cash flow from financing activities (C)	14,118.23	43,802.24
Net increase / (decrease) in cash and cash equivalents (A + B + C)	7,749.95	(1,048.78)
Cash and cash equivalents as at beginning of period	4,088.41	1,603.66
Cash and cash equivalents as at period end	11,838.36	554.88
Components of cash and cash equivalents:		
Balances with banks:		
- On current accounts ^	11,612.96	385.88
- Deposit with original maturity of less than 3 months #	225.40	169.00
Total cash and cash equivalents (refer note 8)	11,838.36	554.88

^ Out of total amount, Rs. 9.35 million (31 December 2019: Rs. 6.69 million) pertains to unclaimed distribution to unitholders.
# Includes amount of Rs. 225.40 million (31 December 2019: Rs. 169.00 million) is kept in Interest Service Reserve Account ('ISRA') as per borrowing agreements with lenders.

Summary of significant accounting policies 2.2

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited)
(as Investment Manager of India Grid Trust)

per Huzefa Ginwala
Partner
Membership Number : 111757
Place : Pune
Date : 24 February 2021

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 24 February 2021

Jyoti Kumar Agarwal
CFO
Place : Mumbai
Date : 24 February 2021

Swapnil Patil
Company Secretary
Place : Mumbai
Date : 24 February 2021

DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 and No. CIR/IMD/DF/127/2016 dated 29 November 2016 issued under the InvIT Regulations)

A. CONSOLIDATED STATEMENT OF NET ASSETS AT FAIR VALUE AS AT

Particulars	31 December 2020		31 March 2020	
	Book value	Fair value	Book value	Fair value
A. Assets	1,38,598.29	1,56,971.49	1,17,920.19	1,27,100.52
B. Liabilities	90,706.27	90,706.27	67,433.94	67,433.94
C. Net Assets (A-B)	47,892.02	66,265.22	50,486.25	59,666.58
D. Number of units	583.49	583.49	583.49	583.49
E. NAV (C/D)	82.08	113.57	86.52	102.26

Total assets after provision for impairment on investment in subsidiary determined based on fair valuation.

Project wise breakup of fair value of assets as at

Project	31 December 2020	31 March 2020
Bhopal Dhule Transmission Company Limited	20,764.49	18,781.64
Jabalpur Transmission Company Limited	14,402.48	14,490.39
Maheshwaram Transmission Limited	5,872.50	5,466.06
RAPP Transmission Company Limited	4,281.50	4,035.67
Purulia & Kharagpur Transmission Company Limited	6,841.49	6,501.67
Patran Transmission Company Limited	2,677.55	2,386.61
NRSS XXIX Transmission Limited ^	48,367.04	45,382.69
Odisha Generation Phase-II Transmission Limited ^	15,120.49	14,371.15
East North Interconnection Company Limited *	14,976.78	12,581.81
Gurgaon-Palwal Transmission Limited #	12,433.44	-
Jhajjar KT Transco Private Limited #	3,148.46	-
		-
		-
Subtotal	1,48,886.22	1,23,997.69
Assets (in IndiGrid)	8,085.27	3,102.83
Total assets	1,56,971.49	1,27,100.52

^ The Trust had acquired Indigrid 1 Limited (IG1L) (formerly known as "Sterlite Grid 2 Limited") which is the holding company of NRSS XXIX Transmission Limited ('NTL') and Indigrid 2 Limited (IG2L) (formerly known as "Sterlite Grid 3 Limited") which is the holding company of Odisha Generation Phase-II Transmission Limited ('OGPTL') on 04 June 2019 and 28 June 2019 respectively.

* The Trust acquired East-North Interconnection Company Limited ('ENICL') with effect from 24 March 2020.

In the current period, the Trust has acquired Gurgaon-Palwal Transmission Limited with effect from 28 August 2020 and Jhajjar KT Transco Private Limited with effect from 28 September 2020.

B. CONSOLIDATED STATEMENT OF TOTAL RETURNS AT FAIR VALUE

Particulars	Nine Months ended 31 December 2020 (Rs. in million) (Unaudited)
Total comprehensive income (as per the statement of profit and loss)	2,657.14
Add/(less): other changes in fair value (e.g., in property, plant & equipment (if cost model is followed)) not recognized in total comprehensive income	6,045.20
Total Return	8,702.34

1. Fair value of assets as at 31 December 2020 and other changes in fair value for the nine months period then ended as disclosed in the above tables are based on fair valuation report issued by the independent valuer appointed under the InvIT regulations.
2. Sensitivity analysis with respect to significant unobservable inputs used in the fair value measurement has been disclosed in Note 26A.
3. As per SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 and No. CIR/IMD/DF/127/2016 dated 29 November 2016 and the InvIT Regulations, the Trust was not required to present 'Statement of total returns at fair value' as part of the financial statements in the previous nine monthly period ended 31 December 2019. Accordingly, disclosures are given only for period ended 31 December 2020 and not for comparative period ended 31 December 2019.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 and No. CIR/IMD/DF/127/2016 dated 29 November 2016 issued under the InvIT Regulations)

Statement of Net Distributable Cash Flows (NDCFs) of India Grid Trust

Description	Nine months ended 31 December 2020 (Unaudited)
Cash flows received from the Portfolio Assets in the form of interest	8,394.13
Cash flows received from the Portfolio Assets in the form of dividend	-
Any other income accruing at IndiGrid level and not captured above, including but not limited to interest/return on surplus cash invested by IndiGrid	61.56
Cash flows received from the Portfolio Assets towards the repayment of the debt issued to the Portfolio Assets by IndiGrid	6,357.22
Proceeds from the Portfolio Assets for a capital reduction by way of a buy back or any other means as permitted, subject to applicable law	-
Proceeds from sale of assets of the Portfolio Asset not distributed pursuant to an earlier plan to re-invest, or if such proceeds are not intended to be invested subsequently	-
Total cash inflow at the IndiGrid level (A)	14,812.91
Less: Any payment of fees, interest and expense incurred at IndiGrid level, including but not limited to the fees of the Investment Manager and Trustee (refer note i and ii)	(2,687.31)
Less: Costs/retention associated with sale of assets of the Portfolio Assets:	-
-related debts settled or due to be settled from sale proceeds of Portfolio Assets;	-
-transaction costs paid on sale of the assets of the Portfolio Assets; and	-
-capital gains taxes on sale of assets/ shares in Portfolio Assets/ other investments.	-
Less: Proceeds reinvested or planned to be reinvested in accordance with Regulation 18(7)(a) of the InvIT Regulations	-
Less: Repayment of external debt at the IndiGrid level and at the level of any of the underlying portfolio assets/special purpose vehicles (Excluding refinancing)	-
Less: Income tax (if applicable) at the standalone IndiGrid level	(4.42)
Less: Amount invested in any of the Portfolio Assets for service of debt or interest	(6,434.65)
Less: Repair work in relation to the projects undertaken by any of the Portfolio Assets	-
Total cash outflows / retention at IndiGrid level (B)	(9,126.38)
Net Distributable Cash Flows (C) = (A+B)	5,686.53

Notes

i. Does not include interest accrued but not due for the nine months ended 31 December, 2020 of Rs. 261.96 million 31 December, 2020 of Rs. 98.45 million related to market linked non convertible debentures ('MLDs') which is payable on maturity of these MLDs from FY 2022 to FY 2024.

ii. Does not include Earn - out expenses for the nine months ended 31 December, 2020 of Rs 117.27 million.

iii. As per SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 and No. CIR/IMD/DF/127/2016 dated 29 November 2016 and the the InvIT Regulations, the Group was not required to present 'Statement of Net Distributable Cash Flows (NDCF)' as part of the financial statements in the previous nine months period ended 31 December 2019. Accordingly, disclosures for NDCF are given only for period ended 31 December 2020 and not for comparative period ended 31 December 2019.

Statement of Net Distributable Cash Flows (NDCFs) of underlying Holdcos and SPVs

IndiGrid Limited (formerly known as Sterlite Grid 1 Limited) (Holdco)

Description	Nine months ended 31 December 2020 (Unaudited)
Profit/(loss) after tax as per profit and loss account (A)	(447.26)
Add: Depreciation, impairment and amortisation	8.22
Add/Less: Decrease/(increase) in working capital	26.18
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid	466.15
Add/less: Loss/gain on sale of infrastructure assets	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-
-related debts settled or due to be settled from sale proceeds;	-
-directly attributable transaction costs;	-
-directly attributable transaction costs proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-
Less: Capital expenditure, if any	1.09
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-
-deferred tax;	(116.27)
- Unwinding of Interest cost on Non convertible debentures issued at interest rate lower than market rate of interest	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-
Total Adjustments (B)	385.37
Net Distributable Cash Flows (C) = (A+B)	(61.89)

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 and No. CIR/IMD/DF/127/2016 dated 29 November 2016 issued under the InvIT Regulations)

Bhopal Dhule Transmission Company Limited (BDTCL) (SPV)

Description	Nine months ended 31 December 2020 (Unaudited)
Profit/(loss) after tax as per profit and loss account (A)	(277.39)
Add: Depreciation, impairment and amortisation	531.07
Add/Less: Decrease/(increase) in working capital	(122.25)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or IGL	1,004.70
Add/less: Loss/gain on sale of infrastructure assets	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-
-related debts settled or due to be settled from sale proceeds;	-
-directly attributable transaction costs;	-
-directly attributable transaction costs;	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-
Less: Capital expenditure, if any	(6.90)
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-
-deferred tax;	-
-unwinding of Interest cost on interest free loan or other debentures;	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-
Amortization of Upfront fees	2.85
Loss on account of MTM of F/W & ECB	91.97
Non Cash Income - Reversal of Prepayment penalty	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	(43.79)
Total Adjustments (B)	1,457.65
Net Distributable Cash Flows (C) = (A+B)	1,180.26

Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

Jabalpur Transmission Company Limited (JTCL) (SPV)

Description	Nine months ended 31 December 2020 (Unaudited)
Profit/(loss) after tax as per profit and loss account (A)	(45.22)
Add: Depreciation, impairment and amortisation	(906.47)
Add/Less: Decrease/(increase) in working capital	3.10
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or IGL	2,038.03
Add/less: Loss/gain on sale of infrastructure assets	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-
-related debts settled or due to be settled from sale proceeds;	-
-directly attributable transaction costs;	-
-directly attributable transaction costs;	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-
Less: Capital expenditure, if any	(9.83)
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-
-deferred tax;	-
-unwinding of Interest cost on interest free loan or other debentures;	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-
Total Adjustments (B)	1,124.83
Net Distributable Cash Flows (C) = (A+B)	1,079.61

Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 and No. CIR/IMD/DF/127/2016 dated 29 November 2016 issued under the InvIT Regulations)

RAPP Transmission Company Limited (RTCL) (SPV)

Description	Nine months ended 31 December 2020 (Unaudited)
Profit/(loss) after tax as per profit and loss account (A)	6.18
Add: Depreciation, impairment and amortisation	64.53
Add/Less: Decrease/(increase) in working capital	6.47
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or IGL	253.10
Add/less: Loss/gain on sale of infrastructure assets	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-
-related debts settled or due to be settled from sale proceeds;	-
-directly attributable transaction costs;	-
-directly attributable transaction costs;	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-
Less: Capital expenditure, if any	(0.79)
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-
-deferred tax;	-
-unwinding of Interest cost on interest free loan or other debentures;	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-
Total Adjustments (B)	323.31
Net Distributable Cash Flows (C) = (A+B)	329.49

Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

Purulia & Kharagpur Transmission Company Limited (PKTCL)(SPV)

Description	Nine months ended 31 December, 2020 (Unaudited)
Profit/(loss) after tax as per profit and loss account (A)	(20.21)
Add: Depreciation, impairment and amortisation	107.64
Add/Less: Decrease/(increase) in working capital	(4.23)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or IGL	441.96
Add/less: Loss/gain on sale of infrastructure assets	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-
-related debts settled or due to be settled from sale proceeds;	-
-directly attributable transaction costs;	-
-directly attributable transaction costs;	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-
Less: Capital expenditure, if any	(1.59)
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-
-deferred tax;	-
-unwinding of Interest cost on interest free loan or other debentures;	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-
Total Adjustments (B)	543.78
Net Distributable Cash Flows (C) = (A+B)	523.57

Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 and No. CIR/IMD/DF/127/2016 dated 29 November 2016 issued under the InvIT Regulations)
Maheshwaram Transmission Limited (MTL)(SPV)

Description	Nine months ended 31 December, 2020 (Unaudited)
Profit/(loss) after tax as per profit and loss account (A)	(118.68)
Add: Depreciation, impairment and amortisation	91.74
Add/Less: Decrease/(increase) in working capital	(26.57)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or IGL	436.80
Add/less: Loss/gain on sale of infrastructure assets	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-
-related debts settled or due to be settled from sale proceeds;	-
-directly attributable transaction costs;	-
-directly attributable transaction costs;	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-
Less: Capital expenditure, if any	(0.69)
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-
-deferred tax;	-
-unwinding of Interest cost on interest free loan or other debentures;	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-
Total Adjustments (B)	501.28
Net Distributable Cash Flows (C) = (A+B)	382.60

Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

Patran Transmission Company Limited (PTCL)(SPV)

Description	Nine months ended 31 December, 2020 (Unaudited)
Profit/(loss) after tax as per profit and loss account (A)	(112.01)
Add: Depreciation, impairment and amortisation	136.35
Add/Less: Decrease/(increase) in working capital	(16.67)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or IGL	198.88
Add/less: Loss/gain on sale of infrastructure assets	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-
-related debts settled or due to be settled from sale proceeds;	-
-directly attributable transaction costs;	-
-directly attributable transaction costs;	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-
Less: Capital expenditure, if any	(0.61)
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-
-deferred tax;	-
-unwinding of Interest cost on interest free loan or other debentures;	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-
Total Adjustments (B)	317.95
Net Distributable Cash Flows (C) = (A+B)	205.94

Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 and No. CIR/IMD/DF/127/2016 dated 29 November 2016 issued under the InvIT Regulations)

IndiGrid 1 Limited (formerly known as Sterlite Grid 2 Limited) (Holdco)

Description	Nine months ended 31 December, 2020 (Unaudited)
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	(130.73)
Add: Depreciation, impairment and amortisation	-
Add/Less: Decrease/(increase) in working capital	18.55
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or IGL	130.89
Add/less: Loss/gain on sale of infrastructure assets	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-
-related debts settled or due to be settled from sale proceeds;	-
-directly attributable transaction costs;	-
-directly attributable transaction costs;	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-
Less: Capital expenditure, if any	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-
-deferred tax;	-
-unwinding of Interest cost on interest free loan or other debentures;	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-
Total Adjustments (B)	149.44
Net Distributable Cash Flows (C) = (A+B)	18.71

* Being the date of acquisition by IndiGrid.
Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

NRSS XXIX Transmission Limited (NTL) (SPV)

Description	Nine months ended 31 December, 2020 (Unaudited)
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	11.35
Add: Depreciation, impairment and amortisation	624.31
Add/Less: Decrease/(increase) in working capital	(145.13)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or IGL	3,097.96
Add/less: Loss/gain on sale of infrastructure assets	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-
-related debts settled or due to be settled from sale proceeds;	-
-directly attributable transaction costs;	-
-directly attributable transaction costs;	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-
Less: Capital expenditure, if any	(2.78)
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-
-deferred tax;	38.61
-unwinding of Interest cost on interest free loan or other debentures;	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-
Total Adjustments (B)	3,612.97
Net Distributable Cash Flows (C) = (A+B)	3,624.32

* Being the date of acquisition by IndiGrid.
Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 and No. CIR/IMD/DF/127/2016 dated 29 November 2016 issued under the InvIT Regulations)

IndiGrid 2 Limited (formerly known as Sterlite Grid 3 Limited) (Holdco)

Description	Nine months ended 31 December, 2020 (Unaudited)
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	(68.14)
Add: Depreciation, impairment and amortisation	-
Add/Less: Decrease/(increase) in working capital	(0.79)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or IGL	67.45
Add/less: Loss/gain on sale of infrastructure assets	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-
-related debts settled or due to be settled from sale proceeds;	-
-directly attributable transaction costs;	-
-directly attributable transaction costs;	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-
Less: Capital expenditure, if any	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-
-deferred tax;	-
-unwinding of Interest cost on interest free loan or other debentures;	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-
Total Adjustments (B)	66.66
Net Distributable Cash Flows (C) = (A+B)	(1.48)

* Being the date of acquisition by IndiGrid.
^ Regrouped

Odisha Generation Phase-II Transmission Limited (OGPTL) (SPV)

Description	Nine months ended 31 December, 2020 (Unaudited)
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	(61.83)
Add: Depreciation, impairment and amortisation	288.81
Add/Less: Decrease/(increase) in working capital	(83.81)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or IGL	683.53
Add/less: Loss/gain on sale of infrastructure assets	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-
-related debts settled or due to be settled from sale proceeds;	-
-directly attributable transaction costs;	-
-directly attributable transaction costs;	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-
Less: Capital expenditure, if any	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-
-deferred tax;	-
-unwinding of Interest cost on interest free loan or other debentures;	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-
Amortization of Upfront fees	0.94
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	(13.59)
Total Adjustments (B)	875.88
Net Distributable Cash Flows (C) = (A+B)	814.05

* Being the date of acquisition by IndiGrid.
Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 and No. CIR/IMD/DF/127/2016 dated 29 November 2016 issued under the InvIT Regulations)

East-North Interconnection Company Limited (ENICL)(SPV)

Description	Nine months ended 31 December, 2020 (Unaudited)
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	(54.07)
Add: Depreciation, impairment and amortisation	419.33
Add/Less: Decrease/(increase) in working capital	28.43
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or IGL	152.17
Add/less: Loss/gain on sale of infrastructure assets	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-
-related debts settled or due to be settled from sale proceeds;	-
-directly attributable transaction costs;	-
-directly attributable transaction costs;	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-
Less: Capital expenditure, if any	(1.83)
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-
-deferred tax;	-
-unwinding of Interest cost on interest free loan or other debentures;	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-
Total Adjustments (B)	598.10
Net Distributable Cash Flows (C) = (A+B)	544.03

* Being the date of acquisition of ENICL by IndiGrid.
Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

Gurgaon-Palwal Transmission Limited (GPTL) (SPV)

Description	28 August 2020* to 31 December, 2020 (Unaudited)
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	14.98
Add: Depreciation, impairment and amortisation	122.16
Add/Less: Decrease/(increase) in working capital	26.11
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or IGL	149.67
Add/less: Loss/gain on sale of infrastructure assets	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-
-related debts settled or due to be settled from sale proceeds;	-
-directly attributable transaction costs;	-
-directly attributable transaction costs;	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-
Less: Capital expenditure, if any	0.01
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-
-deferred tax;	(9.43)
-unwinding of Interest cost on interest free loan or other debentures;	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-
Amortization of Upfront fees	2.22
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-
Total Adjustments (B)	290.74
Net Distributable Cash Flows (C) = (A+B)	305.72

* Being the date of acquisition of GPTL by IndiGrid.
Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 and No. CIR/IMD/DF/127/2016 dated 29 November 2016 issued under the InvIT Regulations)

Jhajjar KT Transco Private Limited (JKTPL) (SPV)

Description	28 September 2020* to 31 December, 2020 (Unaudited)
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	9.78
Add: Depreciation, impairment and amortisation	-
Add/Less: Decrease/(increase) in working capital	17.38
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or IGL	68.74
Add/less: Loss/gain on sale of infrastructure assets	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-
-related debts settled or due to be settled from sale proceeds;	-
-directly attributable transaction costs;	-
-directly attributable transaction costs;	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-
Less: Capital expenditure, if any	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-
-deferred tax;	(7.33)
-unwinding of Interest cost on interest free loan or other debentures;	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-
Total Adjustments (B)	78.79
Net Distributable Cash Flows (C) = (A+B)	88.57

* Being the date of acquisition of JKTPL by IndiGrid.
Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

1. Group information

The condensed consolidated financial statements comprise financial statements of India Grid Trust ("the Trust" or "IndiGrid") and its subsidiaries (collectively, the Group). Indigrid is an irrevocable trust settled by Sterlite Power Grid Ventures Limited *(now merged with Sterlite Power Transmission Limited)* (the "Sponsor") on 21 October 2016 pursuant to the Trust Deed under the provisions of the Indian Trusts Act, 1882 and registered with Securities Exchange Board of India ("SEBI") under the SEBI (Infrastructure Investment Trust) Regulations, 2014 as an Infrastructure Investment Trust on 28 November 2016 having registration number IN/InvIT/16-17/0005. The Trustee of IndiGrid is Axis Trustee Services Limited (the "Trustee"). The Investment manager for IndiGrid is Indigrid Investment Managers Limited *(formerly known as Sterlite Investment Managers Limited)* (the "Investment Manager" or the "Management").

The objectives of IndiGrid are to undertake activities as an infrastructure investment trust in accordance with the provisions of the InvIT Regulations and the Trust Deed. The principal activity of IndiGrid is to own and invest in power transmission and solar assets in India with the objective of producing stable and sustainable distributions to unitholders.

As at 31 December 2020, IndiGrid has following project entities which are transmission infrastructure projects developed on Build, Own, Operate and Maintain ('BOOM') basis:

1. Bhopal Dhule Transmission Company Limited ('BDTCL')
2. Jabalpur Transmission Company Limited ('JTCL')
3. RAPP Transmission Company Limited ('RTCL')
4. Purulia & Kharagpur Transmission Company Limited ('PKTCL')
5. Maheshwaram Transmission Limited ('MTL')
6. Patran Transmission Company Limited ('PTCL')
7. NRSS XXIX Transmission Limited ('NTL')
8. Odisha Generation Phase-II Transmission Limited ('OGPTL')
9. East-North Interconnection Company Limited ('ENICL')
10. Gurgaon Palwal Transmission Limited ('GPTL') (w.e.f. August 28, 2020)

Further, the Group has also invested in Jhajjar KT Transco Private Limited ('JKTPL') (w.e.f. September 28, 2020) which operates on Build, Operate and Transfer (BOT) basis.

These SPVs have executed Transmission Services Agreements ("TSAs") with Long term transmission customers under which the SPVs have to maintain the transmission infrastructure for 25 years or 35 years post commissioning.

The address of the registered office of the Investment Manager is Unit No.101, First Floor, Windsor, Village KoleKalyan, off CST Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai, Maharashtra, India 400 098. The interim condensed consolidated financial statements were approved for issue in accordance with resolution passed by the Board of Directors of the Investment Manager on 24 February 2021.

2. Significant Accounting Policies

2.1 Basis of preparation

The condensed consolidated financial statements comprise of the condensed consolidated balance sheet as at 31 December 2020, the condensed consolidated statement of profit and loss, the condensed consolidated statement of cash flow and the condensed consolidated statement of changes in Unit Holders' equity for nine months ended 31 December 2020 and the condensed consolidated statement of net assets at fair value as at 31 December 2020 and the condensed consolidated statement of total returns at fair value and the statement of Net Distributable Cash Flows ('NDCFs') of the Trust, the underlying holding company ("HoldCo") and each of its subsidiaries for the nine months ended 31 December 2020 and a summary of significant accounting policies and other explanatory notes prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India, read with SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended and the circulars issued thereunder ("InvIT Regulations").

The condensed consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets measured at fair value (e.g. Liquid mutual funds)

The condensed consolidated financial statements are presented in Indian Rupees Millions, except when otherwise indicated.

Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the Annual Financial Statements and should be read in conjunction with the Group's Annual Financial Statements as at 31 March 2020, which were adopted by the Board on 27 May 2020.

The accounting policies adopted in the preparation of Interim Condensed Consolidated Financial Statements are consistent with those of Annual Financial Statement as at 31 March 2020.

2.2 Summary of significant accounting policies

The interim condensed consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. There has been no change in the significant accounting policies in the interim period except as mentioned in the paragraph below. These interim condensed financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 March 2020 and any public announcements made by the Trust during the interim reporting period. The Group has acquired new entity Jhajjar KT Transco Private Limited which operates on Build, operate and transfer (BOT) basis and accordingly appendix in relation to service concession arrangements of Ind AS 115 is followed.

A. Service Concession Arrangements

The company has operating and maintaining the power transmission system including sub-station constructed to provide services for a specified period of time in accordance with the transmission agreement entered into with the grantor.

Under Ind AS 115, this arrangement is considered as Service Concession Arrangement and accordingly, rights to receive the consideration from the grantor for providing services has been recognised as "financial assets".

B. Revenue Recognition

Finance Income for Service Concession Arrangements under financial assets model is recognised using effective interest rate method. Revenue from operations and maintenance services are separately recognised in each period as and when services are rendered.

Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

C. Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the India.

3. Other Amendments to Standards, which are either not applicable to the Group or the impact is not expected to be material

- Amendments to Ind AS 103: Business Combinations

  The amendments to the definition of a business in Ind AS 103 help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

  These amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the 1 April 2020 and to asset acquisitions that occur on or after the beginning of that period. The amendments apply prospectively to transactions or other events that occur on or after the date of first application.

  The Management continues to evaluate the impact on acquisitions by the Group during the period and the results would be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the acquisition contractual arrangements including the share purchase agreements.

  While the Management continues to evaluate the available transition method and its acquisition contractual arrangements. The ultimate impact resulting from the application of abovementioned amendments in Ind AS 103 will be subject to assessments that are dependent on terms of the acquisition contractual arrangements.
  A reliable estimate of the quantitative impact of Ind AS 103 on the condensed standalone financial statements will only be possible once the Management's assessment of the above amendments with respect to acquisition contractual arrangements has been completed.

- Amendments to Ind AS 109 and 107: Financial Instruments and Financial Instruments Disclosures
- Amendments to Ind AS 116: Leases
- Amendments to Ind AS 1 and 8: Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to Ind AS 10: Events after the Reporting Period
- Amendments to Ind AS 37: Provisions, Contingent Liabilities and Contingent Assets

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Note 3: Property, plant and equipment

Particulars	Freehold land	Lease hold land	Building - office (leasehold improvements)	Building - Substations	Substations	Transmission lines	Plant and machinery	Data processing equipments	Furniture and fitting	Vehicle	Office equipment	Road	Right of use	Total
Gross block														
As at 01 April 2019	112.28	89.86	0.59	119.83	7,984.86	44,916.19	5.95	1.37	1.24	0.45	1.71	5.57	-	53,239.90
Additions	-	-	-	-	-	42.07	-	1.59	0.81	1.32	0.05	-	53.67	99.51
Additions on account of acquisition (refer note 25)	9.29	-	-	-	8,265.89	52,619.97	0.15	0.29	0.39	2.47	2.76	-	-	60,901.21
Disposals	-	-	-	-	-	(24.39)	-	-	-	-	(0.01)	-	-	(24.40)
As at 31 March 2020	121.57	89.86	0.59	119.83	16,250.75	97,553.84	6.10	3.25	2.44	4.24	4.51	5.57	53.67	1,14,216.22
Additions	-	-	-	-	2.29	9.58	0.12	3.71	0.25	-	0.68	-	-	16.63
Additions on account of acquisition (refer note 25)	558.21	-	-	-	6,442.36	3,364.63	0.16	-	0.13	-	2.53	-	-	10,368.02
Disposals	-	-	-	-	-	(0.02)	(0.26)	-	-	-	(0.02)	-	-	(0.30)
Adjustments for Present Value	-	-	-	-	-	-	-	-	-	-	-	-	(1.34)	(1.34)
As at 31 December 2020	679.78	89.86	0.59	119.83	22,695.40	1,00,928.03	6.12	6.96	2.82	4.24	7.70	5.57	52.33	1,24,599.23
Depreciation														
As at 01 April 2019	-	6.44	0.06	7.96	553.52	2,838.00	1.90	0.92	0.53	0.15	0.95	1.85	-	3,412.28
Charge for the year	-	3.51	0.01	9.22	620.75	2,460.48	0.56	0.31	0.58	0.50	1.33	1.20	2.67	3,101.12
Impairment / (reversal), net (refer note 25)	-	-	-	-	-	(456.96)	-	-	-	-	-	-	-	(456.96)
Disposals	-	-	-	-	-	(3.38)	-	-	-	-	-	-	-	(3.38)
As at 31 March 2020	-	9.95	0.07	17.18	1,174.27	4,838.14	2.46	1.23	1.11	0.65	2.28	3.05	2.67	6,053.06
Charge for the period	-	2.65	0.01	7.02	392.08	2,687.57	0.58	0.61	0.43	0.71	1.15	-	7.78	3,100.59
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment / (reversal), net (refer note 25)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2020	-	12.60	0.08	24.20	1,566.35	7,525.71	3.04	1.84	1.54	1.36	3.43	3.05	10.45	9,153.65
Net Block														
As at 31 March 2020	121.57	79.91	0.52	102.65	15,076.48	92,715.70	3.64	2.02	1.33	3.59	2.23	2.52	51.00	1,08,163.16
As at 31 December 2020	679.78	77.26	0.51	95.63	21,129.05	93,402.32	3.08	5.12	1.28	2.88	4.27	2.52	41.88	1,15,445.58

Note a: Capital work-in-progress

Particulars	Amount
As at 01 April 2019	-
Additions	-
Disposals	-
As at 31 March 2020	-
Additions	23.58
Disposals	-
As at 31 December 2020	23.58

Note b: Right-of-use asset

The Group has taken office building on lease which has lease term of 5 years with lock-in-period of 3 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.
The lease liability has been measured by using the incremental borrowing rate.

Particulars	Right-of-use asset	Lease Liabilities
As at 1 April 2019	-	-
Additions	53.67	52.16
Depreciation expense	2.67	-
Interest expense	-	1.18
Cash outflow for lease	-	-
As at 31 March 2020	51.00	53.34
Additions	-	-
Adjustments for Present Value	(1.34)	(1.34)
Depreciation expense	7.78	-
Interest expense	-	3.43
Cash outflow for lease	-	(7.23)
As at 31 December 2020	41.88	48.20

Note c: Certain property, plant and equipment of the Group has been pledged for the borrowing taken by the Group.

Note d: Following is the bifurcation of the depreciation expense

(Rs. in million)

Particulars	Nine months period ended 31 December 2019	Quarter ended 31 March 2020	Total
Depreciation for	2244.03	856.56	3,100.59

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Note 4: Investments

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Current		
Investment in mutual funds (valued at fair value through profit or loss)		
Quoted		
HDFC Overnight Fund - Direct Plan - Growth	249.99	-
Nippon India Overnight Fund - Direct Growth Plan	249.99	-
Axis Overnight Fund - Direct Growth	350.01	-
SBI Overnight Fund Direct Growth	350.01	-
Aditya Birla Sunlife Overnight Fund - Growth - Direct Plan	250.01	-
Kotak Overnight Fund Direct Growth	250.00	-
Total	1,700.01	-

Note 5: Other financial assets

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Non-Current		
Service Concession Receivable	3,232.05	-
Less : Provision for expected credit loss	(182.63)	-
Less : Provision for impairment	(231.66)	-
	2,817.76	-
Balances with Government authorities	0.10	-
Security deposits	8.99	8.87
Other bank balances	-	0.99
Total	2,826.85	9.86
Current		
Unbilled revenue	1,328.08	1,191.66
Advances receivable in cash	4.26	2.27
Interest accrued on deposits	32.55	64.59
Security deposits	-	0.03
Insurance claim receivable	-	14.15
Service Concession receivables	114.90	-
Accrued Unitary Charges	42.02	-
Others	2.67	9.93
Total	1,524.48	1,282.63

Note 6: Other assets

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Non-Current		
Capital advances (unsecured, considered good)	85.53	10.83
Less: Provision for doubtful advances	(10.83)	(10.83)
	74.70	-
Advance income tax, including TDS (net of provisions)	142.68	217.38
Deposits paid under dispute	138.81	164.91
Others	0.34	0.05
Total	356.53	382.34
Current		
Prepaid expenses	167.20	138.28
Balance with statutory authorities	93.38	93.13
Advance to vendors	4.86	4.31
Others	14.58	-
Total	280.02	235.72

Note 7: Trade receivables

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Trade receivables	3,213.11	2,458.33
Total	3,213.11	2,458.33
Current portion	3,213.11	2,458.33
Non-current portion	-	-
Break-up of security details:		
-Unsecured, considered good	3,213.11	2,458.33
-Trade receivables which have significant increase in credit risk	-	-
-Trade receivables - credit impaired	-	-

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 60 days

Note 8: Cash and cash equivalents

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Balance with banks		
- current accounts ^	11,612.96	3,467.87
Deposit with original maturity of less than 3 months #	225.40	620.54
Total	11,838.36	4,088.41

Balances with banks on current accounts does not earn interest. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash-requirement of the Group and earn interest at the respective short-term deposit rates.

Includes amount of Rs. 225.40 million (31 March 2020: Rs. Nil) kept in Interest Service Reserve Account ('ISRA') as per borrowing agreements with lenders.
^ Out of total amount, Rs. 9.35 million (31 March 2020: Rs. 7.34 million) pertains to unclaimed distribution to unitholders.

Note 9: Other bank balances

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Non-Current		
Bank deposits with original maturity of more than 12 months	-	0.99
Amount disclosed under head ''other non current financial asset" (note 5)	-	(0.99)
Total	-	-
Current		
Deposit with original maturity for more than 3 months but less than 12 months #	528.19	1,299.74
Deposit with original maturity for more 12 months #	861.58	-
Total	1,389.77	1,299.74

Includes amount of Rs. 573.00 million (31 March 2020: Rs. 1,244.20 million) is kept in Interest Service Reserve Account ('ISRA') as per borrowing agreements with lenders.

Note 10: Unit Capital

	Number of units (In million)	Amount (Rs. in million)
As at 01 April 2019	283.80	28,380.00
Issued during the year	299.69	25,140.48
Issue expenses	-	(374.79)
As at 31 March 2020	583.49	53,145.69
Issued during the period	-	-
As at 31 December 2020	583.49	53,145.69

Note:
During the year ended 31 March 2020, the Trust raised Rs. 25,140.48 million of primary capital through a qualified institutional placement of units. The Trust issued and allotted 299,683,881 units at a price of Rs. 83.89 per unit as per the placement agreement dated 04 May 2019. Issue expenses of Rs. 374.79 million incurred in connection with issue of units have been reduced from the Unitholders capital as at 31 March 2020 in accordance with Ind AS 32 Financial Instruments: Presentation.

Note 11: Other Equity

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Retained earnings/ (accumulated deficit)		
Balance as per last financial statements	(2,659.44)	(1,613.89)
Add: Profit for the nine months period/year ended	2,657.14	5,057.20
Less: Distribution paid to unit holders for the nine months period/year ended	(5,251.37)	(6,102.75)
Closing balance	(5,253.67)	(2,659.44)

Note 12: Long term borrowings

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Non-Current		
Debentures		
8.99% Non-convertible debentures (secured)	4,350.00	4,350.00
8.60% Non-convertible debentures (secured)	2,500.00	2,500.00
8.40% Non-convertible market linked debentures (secured)	1,703.85	1,725.66
9.00% Non-convertible market linked debentures (secured)	1,974.07	2,100.12
8.85% Non-convertible debentures (secured)	1,977.21	1,969.00
9.10% Non-convertible debentures (secured)	16,837.90	16,887.38
8.10% Non-convertible debentures (secured) (refer note (i))	998.36	-
7.85% Non-convertible debentures (secured)	6,710.00	6,710.00
7.25% Non-convertible debentures (secured) (refer note (i))	1,500.00	-
7.40% Non-convertible debentures (secured) (refer note (i))	1,000.00	-
8.40% Non-convertible debentures (secured) (refer note (i))	3,496.01	
8.50% Non-convertible debentures (secured) (refer note (i))	4,002.21	-
7.00% Non-convertible debentures (secured) (refer note (i))	2,498.66	-
Lease liability (unsecured)	38.56	45.87
	49,586.83	36,288.03
Term loans		
Indian rupee loan from banks (secured) (refer note (ii) and (iii))	35,135.54	24,056.61
Foreign currency loan from financial institution (secured) (refer note (ii) and (iii))	2,065.23	2,292.36
	37,200.77	26,348.97
Total	86,787.60	62,637.00
The above amount includes		
Secured borrowings	86,749.04	62,591.13
Unsecured borrowings	38.56	45.87
Total non-current borrowings	86,787.60	62,637.00
Current maturities		
7.85% Non-convertible debentures (secured)	110.00	110.00
9.25% Non-convertible Debentures (secured)	-	600.00
Indian rupee loans from banks (secured)	296.80	325.20
Foreign currency loan from financial institution (secured)	211.19	205.84
Lease liability	9.64	7.47
Interest accrued but not due on borrowings	589.88	118.76
Total current portion of long term borrowings	1,217.51	1,367.27
Less: Amount disclosed under the head "Other current financial liabilities" (note 14)	1,217.51	1,367.27
Net borrowings	-	-

i. The above items represent new secured non-convertible debentures that have been issued by the group during the nine-months period ended 31 December 2020.
ii. During the nine-months period ended 31 December 2020, the Group has taken new Indian rupee loan from banks of Rs. 6,500 million. No new foreign currency term loans have been taken during the period.
iii. During the nine-months period ended 31 December 2020, the group has repaid India rupee loan from banks of Rs. 5,032.58 million and foreign currency term loans of Rs. 221.78 million.

Note 13: Trade payables

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Trade payables		
- total outstanding dues of micro enterprises and small enterprises	1.92	105.32
- total outstanding dues of creditors other than micro enterprises and small enterprises		
-to related parties (refer note 27)	99.26	157.04
-to others	85.50	70.55
Total	186.68	332.91

Trade payables are not-interest bearing and are normally settled on 30-90 days terms.

Note 14: Other financial liabilities

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Current		
Derivative instruments		
Foreign exchange forward contracts	179.32	20.42
Cross currency interest rate swap	11.15	2.58
	190.47	23.00
Other financial liabilities at amortised cost		
Current maturities of long-term borrowings (refer note 12)	617.99	1,241.04
Interest accrued but not due on borrowings	589.88	118.76
Payables for purchase of property, plant and equipment	61.83	186.33
Distribution payable	9.35	7.34
Payable towards project acquired	833.89	1,925.09
Employee payable	16.79	-
Payable for expenses	196.19	108.57
Lease Liability	9.64	7.47
	2,335.56	3,594.60
Total	2,526.03	3,617.60

Derivative instruments reflect the change in fair value of foreign exchange forward contracts and currency / interest rate swaps to hedge of interest rate and foreign exchange fluctuation risks on foreign currency loan in USD. These contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

Note 15: Provisions

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Current		
Provision for gratuity	0.88	-
Provision for leave benefit	1.03	-
Total	1.91	-

Note 16: Other current liabilities

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Withholding taxes (TDS) payable	3.94	22.43
Contract liability (including advances received)	166.72	167.03
Statutory dues payables	3.33	1.17
Others *	118.83	49.64
Total	292.82	240.27

* Includes amounts Rs. 110.48 million (31 March 2020: Nil) received as advance from Nagpur Mumbai Super Communication Expressway Ltd. for modification of location of crossing.

Note 17: Current tax liability

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Current tax liability (net)	0.32	4.10
Total	0.32	4.10

Note 18: Deferred tax liability (net)

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Deferred tax liability		
Property, plant and equipment : Impact of difference between tax depreciation and depreciation/amortisation for financial reporting	10,277.94	8,680.02
Gross deferred tax liability (A)	10,277.94	8,680.02
Deferred tax asset		
Tax losses	9,367.03	8,077.96
Gross deferred tax asset (B)	9,367.03	8,077.96
Net deferred tax liability (A-B)	910.91	602.06

Note 19: Revenue from contracts with customers

	Nine Months ended 31 December 2020 (Rs. in million) (Unaudited)	Nine Months ended 31 December 2019 (Rs. in million) (Unaudited)
Power transmission services	11,660.41	9,143.36
Income from Service Concessions	104.05	-
Total	11,764.46	9,143.36

Note 20: Other income

	Nine Months ended 31 December 2020 (Rs. in million) (Unaudited)	Nine Months ended 31 December 2019 (Rs. in million) (Unaudited)
Recovery of income tax balance written off	-	21.56
Reversal of provision for doubtful custom deposit	-	12.79
Indemnification of liabilities	12.33	-
Miscellaneous income	11.89	11.07
Total	24.22	45.42

Note 21: Employee Benefit Expenses

	Nine Months ended 31 December 2020 (Rs. in million) (Unaudited)	Nine Months ended 31 December 2019 (Rs. in million) (Unaudited)
Salaries, wages and bonus	69.77	-
Contribution to provident fund and superannuation fund	2.19	-
Employees stock option and stock appreciation rights expense	5.61	-
Gratuity expense	0.88	-
Staff welfare expenses	3.29	-
Total	81.74	-

Note 22: Finance Cost

	Nine Months ended 31 December 2020 (Rs. in million) (Unaudited)	Nine Months ended 31 December 2019 (Rs. in million) (Unaudited)
Interest on financial liabilities at amortized costs	4,766.97	2,847.04
Discounting on factoring	22.35	-
Other bank and finance charges	16.54	111.22
Total	4,805.86	2,958.26

Note 23: Depreciation expense

	Nine Months ended 31 December 2020 (Rs. in million) (Unaudited)	Nine Months ended 31 December 2019 (Rs. in million) (Unaudited)
Depreciation of property, plant and equipment	3,100.59	2,244.03
Total	3,100.59	2,244.03

Note 24: Earnings per unit

Basic EPU amounts are calculated by dividing the profit for the period attributable to unit holders by the weighted average number of units outstanding during the period.

Diluted EPU amounts are calculated by dividing the profit attributable to unit holders by the weighted average number of units outstanding during the period plus the weighted average number of units that would be issued on conversion of all the dilutive potential units into unit capital.

The following reflects in the profit and unit data used in the basic and diluted EPU computation

	Nine Months ended 31 December 2020 (Rs. in million) (Unaudited)	Nine Months ended 31 December 2019 (Rs. in million) (Unaudited)
Profit after tax for calculating basic and diluted EPU (Rs. in million)	2,657.14	4,060.47
Weighted average number of units in calculating basic and diluted EPU (No. in million)	583.49	544.26
Earnings Per Unit		
Basic and Diluted (Rupees/unit)	4.55	7.46

Note 25: Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

a. Applicability of Appendix in relation to Service Concession Arrangements of Ind AS 115 Revenue from contracts with customers

The Group through its subsidiaries acts as a transmission licensee under the Electricity Act, 2003 holding valid licenses for 25 years. The subsidiaries have entered into Transmission Services Agreements ("TSA") with Long Term Transmission Customers ("LTTC") through a tariff based bidding process to Build, Own, Operate and Maintain ("BOOM") the transmission infrastructure for a period of 25-35 years. The management of the Company is of the view that the grantor as defined under Ind AS 115 requires transmission licensee to obtain various approvals under the regulatory framework to conduct its operations both during the period of the license as well as at the end of the license period. However, in the view of management, the grantor's involvement and approvals are to protect public interest and are not intended to control, through ownership, beneficial entitlement or otherwise, any significant residual interest in the transmission infrastructure at the end of the term of the arrangement. Accordingly, management is of the view that Appendix in relation to service concession arrangement to Ind AS 115 is not applicable to the Group for all transmission infrastructure operating on a BOOM basis. The Group also holds transmission infrastructure pertaining to Jhajjar KT Transco Private Limited which operates on a Build Operate and Transfer ("BOT") basis. The company has operating and maintaining the power transmission system including sub-station constructed to provide services for a specified period of time in accordance with the transmission agreement entered into with the grantor. Under Ind AS 115, this arrangement is considered as Service Concession Arrangement and accordingly, rights to receive the consideration from the grantor for providing services has been recognised as "financial assets". Hence the Group is of the view that Appendix in relation to Service Concession Arrangements of Ind AS 115 Revenue from contracts with customers is applicable to this infrastructure asset.

b. Classification of Unitholders' funds

Under the provisions of the InvIT Regulations, IndiGrid is required to distribute to Unitholders not less than ninety percent of the net distributable cash flows of IndiGrid for each financial year. Accordingly, a portion of the unitholders' funds contains a contractual obligation of the Trust to pay to its Unitholders cash distributions. The Unitholders' funds could therefore have been classified as compound financial instrument which contain both equity and liability components in accordance with Ind AS 32 - Financial Instruments: Presentation. However, in accordance with SEBI Circulars (No. CIR/IMD/DF/114/2016 dated 20 October 2016 and No. CIR/IMD/DF/127/2016 dated 29 November 2016) issued under the InvIT Regulations, the unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated 20 October 2016 dealing with the minimum disclosures for key financial statements. In line with the above, the dividend payable to unit holders is recognised as liability when the same is approved by the Investment Manager.

c. Acquisition of Transmission SPVs classified as asset acquisitions

The Group acquires operational transmission SPVs from the Sponsor or from third party. The purchase consideration primarily pertains to the fair value of the transmission assets. All such assets are operational assets with fixed tariff revenues under the Transmission Services Agreements (TSAs) for 35 years. The only key activity for these SPVs is the maintenance of the transmission assets which is outsourced to third parties. There are no employees in these entities and no other significant processes are performed for earning tariff revenues.

Based on evaluation of the above fact pattern vis-a-vis the guidance on definition of business under Ind AS and also keeping in view the relevant guidance on similar fact pattern available under accounting standards applicable in other jurisdictions, the management has classified the acquisition of transmission SPVs as asset acquisition.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a. Impairment of non-financial assets

Non-financial assets of the Group primarily comprise of transmission assets (property, plant and equipment). Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amounts for the transmission assets are based on value in use of the projects. The value in use calculation is based on a DCF model. The cash flows are derived from the budgets/forecasts over the life of the projects. The key assumptions used to determine the recoverable amount for the assets are disclosed.

The provision for impairment/(reversal) of impairment of investments in subsidiaries is made based on the difference between the carrying amounts and the recoverable amounts. The recoverable amount of the investments in subsidiaries has been computed by external independent valuation experts based on value in use calculation for the underlying projects (based on discounted cash flow model). On a periodic basis, based on the recoverable amounts of individual portfolio assets computed by the valuation experts, the Group tests impairment on the property, plant and equipment (PPE) and service concession receivable as per the consolidated books of accounts, representing the project assets in the respective subsidiary companies. Based on the valuation exercise so carried out, there is a net impairment of Rs. 231.66 million for nine months ended 31 December 2020 (nine months ended 31 December 2019: impairment reversal of Rs. 456.96 million) which is primarily on account of change in risk premium and other underlying assumptions, including assumptions of new assets purchased.

Note 26A: Fair value measurements

The management has assessed that the financial assets and financial liabilities as at year end are reasonable approximations of their fair values.

(Rs. in million)

Particulars	Carrying value 31 December 2020 (Rs. in million) (Unaudited)	Carrying value 31 March 2020 (Rs. in million) (Audited)	Fair value 31 December 2020 (Rs. in million) (Unaudited)	Fair value 31 March 2020 (Rs. in million) (Audited)
Financial assets				
Investments in mutual funds	1,700.01	-	1,700.01	-
Total	1,700.01	-	1,700.01	-
Financial liabilities				
Derivative instruments	190.47	23.00	190.47	23.00
Total	190.47	23.00	190.47	23.00

The fair value of the quoted mutual fund is based on the price quotations at reporting date.

The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Foreign exchange forward contracts, interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spread between the respective currencies, interest rate curves etc. The changes in counterparty credit risk had no material effect on financial instruments recognised at fair value through profit and loss.

The Group is required to present the Statement of total assets at fair value and Statement of total returns at fair value as per SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 as a part of these condensed consolidated financial statements - Refer Statement of Net assets at fair value and Statement of Total Returns at fair value.

The inputs to the valuation models for computation of fair value of transmission assets for the above mentioned statements are taken from observable markets where possible, but where this is not

The significant unobservable inputs used in the fair value measurement required for disclosures as above categorised within Level 3 of the fair value hierarchy as above together with a quantitative sensitivity analysis as at 31 December 2020 are as shown below:

Description of significant unobservable inputs to valuation: (Rs in million)

Significant unobservable inputs	Input for 31 December 2020	Input for 31 March 2020	Sensitivity of input to the fair value	Increase / (decrease) in fair value 31 December 2020	Increase / (decrease) in fair value 31 March 2020
WACC	7.71% to 10.88%	8.44% to 9.09%	+ 0.5%	(6,230.21)	(4,769.00)
			- 0.5%	6,951.27	5,655.00
Tax rate (normal tax and MAT)	Normal Tax - 25.168%	Normal Tax - 25.168%	+ 2%	(387.77)	(1,277.63)
			- 2%	361.40	1,311.93
Inflation rate	Revenue: 5.00% Expenses: 2.72% to 4.56%	Revenue: 5.00% Expenses: 2.72% to 4.56%	+ 1%	(1,204.51)	(788.38)
			- 1%	976.49	529.45
Additional tariff (applicable only for BDTCL and GPTL)	2.99%	NA	+ 1%	625.65	NA
			- 1%	(454.95)	

The independent valuer has considered effect of COVID-19 on the significant unobservable inputs used in fair valuation as referred above.

Note 26B: Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2020 and 31 March 2020:

(Rs. in million)

	Date of valuation	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:				
Property, plant and equipment and service concession receivable *	31 December 2020	-	-	1,36,751.44
	31 March 2020	-	-	1,17,343.51
Assets measured at fair value through profit and loss				
Investments in mutual funds (Asset)	31 December 2020	1,700.01	-	-
	31 March 2020	-	-	-
Liabilities measured at fair value through profit and loss				
Derivative instruments (Liability)	31 December 2020	-	190.47	-
	31 March 2020	-	23.00	-

There have been no transfers among Level 1, Level 2 and Level 3.

* Fair value require disclosures regarding fair value of assets (liabilities are considered at book values). Since the fair value of assets other than property, plant & equipment and service concession receivable approximate their book values, hence only property, plant & equipment and service concession receivable has been disclosed above.

Note 27: Related party disclosures

I. List of related parties as per the requirements of Ind-AS 24 - Related Party Disclosures

(a) Entity with significant influence over the Trust
Esoteric II Pte. Ltd (from 04 May 2019) - Sponsor w.e.f. 28 September 2020
Sterlite Power Grid Ventures Limited (SPGVL)^ - Sponsor and Project manager of IndiGrid - upto 15 November 2020
Sterlite Power Transmission Limited (SPTL) - Sponsor and Project manager of IndiGrid - w.e.f. 15 November 2020

II. List of related parties as per Regulation 2(1)(zv) of the InvIT Regulations

(a) Parties to IndiGrid
Sterlite Power Grid Ventures Limited (SPGVL)^ - Sponsor and Project manager of IndiGrid (upto 15 November 2020)
Sterlite Power Transmission Limited (SPTL) - Sponsor and Project manager of IndiGrid (w.e.f. 15 November 2020)
Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited) (IIML) - Investment manager of IndiGrid
Axis Trustee Services Limited (ATSL) - Trustee of IndiGrid
Esoteric II Pte. Ltd (from 04 May 2019) (EPL) - Sponsor w.e.f. 28 September 2020

(b) Promoters of the parties to IndiGrid specified in (a) above
Twin Star Overseas Limited - Promoter of SPTL
Sterlite Power Transmission Limited - Promoter of IIML*
Electron IM Pte. Ltd. - Promoter of IIML *
Axis Bank Limited - Promoter of ATSL
KKR Ingrid Co-Invest L.P.-Cayman Island - Promoter of Esoteric

(c) Directors of the parties to IndiGrid specified in (a) above

(i) Directors of SPTL:
Pravin Agarwal
Pratik Agarwal
A. R. Narayanaswamy
Arun Todarwal Lalchand
Zhao Haixia
Avaantika Kakkar
Anoop Seth

(ii) Directors of IIML:
Pratik Agarwal
Kuldip Kumar Kaura (till 07 June 2019)
Tarun Kataria
Late Shashikant Bhojani (till 22 July 2020)
Rahul Asthana
Harsh Shah (whole time director)
Sanjay Omprakash Nayar (from 07 June 2019)
Ashok Sethi (from 20 October 2020)

(iii) Directors of ATSL:
Ram Bharoseylal Vaish (till 08 November 2019)
Rajesh Kumar Dahiya
Sanjay Sinha
Ganesh Sankaran (from 18 April 2019)

(iv) Directors of Esoteric II Pte. Ltd.:
Wong Wai Kin
Terence Lee Chi Hur
Ooi Yi Jun

(v) Relative of directors mentioned above:
Sonakshi Agarwal
Jyoti Agarwal
Sujata Asthana
Mala Todarwal

(vi) Firm in which director of sponsor is partner:
Cyril Amarchand Mangaldas

* During the previous period, Electron IM Pte. Ltd. purchased 40% stake in Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited) (IIML) from Sterlite Power Transmission Limited post which Electron IM Pte. Ltd. holds 60% of stake in IIML.

^ Sterlite Power Grid Ventures Limited ('SPGVL') has been merged with Sterlite Power Transmission Limited ('SPTL').

III. The transactions with related parties during the period are as follows:-

(Rs. in millions)

Particulars	Relation	Nine Months ended 31 December 2020 (Rs. in million) (Unaudited)	Nine Months ended 31 December 2019 (Rs. in million) (Unaudited)
1. Purchase of equity shares of Indigrid 1 Limited (formerly known as Sterlite Grid 2 Limited)			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	37.13	12,626.66
2. Purchase of equity shares of Indigrid 2 Limited (formerly known as Sterlite Grid 3 Limited)			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	-	465.91
3. Purchase of loan to Indigrid 2 Limited (formerly known as Sterlite Grid 3 Limited)			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	-	2,289.49
4. Purchase of equity shares of ENICL			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	6.17	-
5. Purchase of equity shares of GPTL			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	902.96	-
6. Purchase of loan to GPTL			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	2,252.28	-
7. Received towards indemnification of liabilities			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	47.56	39.22
8. Earn Out Expenses (included in other expenses)			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	117.27	-
9. Issue of unit capital			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	-	2,300.13
Esoteric II Pte. Ltd	Entity with significant influence over the Trust	-	11,412.04
10. Project Manager Fees			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager	50.29	46.61
Sterlite Power Transmission Limited	Sponsor and Project Manager	7.89	-
11. Investment Manager Fees			
Indigrid Investment Managers Limited	Investment Manager	231.04	174.42
12. Distribution to unit holders			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager	531.41	705.68
Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited)	Investment manager of IndiGrid	1.02	-
Esoteric II Pte. Ltd	Entity with significant influence over the Trust	1,224.32	795.74
Pravin Agarwal	Director of Sponsor	-	3.06
Pratik Agarwal	Director of Sponsor and Investment Manager	1.96	3.31
Harsh Shah	Whole time director of Investment Manager	0.09	0.09
Swapnil Patil	Company Secretary of Investment Manager	0.02	
Sonakshi Agarwal	Relative of director	0.14	0.13
Jyoti Agarwal	Relative of director	0.18	0.18
Sujata Asthana	Relative of director	0.70	0.47
Arun Todarwal	Director of Sponsor	0.06	0.04
A. R. Narayanaswamy	Director of Sponsor	0.14	0.10
Mala Todarwal	Relative of director	0.05	-
13. Purchase of Project stores			
Sterlite Power Transmission Limited	Promoter of project manager	0.25	5.67
14. Trustee fee			
Axis Trustee Services Limited (ATSL)	Trustee	2.80	2.01
15. Rent			
Sterlite Power Transmission Limited	Promoter of project manager	-	1.18
16. Legal and professional services taken			
Cyril Amarchand Mangaldas	Firm in which director of sponsor is partner	9.23	16.37

(C) The outstanding balances of related parties are as follows:-

(Rs in Million)

Particulars	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
1. Project Manager fees payable		
Sterlite Power Grid Ventures Limited*	19.82	29.39
2. Investment Manager fees payable		
Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited)	86.01	125.13
3. Payable towards project acquired		
Sterlite Power Grid Ventures Limited*	758.66	1,925.09
4. Management fees payable		
Sterlite Power Grid Ventures Limited*	0.16	2.52
5. Payable for purchase of property, plant and equipment		
Sterlite Power Grid Ventures Limited*	-	23.83
6. Legal and professional services taken		
Cyril Amarchand Mangaldas	-	5.18

* Sterlite Power Grid Ventures Limited ('SPGVL') has been merged with Sterlite Power Transmission Limited ('SPTL').

Details in respect of related party transactions involving acquisition of InvIT assets as required by Para 4.4(b)(iv) of Section A of Annexure A to SEBI Circular dated 20 October 2016 are as follows:

For the nine months period ended 31 December 2020:

(A) Summary of the valuation reports (issued by the independent valuer appointed under the InvIT Regulations):

(Rs in million)

Particulars	GPTL
Enterprise value	11,638
Method of valuation	Discounted Cash Flow
Discounting rate (WACC):	7.96%

(B) Material conditions or obligations in relation to the transactions:

Acquisition of Gurgaon Palwal Transmission Limited (GPTL) :
Pursuant to the share purchase agreements dated 28 August 2020 (“SPA”) executed among Sterlite Power Grid Ventures Limited*, Sterlite Grid 4 Limited, Axis Trustee Services Limited, Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited) and Gurgaon Palwal Transmission Limited ('GPTL') for acquisition of equity stake in GPTL, Indigrid has acquired 49% of paid up equity capital of GPTL with effect from 28 August 2020.

Under the Agreements, the Trust has the following rights:
a. Right to nominate the majority of the directors on the Board of Directors of GPTL.
b. The Selling Shareholders are required to vote according in AGM/EGM or any other meeting of shareholders of GPTL in a manner favourable for the interests of India Grid Trust.
c. Irrevocable and unconditional right to acquire the remaining 51% of the equity stake of GPTL at a later date (on expiry of the respective mandatory shareholding period).
d. Pledge on the remaining 51% equity stake in GPTL, of which 2% is pledged to lenders of GPTL.
e. Non-disposal undertaking from the Selling Shareholders for the remaining 51% equity stake in GPTL.

The acquisition of GPTL was financed by money raised from issue of Non-Convertible Debentures of Rs. 4,000 million (rate of interest - 8.50%) by IndiGrid. No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

For the year ended 31 March 2020:

(A) Summary of the valuation reports (issued by the independent valuer appointed under the InvIT Regulations):

(Rs in million)

Particulars	NTL	OGPTL	ENICL
Enterprise value	41,626	12,840	11,355
Method of valuation	Discounted Cash Flow		
Discounting rate (WACC):	8.12%	8.42%	8.77%

(B) Material conditions or obligations in relation to the transactions:

Acquisition of NRSS XXIX Transmission Limited (NTL) (through acquisition of Indigrid 1 Limited (formerly known as Sterlite Grid 2 Limited)):
Pursuant to the share purchase agreements dated 30 April 2019 (“SPA”) executed among Sterlite Power Grid Ventures Limited*, Axis Trustee Services Limited, Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited), Indigrid 1 Limited (formerly known as Sterlite Grid 2 Limited) and NRSS XXIX Transmission Limited for acquisition of equity stake in NTL. The Trust has acquired 100% of equity in Indigrid 1 Limited (formerly known as Sterlite Grid 2 Limited) which is the holding company of NTL.

The acquisition of NTL and Indigrid 1 Limited (formerly known as Sterlite Grid 2 Limited) was financed by money raised through Qualified Institutional Placement (QIP) of Rs. 25,140 million and from issue of Non-Convertible Debentures of Rs. 21,000 million (rate of interest- 8.60% to 9.10%) by IndiGrid. No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Acquisition of Odisha Generation Phase-II Transmission Limited (OGPTL) (through acquisition of Indigrid 2 Limited (formerly known as Sterlite Grid 3 Limited)):
Pursuant to the share purchase agreements dated 30 April 2019 as amended on 28 June 2019 (“SPA”) executed among Sterlite Power Grid Ventures Limited*, Axis Trustee Services Limited, Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited), Indigrid 2 Limited (formerly known as Sterlite Grid 3 Limited) and Odisha Generation Phase-II Transmission Limited for acquisition of equity stake in OGPTL. The Trust has acquired 100% of equity in Indigrid 2 Limited (formerly known as Sterlite Grid 3 Limited) which is the holding company of OGPTL.

The acquisition of OGPTL and Indigrid 2 Limited (formerly known as Sterlite Grid 3 Limited) were financed by issue of Non-Convertible Debentures of Rs. 21,000 million (rate of interest- 8.60% to 9.10%) by IndiGrid. No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Acquisition of East-North Interconnection Company Limited (ENICL) :
Pursuant to the share purchase agreements dated 23 March 2020 ("SPA") executed among Sterlite Power Grid Ventures Limited*, Axis Trustee Services Limited, Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited), Sterlite Power Transmission Limited and East-North Interconnection Limited ('ENICL') for acquisition of equity stake in ENICL. The Trust acquired 49% of paid up equity capital of ENICL with effect from 24 March 2020 and acquired remaining 51% equity stake in ENICL on 26 May 2020.

The acquisition of ENICL was financed by money raised through Qualified Institutional Placement (QIP) of Rs. 25,140 million by IndiGrid and from issue of Non-Convertible Debentures of Rs. 22,750 million (rate of interest- 8.40% to 9.10%) by IndiGrid. No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

* Sterlite Power Grid Ventures Limited ('SPGVL') has been merged with Sterlite Power Transmission Limited ('SPTL').

Note 28: Capital and other Commitments

(a) The Group has entered into a Framework agreement on 30 April 2019 with Sterlite Grid Ventures Limited ('SPGVL')* for acquisition of NER II Transmission Limited ('NER') and Khargone Transmission Limited ('KTL').

(b) The Group has entered into a Share Purchase agreement on 18 December 2020 with FRV Solar Holdings XI BV ('FRV') for acquisition of 100% equity share capital of FRV Andhra Pradesh Solar Farm-I Pvt Ltd ('FRVAPL') and FRV India Solar Park II-Pvt Ltd ('FRVIPL').

(c) The Group has entered into transmission services agreement (TSA) with long term transmission customers pursuant to which the Group has to transmit power of contracted capacity and ensure minimum availability of transmission line over the period of the TSA. The TSA contains provision for disincentives and penalties in case of certain defaults.

(d) The Group has taken office building on lease which has lease term of 5 years with lock-in-period of 3 years.

(e) The Group has entered into a contract for leasehold improvements which extends upto January 2021.

(f) The Group has entered into a contract for Enterprise Risk Management system.

* Sterlite Power Grid Ventures Limited ('SPGVL') has been merged with Sterlite Power Transmission Limited ('SPTL').

Note 29: Contingent liability

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
- Entry tax demand*	432.59	411.23
- Sales tax demand#	68.53	24.66
- Other Demands^	20.12	-
Total	521.24	435.89

*Entry tax cases includes disputes pertaining to demand of entry tax on movement of capital goods in the state of Madhya Pradesh. Out of the total demand Rs. 138.75 million (31 March 2020: Rs. 138.75 million) pertains to Jabalpur Transmission Company Limited ('JTCL'), Rs. 165.80 million (31 March 2020: Rs. 165.80 million) pertains to Bhopal Dhule Transmission Company Limited ('BDTCL') and Rs. 13.30 million (31 March 2020: Rs. 13.30 million) pertains to RAPP Transmission Company Limited ('RTCL') which is pending with High Court, Jabalpur.

Entry tax cases includes disputes pertaining to demand of entry tax on movement of capital goods in the state of Madhya Pradesh. The total demand Rs. 1.33 million (31 March 2020: Rs. 1.33 million) pertains to Bhopal Dhule Transmission Company Limited ('BDTCL') which is pending with Commissioner (Appeals). "

Entry tax cases includes disputes pertaining to demand of entry tax on movement of capital goods in the state of Chhattisgarh. The total demand Rs. 113.41 million (31 March 2020: Rs. 92.05 million) pertains to Jabalpur Transmission Company Limited ('JTCL') out of which Rs. 51.55 million (31 March 2020: Rs. 51.55 million) is pending with the Chhattisgarh High Court, Rs. 40.50 million (31 March 2020: Rs. 40.50 million) is pending with Chairman Chhattisgarh Commercial tax Tribunal, Raipur (C.G.) and Rs. 21.36 million (31 March 2020: Nil) the notice for assessment has been received in the month of October 2020 for which the Group has applied for a certified copy of the Assessment Order on 29 October 2020 and is still awaiting a copy of the same.

Sales tax demand of Rs 42.64 million (31 March 2020: Rs. 24.66 million) for Indigrid Limited (IGL) pertains to demand under Delhi VAT Act, 2004 for non-submission of C Forms, Rs. 24.66 million pertains to FY 2014-15 and Rs. 17.98 million pertains to FY 2015-16. The Group has filed an objection against the order with Assistant Commissioner of Delhi VAT Authorities.

VAT demand notice of Rs. 16.06 million (31 March 2020: Nil) for Purulia & Kharagpur Transmission Company Limited (PKTCL) pertains to Jharkhand VAT Act, 2005. The Group has received the notice for assessment in the month of January 2020 and various submissions along with the requisite details and documents were made to the officer. The Group further applied for a certified copy of the Assessment Order on 01 October 2020 and is still awaiting a copy of the same.

VAT demand notice of Rs. 9.83 million (31 March 2020: Nil) for Jabalpur Transmission Company Limited (JTCL) pertains to Chhattisgarh, VAT Act, 2005. The Group has received the notice for assessment in the month of October 2020. The Group further applied for a certified copy of the Assessment Order on 29 October 2020 and is still awaiting a copy of the same.

In the previous nine months ended 31 December 2019, VAT demand of Rs 104.34 million for Purulia & Kharagpur Transmission Company Limited (PKTCL) pertains to demand under Jharkhand Value Added Tax (Amendment) Act, 2005 for payment of VAT for the year 2015-16 which was pending with High Court, Jharkhand. The Company has received favourable order from the High Court during the year ended 31 March 2020.

^ During the financial year 2019-20, land owners have filed a case with the District Court, Jhajjar, Haryana towards compensation and interest thereon for the value of land over which the transmission line is passing. The Group is of the view that required amount of compensation to these landowners have already been paid and no further compensation is payable. Further, these litigations are barred by limitations. Based on the legal advice, the Group does not anticipate any liability against the same.

The Group has not provided for disputed liabilities disclosed above arising from entry tax demands which are pending with different authorities mentioned above for its decision. The Group is contesting the demands and the Group management, including its legal advisors, believe that its position will likely be upheld in the appellate process. No liability has been accrued in the consolidated financial statements for the demands raised. The Group management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Group's financial position.

Others
During the previous year, one of the vendor involved in construction of power transmission infrastructure has filed arbitration proceedings against East-North Interconnection Company Limited ('ENICL') in relation to turnkey construction contract executed by it earlier years which is pending before Arbitral Tribunal. Pursuant to share purchase agreement dated 23 March 2020, the Group has obtained corporate guarantee of INR 500 million from SPGVL* in respect of said arbitration. Further, all cost, expenses, liabilities and taxes with respect to the arbitration will be to the sole account of SPGVL*. The Group management doesn't expect the claim to succeed and accordingly no provision for the contingent liability has been recognised in the consolidated financial results.

* Sterlite Power Grid Ventures Limited ('SPGVL') has been merged with Sterlite Power Transmission Limited ('SPTL').

The total contingent liability is recoverable as per share purchase agreement from Selling Shareholders.

Note 30: Segment reporting

The Group's activities comprise of owning and investing in transmission SPVs to generate cash flows for distribution to unitholders. Based on the guiding principles given in Ind AS - 108 "Operating Segments", this activity falls within a single operating segment and accordingly the disclosures of Ind AS -108 have not separately been given. The Group has all the assets within India.

Note 31: Subsequent events and business acquisitions

1) The Board of Directors of the Investment Manager approved a distribution of Rs. 3.10 per unit for the period 01 October 2020 to 31 December 2020 to be paid on or before 15 days from the date of declaration approved on 22 January 2021.

2) On 08 January 2021, pursuant to share purchase agreements dated 28 November 2020 ("SPA") executed among Reliance Infrastructure Limited ("the selling shareholder"), Parbati Koldam Transmission Company Limited ("PrKTCL"), Indigrid Investment Managers Limited, and Axis Trustee Services Limited, the Trust acquired 74% of paid up equity share capital of PrKTCL. The balance 26% share in PrKTCL is held by Power Grid Corporation of India Limited ("PGCIL").
PrKTCL was incorporated on 02 September 2002 as a joint venture between Reliance Infrastructure Limited (74%) and Power Grid Corporation of India Limited (26%). PrKTCL has entered into a Transmission Service Agreement with PGCIL on 24 December 2013. The projects of PrKTCL were fully commissioned in June 2015.
With effect from 07 January 2021, the Group has acquired PrKTCL for total consideration of INR 3,592.59 million as a going concern including its business assets, business liabilities, contracts, permits, records, employees, any incorporeal asset, any benefit or incentives granted or accrued by any regulatory body. The total purchase consideration, which has been determined based on enterprise value of PrKTCL and as agreed between the parties, is payable by the Group to Reliance Infrastructure Limited and shall be paid on agreed date except an amount of INR 10 million which shall be payable later subject to certain conditions and timeline agreed between the parties.
None of the Trade and other Receivables is credit impaired and it is expected that the full contractual amounts will be recoverable. The Group has not allocated the purchase consideration, pending final determination of fair value of the acquired assets and liabilities.

3) The board of investment manager has passed an enabling resolution on 22 January 2021 to raise capital upto an aggregate value not exceeding INR 1,500 crore, subject to receipt of necessary approvals from statutory, regulatory and other authorities as applicable, by way of issue of Units of IndiGrid to its eligible Unitholders on a right basis ('Rights Issue') in accordance with the applicable provisions of the InvIT Regulations and other applicable laws.

4) The board of investment manager also passed an enabling resolution on 22 January 2021 to raise funds upto INR 1,400 crore through issuance of commercial papers, public or private issuance of debt or non-convertible debentures subject to receipt of necessary approvals from statutory, regulatory and other authorities as applicable and in accordance with the applicable provisions of the InvIT Regulations and other applicable laws.

Note 32: Impact of Code on Social Security
The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Note 33: Impact of COVID-19

The management has assessed impact on business and financial risks on account of COVID-19 on the financial information of the Group. Considering that the subsidiaries of the Group are engaged in the business of transmission of electricity which is considered as an "Essential Service", the management believes that the impact of COVID-19 is not significant. The management does not see any risks in the Group's ability to continue as a going concern and meeting its liabilities as and when they fall due.

Further, the Group management will continue to monitor and assess impact of economic conditions arising due to COVID-19. The impact of COVID-19 may differ from that expected at the date of approval of the interim financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

per Huzefa Ginwala
Partner
Membership Number : 111757
Place : Pune
Date : 24 February 2021

For and on behalf of the Board of Directors of
Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited)
(as Investment Manager of India Grid Trust)

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 24 February 2021

Jyoti Kumar Agarwal
CFO
Place : Mumbai
Date : 24 February 2021

Swapnil Patil
Company Secretary
Place : Mumbai
Date : 24 February 2021

Independent Auditor's Review Report on the Unaudited Interim Condensed Standalone Ind AS Financial Statements of the Trust as at and for the nine months period ended December 31, 2020

The Board of Directors
Indigrid Investment Managers Limited (as Investment Manager of India Grid Trust)
(Previously known as Sterlite Investment Managers Limited)

1. We have reviewed the accompanying unaudited interim condensed standalone Ind AS financial statements of India Grid Trust ("the Trust") comprising of the unaudited interim condensed standalone balance sheet as at December 31, 2020, the related unaudited interim condensed standalone statement of profit and loss, including other comprehensive income for the nine month period ended December 31, 2020, the unaudited condensed standalone cash flow statement for the nine month period ended December 31, 2020 and the unaudited condensed standalone statement of changes in unit holders' equity for the nine month period ended December 31, 2020 of the Trust ("Unaudited Interim Condensed Standalone Ind AS Financial Statements") attached herewith, being prepared by Indigrid Investment Managers Limited (the "Investment Manager").

2. The Unaudited Interim Condensed Standalone Ind AS Financial Statements, which are the responsibility of the Investment Manager and has been approved by the Board of Directors of the Investment Manager, have been prepared in accordance with the requirements of Indian Accounting Standard 34 (referred to as "Ind AS 34"), specified under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standard) Rules, 2015 (as amended) and read with SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended and the circulars issued thereunder ("InvIT Regulations") and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Unaudited Interim Condensed Standalone Ind AS Financial Statements based on our review.

3. We conducted our review of the Unaudited Interim Condensed Standalone Ind AS Financial Statements in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Unaudited Interim Condensed Standalone Ind AS Financial Statements are free of material misstatement. A review of interim financial information consists of making inquiries, primarily of Investment Manager personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Interim Condensed Standalone Ind AS Financial Statements are not prepared in accordance with the requirements of Indian Accounting Standard 34 (referred to as "Ind AS 34"), specified under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standard) Rules, 2015 (as amended) and read with SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended and the circulars issued thereunder ("InvIT Regulations") and other accounting principles generally accepted in India, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S R B C & CO LLP
ICAI Firm registration number: 324982E/E300003
Chartered Accountants

per Huzefa Ginwala
Partner
Membership No.: 111757
UDIN: 21111757AAAAAZ6011
Place: Pune
Date: February 24, 2021

INDIA GRID TRUST
INTERIM CONDENSED STANDALONE BALANCE SHEET AS AT 31 DECEMBER 2020
(All amounts in Rs. million unless otherwise stated)

	Notes	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
ASSETS			
Non-current assets			
Investment in subsidiaries	4	17,517.67	15,169.05
Financial assets			
i. Investments	5	-	3,314.99
ii. Loans	6	82,593.60	70,713.80
Other non-current assets	8	0.26	-
		1,00,111.53	89,197.84
Current assets			
Financial assets			
i. Investments	5	5,393.08	-
ii. Cash and cash equivalents	9	7,521.82	2,128.83
iii. Bank Balances other than (ii) above	10	573.00	798.90
iv. Loans	6	220.08	560.61
v. Other financial assets	7	634.79	331.49
Other current assets	8	0.90	-
		14,343.67	3,819.83
Total assets		1,14,455.20	93,017.67
EQUITY AND LIABILITIES			
Equity			
Unit capital	11	53,145.69	53,145.69
Other equity			
Retained earnings/ (accumulated deficit)	12	568.70	(1,713.72)
Total unit holders' equity		53,714.39	51,431.97
Non-current liabilities			
Financial liabilities			
Borrowings	13	59,306.58	39,482.21
		59,306.58	39,482.21
Current liabilities			
Financial liabilities			
Other financial liabilities	14	1,432.80	2,090.33
Other current liabilities	15	1.29	9.06
Current tax liability	16	0.14	4.10
		1,434.23	2,103.49
Total liabilities		60,740.81	41,585.70
Total equity and liabilities		1,14,455.20	93,017.67

Summary of significant accounting policies 2.2

The accompanying notes are an integral part of the interim condensed standalone financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited)
(as Investment Manager of India Grid Trust)

per Huzefa Ginwala	Harsh Shah	Jyoti Kumar Agarwal	Swapnil Patil
Partner	CEO & Whole Time Director	CFO	Company Secretary
Membership Number : 111757	DIN: 02496122		
Place : Pune	Place : Mumbai	Place : Mumbai	Place : Mumbai
Date : 24 February 2021	Date : 24 February 2021	Date : 24 February 2021	Date : 24 February 2021

INDIA GRID TRUST
INTERIM CONDENSED STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2020
(All amounts in Rs. million unless otherwise stated)

	Notes	Nine months period ended 31 December 2020 (Rs. in million) (Unaudited)	Nine months period ended 31 December 2019 (Rs. in million) (Unaudited)
INCOME			
Revenue from operations	17	9,190.03	7,435.05
Income from investment in mutual funds		-	97.44
Interest income on investment in fixed deposits		61.56	63.69
Total income (I)		9,251.59	7,596.18
EXPENSES			
Legal and professional fees		38.23	48.16
Annual listing fee		6.10	6.26
Rating fee		34.71	22.78
Valuation expenses		2.76	4.21
Trustee fee		2.42	2.87
Payment to auditors			
- Statutory audit fees		2.24	1.82
- Tax audit fees		0.18	0.24
- Other services (including certification)		-	-
Other expenses		139.07	5.46
Finance costs	18	3,101.92	2,122.38
(Reversal) / impairment of investment in subsidiaries		(1,614.25)	547.75
Total expenses (II)		1,713.38	2,761.93
Profit before tax (I -II)		7,538.21	4,834.25
Tax expense:			
-Current tax		4.42	55.56
-Deferred tax		-	-
Total		4.42	55.56
Profit for the period		7,533.79	4,778.69
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income for the period		-	-
Total comprehensive income for the period		7,533.79	4,778.69
Earnings per unit (Computed on the basis of profit for the period) (Rs.)			
Basic and Diluted	19	12.91	8.78
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the interim condensed standalone financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited)
(as Investment Manager of India Grid Trust)

per Huzefa Ginwala
Partner
Membership Number : 111757
Place : Pune
Date : 24 February 2021

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 24 February 2021

Jyoti Kumar Agarwal
CFO
Place : Mumbai
Date : 24 February 2021

Swapnil Patil
Company Secretary
Place : Mumbai
Date : 24 February 2021

INDIA GRID TRUST
INTERIM CONDENSED STANDALONE STATEMENT OF CHANGES IN UNIT HOLDERS' EQUITY AS AT AND FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2020
(All amounts in Rs. million unless otherwise stated)

A. Unit capital

	Nos. in million	Rs. in million
Balance as at 01 April 2019	283.80	28,380.00
Issued during the period (refer note 11)	299.69	25,140.48
Issue expenses (refer note 11)		(374.79)
Balance as at 31 December 2019	583.49	53,145.69
Issued during the period (refer note 11)	-	-
Balance as at 31 March 2020	583.49	53,145.69
Balance as at 01 April 2020	583.49	53,145.69
Issued during the period (refer note 11)	-	-
Balance as at 31 December 2020	583.49	53,145.69

B. Other equity

	Retained earnings/(Accumulated deficit)	Total other equity
Balance as at 01 April 2019	(519.17)	(519.17)
Profit for the nine months period ended 31 December 2019	4,778.69	4,778.69
Less: Distribution during the nine months period ended 31 December 2019	(4,352.30)	(4,352.30)
As at 31 December 2019	(92.78)	(92.78)
Profit for the quarter ended 31 March 2020	129.51	129.51
Less: Distribution during the quarter ended 31 March 2020	(1,750.45)	(1,750.45)
As at 31 March 2020	(1,713.72)	(1,713.72)
Balance as at 01 April 2020	(1,713.72)	(1,713.72)
Profit for the nine months period ended 31 December 2020	7,533.79	7,533.79
Less: Distribution during the nine months period ended 31 December 2020	(5,251.37)	(5,251.37)
As at 31 December 2020	568.70	568.70

The distribution relates to the distributions made during the nine months period along with the distribution related to the last quarter of FY 2018-19 and FY 2019-20 respectively and does not include the distribution relating to the third quarter of FY 2019-20 and FY 2020-21 respectively which will be paid after period end date.

The distributions made by IndiGrid to its unitholders are based on the Net Distributable Cash Flows (NDCF) of IndiGrid under the InvIT Regulations and hence part of the same includes repayment of capital as well.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited)
(as Investment Manager of India Grid Trust)

per Huzefa Ginwala
Partner
Membership Number : 111757
Place : Pune
Date : 24 February 2021

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 24 February 2021

Jyoti Kumar Agarwal
CFO
Place : Mumbai
Date : 24 February 2021

Swapnil Patil
Company Secretary
Place : Mumbai
Date : 24 February 2021

INDIA GRID TRUST
INTERIM CONDENSED STANDALONE CASH FLOW STATEMENT FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2020
(All amounts in Rs. million unless otherwise stated)

	Nine months period ended 31 December 2020 (Rs. in million) (Unaudited)	Nine months period ended 31 December 2019 (Rs. in million) (Unaudited)
A. Cash flow from operating activities		
Net profit as per statement of profit and loss	7,533.79	4,778.69
Adjustment for taxation	4.42	55.56
Profit before tax	7,538.21	4,834.25
Non-cash adjustments to reconcile profit before tax to net cash flows		
Interest income on non convertible debentures	(461.98)	(208.52)
(Reversal)/ impairment of investment in subsidiaries	(1,614.25)	547.75
Finance costs	3,101.92	2,122.38
Interest income on loans given to subsidiaries	(8,728.05)	(7,226.53)
Income from investment in mutual funds	-	(97.44)
Interest income on investment in fixed deposits	(61.56)	(63.69)
Operating (loss) before working capital changes	(225.71)	(91.80)
Movements in working capital :		
- other current financial liabilities	(68.50)	334.99
- other current liabilities	(7.77)	(1.02)
- other non-current asset	-	-
- other current financial asset	(0.25)	13.09
- other current assets	(0.90)	(1.08)
Change in working capital	(77.42)	345.98
Cash (used in)/generated from operations	(303.13)	254.18
Direct taxes paid (net of refunds)	(8.64)	(41.62)
Net cash flow (used in)/from operating activities (A)	(311.77)	212.56
B. Cash flow used in investing activities		
Purchase of equity shares of subsidiaries	(3,441.68)	(12,698.85)
Loans given to subsidiaries	(17,896.49)	(38,511.37)
Loans repaid by subsidiaries	6,357.22	4,853.37
Interest income on loans given to subsidiaries	8,394.13	7,392.71
Interest income on investment in fixed deposits	92.43	32.40
Income from investment in mutual funds	-	97.44
Redemption from fixed deposits	225.90	-
Net cash flow used in investing activities (B)	(6,268.49)	(38,834.30)
C. Cash flow from financing activities		
Proceeds from issue of unit capital	-	25,140.48
Unit issue expense incurred	-	(374.79)
Proceeds of long term borrowings	19,771.23	20,779.89
Finance costs	(2,548.62)	(1,960.50)
Payment of distributions to unitholders	(5,249.36)	(4,351.36)
Net cash flow from financing activities (C)	11,973.25	39,233.72
Net increase in cash and cash equivalents (A + B + C)	5,392.99	611.98
Cash and cash equivalents as at beginning of period	2,128.83	1,290.23
Cash and cash equivalents as at period end	7,521.82	1,902.21
Components of cash and cash equivalents:		
Balances with banks:		
- in current accounts^	7,296.42	1,103.31
- Deposit with original maturity of less than 3 months #	225.40	798.90
Total cash and cash equivalents (refer note 9)	7,521.82	1,902.21

^ Out of total amount, Rs. 9.35 million (31 December 2019: Rs. 6.69 million) pertains to unclaimed distribution to unitholders.
# Includes amount of Rs. 225.40 million (31 December 2019: Rs. 789.90 million) kept in Interest Service Reserve Account ('ISRA') as per borrowing agreements with lenders.

Summary of significant accounting policies 2.2

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited)
(as Investment Manager of India Grid Trust)

per Huzefa Ginwala
Partner
Membership Number : 111757
Place : Pune
Date : 24 February 2021

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 24 February 2021

Jyoti Kumar Agarwal
CFO
Place : Mumbai
Date : 24 February 2021

Swapnil Patil
Company Secretary
Place : Mumbai
Date : 24 February 2021

INDIA GRID TRUST
INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2020
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

A. STATEMENT OF NET ASSETS AT FAIR VALUE AS AT

(Rs. in million)

Particulars	31 December 2020 (Unaudited)		31 March 2020 (Audited)	
	Book value	Fair value	Book value	Fair value
A. Assets	1,14,455.20	1,29,052.43	93,017.67	1,01,624.29
B. Liabilities (at book value)	60,740.81	60,740.81	41,585.70	41,585.70
C. Net Assets (A-B)	53,714.39	68,311.62	51,431.97	60,038.59
D. Number of units	583.49	583.49	583.49	583.49
E. NAV (C/D)	92.06	117.07	88.15	102.90

Total assets after provision for impairment on investment in subsidiaries determined based on fair valuation.

Project wise breakup of fair value of assets as at

(Rs. in million)

Project	31 December 2020 (Unaudited)	31 March 2020 (Audited)
Indigrid Limited	43,197.27	40,065.03
Indigrid 1 Limited^	48,368.91	44,604.81
Indigrid 2 Limited^	9,767.31	8,967.44
Patran Transmission Company Limited	2,677.55	2,377.46
East North Interconnection Company Limited*	8,676.78	2,067.45
Gurgaon-Palwal Transmission Limited#	5,160.50	-
Jhajjar KT Transco Private Limited#	3,471.31	-
Subtotal	1,21,319.63	98,082.20
Assets (in IndiGrid)	7,732.80	3,542.09
Total assets	1,29,052.43	1,01,624.29

^ The Trust had acquired Indigrid 1 Limited (IG1L) (formerly known as "Sterlite Grid 2 Limited") which is the holding company of NRSS XXIX Transmission Limited ('NTL') and Indigrid 2 Limited (IG2L) (formerly known as "Sterlite Grid 3 Limited") which is the holding company of Odisha Generation Phase-II Transmission Limited ('OGPTL') on 04 June 2019 and 28 June 2019 respectively.

* The Trust acquired East-North Interconnection Company Limited ('ENICL') with effect from 24 March 2020.

In the current period, the Trust has acquired Gurgaon-Palwal Transmission Limited with effect from 28 August 2020 and Jhajjar KT Transco Private Limited with effect from 28 September 2020.

B. STATEMENT OF TOTAL RETURNS AT FAIR VALUE

Particulars	Nine months period ended 31 December 2020 (Rs. in million) (Unaudited)
Total comprehensive income (as per the statement of profit and loss)	7,533.79
Add: other changes in fair value (e.g., in property, plant & equipment (if cost model is followed)) not recognized in total comprehensive income	6,108.46
Total Return	13,642.25

Notes:

1. Fair value of assets as at 31 December 2020 and other changes in fair value for the nine months period then ended as disclosed in the above tables are based on fair valuation report issued by the independent valuer appointed under the InvIT regulations.
2. Sensitivity analysis with respect to significant unobservable inputs used in the fair value measurement has been disclosed in Note 21A.
3. As per SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 and No. CIR/IMD/DF/127/2016 dated 29 November 2016 and the InvIT Regulations, the Trust was not required to present 'Statement of Net Distributable Cash Flows (NDCF)' as part of the financial statements in the previous nine monthly period ended December 31, 2019. Accordingly, disclosures for NDCF are given only for period ended 31 December 2020 and not for comparative period ended 31 December 2019.

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C. Statement of Net Distributable Cash Flows (NDCFs) of India Grid Trust

Description	Nine months ended December 31, 2020 (Unaudited)
Cash flows received from the Portfolio Assets in the form of interest	8,394.13
Cash flows received from the Portfolio Assets in the form of dividend	-
Any other income accruing at IndiGrid level and not captured above, including but not limited to interest/return on surplus cash invested by IndiGrid	61.56
Cash flows received from the Portfolio Assets towards the repayment of the debt issued to the Portfolio Assets by IndiGrid	6,357.22
Proceeds from the Portfolio Assets for a capital reduction by way of a buy back or any other means as permitted, subject to	-
Proceeds from sale of assets of the Portfolio Asset not distributed pursuant to an earlier plan to re-invest, or if such proceeds are	-
Total cash inflow at the IndiGrid level (A)	14,812.91
Less: Any payment of fees, interest and expense incurred at IndiGrid level, including but not limited to the fees of the Investment Manager and Trustee (refer note i & ii)	(2,687.31)
Less: Costs/retention associated with sale of assets of the Portfolio Assets:	-
-related debts settled or due to be settled from sale proceeds of Portfolio Assets;	-
-transaction costs paid on sale of the assets of the Portfolio Assets; and	-
-capital gains taxes on sale of assets/ shares in Portfolio Assets/ other investments.	-
Less: Proceeds reinvested or planned to be reinvested in accordance with Regulation 18(7)(a) of the InvIT Regulations	-
Less: Repayment of external debt at the IndiGrid level and at the level of any of the underlying portfolio assets/special purpose	-
Less: Income tax (if applicable) at the standalone IndiGrid level	(4.42)
Less: Amount invested in any of the Portfolio Assets for service of debt or interest	(6,434.65)
Less: Repair work in relation to the projects undertaken by any of the Portfolio Assets	-
Total cash outflows / retention at IndiGrid level (B)	(9,126.38)
Net Distributable Cash Flows (C) = (A+B)	5,686.53

Notes

i. Does not include interest accrued but not due for the nine months ended 31 December 2020 of Rs. 261.96 million related to market linked non convertible debentures ('MLDs') which is payable on maturity of these MLDs from FY 2022 to FY 2024.

ii. Does not include Earn - out expenses for the nine months ended 31 December 2020 of Rs 117.27 million.

iii. As per SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 and No. CIR/IMD/DF/127/2016 dated 29 November 2016 and the InvIT Regulations, the Trust was not required to present 'Statement of Net Distributable Cash Flows (NDCF)' as part of the financial statements in the previous nine monthly period ended 31 December 2019. Accordingly, disclosures for NDCF are given only for period ended 31 December 2020 and not for comparative period ended 31 December 2019.

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1. Trust information

India Grid Trust ("the Trust" or "IndiGrid") is an irrevocable trust settled by Sterlite Power Grid Ventures Limited *(now merged with Sterlite Power Transmission Limited)* (the "Sponsor") on 21 October 2016 pursuant to the Trust Deed under the provisions of the Indian Trusts Act, 1882 and registered with Securities Exchange Board of India ("SEBI") under the SEBI (Infrastructure Investment Trust) Regulations, 2014 as an Infrastructure Investment Trust on 28 November 2016 having registration number IN/InvIT/16-17/0005. The Trustee of IndiGrid is Axis Trustee Services Limited (the "Trustee"). The Investment manager for IndiGrid is Indigrid Investment Managers Limited *(formerly known as Sterlite Investment Managers Limited)* (the "Investment Manager" or the "Management").

The objectives of IndiGrid are to undertake activities as an infrastructure investment trust in accordance with the provisions of the InvIT Regulations and the Trust Deed. The principal activity of IndiGrid is to own and invest in power transmission and renewable energy asset in India with the objective of producing stable and sustainable distributions to unitholders.
As at 31 December 2020, IndiGrid has following project entities which are transmission infrastructure projects developed on Build, Own, Operate and Maintain ('BOOM') basis:

1. Bhopal Dhule Transmission Company Limited ('BDTCL')
2. Jabalpur Transmission Company Limited ('JTCL')
3. RAPP Transmission Company Limited ('RTCL')
4. Purulia & Kharagpur Transmission Company Limited ('PKTCL')
5. Maheshwaram Transmission Limited ('MTL')
6. Patran Transmission Company Limited ('PTCL')
7. NRSS XXIX Transmission Limited ('NTL')
8. Odisha Generation Phase-II Transmission Limited ('OGPTL')
9. East-North Interconnection Company Limited ('ENICL')
10. Gurgaon Palwal Transmission Limited ('GPTL') (w.e.f. 28 August 2020)

Further, the trust has also invested in Jhajjar KT Transco Private Limited ('JKTPL') (w.e.f. 28 September 2020) which operates on Build, Operate and Transfer (BOT) basis.

These SPVs have executed Transmission Services Agreements ("TSAs") with Long term transmission customers under which the SPVs have to maintain the transmission infrastructure for 25 years or 35 years post commissioning.

The address of the registered office of the Investment Manager is Unit No.101, First Floor, Windsor, Village KoleKalyan, off CST Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai, Maharashtra, India 400 098. The interim condensed standalone financial statements were authorised for issue in accordance with resolution passed by the Board of Directors of the Investment Manager on 24 February 2021.

2. Significant Accounting Policies

2.1 Basis of preparation

These Interim Condensed Standalone Financial Statements (the "financial statements") are the separate financial statements of the Trust and comprise of the Balance Sheet as at 31 December 2020, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Statement of Cash Flow and the Statement of Changes in Unit Holders' Equity for the nine-month period ended 31 December 2020 and the Statement of Net Assets at fair value as at 31 December, 2020 and the Statement of Total Returns at fair value and the Statement of Net Distributable Cash Flows ('NDCFs') for the nine-months period then ended and a summary of significant accounting policies and other explanatory notes prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", prescribed under Section 133 of the Companies Act, 2013 notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, read with relevant rules issued thereunder and other accounting principles generally accepted in India, read with SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended and the circulars issued thereunder ("InvIT Regulations").

The financial assets have been prepared on a historical cost basis, except for certain assets which have been measured at fair value.

The financial statements are presented in Indian Rupees Millions, except when otherwise indicated.

Interim Condensed Standalone Financial Statements do not include all the information and disclosures required in the Annual Financial Statements and should be read in conjunction with the Trust's Annual Financial Statements as at 31 March 2020.

The accounting policies adopted in the preparation of Interim Condensed Standalone Financial Statements are consistent with those of Annual Financial Statement as at 31 March 2020. These Interim Condensed Standalone Financial Statements have been prepared solely for the purpose of proposed issue of the units by the Trust and should not be used for any other purpose.

2.2 Summary of Significant accounting policies

The interim condensed standalone financial statements do not include all the information and disclosures required in the Annual Financial Statements and should be read in conjunction with the Trust's Annual Financial Statements as at 31 March 2020.

The interim condensed standalone financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies adopted in the preparation of these financial statements are consistent with those of Annual Financial Statements as at 31 March 2020. There has been no change in the significant accounting policies in the interim period.

3 Other Amendments to Standards, which are either not applicable to the Trust or the impact is not expected to be material

- Amendments to Ind AS 103: Business Combinations

  The amendments to the definition of a business in Ind AS 103 help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

  These amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the 1 April 2020 and to asset acquisitions that occur on or after the beginning of that period. The amendments apply prospectively to transactions or other events that occur on or after the date of first application.

  The Management continues to evaluate the impact on acquisitions by the Trust during the period and the results would be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the acquisition contractual arrangements including the share purchase agreements.

  While the Management continues to evaluate the available transition method and its acquisition contractual arrangements. The ultimate impact resulting from the application of abovementioned amendments in Ind AS 103 will be subject to assessments that are dependent on terms of the acquisition contractual arrangements. A reliable estimate of the quantitative impact of Ind AS 103 on the condensed standalone financial statements will only be possible once the Trust's assessment of the above amendments with respect to acquisition contractual arrangements has been completed.

- Amendments to Ind AS 109 and 107: Financial Instruments and Financial Instruments Disclosures
- Amendments to Ind AS 116: Leases
- Amendments to Ind AS 1 and 8: Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to Ind AS 10: Events after the Reporting Period
- Amendments to Ind AS 37: Provisions, Contingent Liabilities and Contingent Assets

Note 4: Investments in subsidiaries

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Equity investments, at cost (unquoted)		
Indigrid Limited ("IGL") (formerly known as "Sterlite Grid 1 Limited")		
[17.67 million (31 March 2020: 17.67 million) equity shares of Rs 10 each fully paid-up]	1,929.22	1,929.22
Less: Provision for impairment	(1,929.22)	(1,929.22)
	-	-
Patran Transmission Company Limited ("PTCL")		
[50 million (31 March 2020: 50 million) equity shares of Rs 10 each fully paid-up]	735.53	735.53
Indigrid 1 Limited ("IGL1") (formerly known as "Sterlite Grid 2 Limited")	12,663.79	12,626.66
[87.30 million equity shares (31 March 2020: 87.30 million) of Rs. 10 each fully paid up]		
Indigrid 2 Limited ("IGL2") (formerly known as "Sterlite Grid 3 Limited")	518.31	518.31
[26.05 million equity shares (31 March 2020: 26.05 million) of Rs. 10 each fully paid up]		
East-North Interconnection Company Limited ("ENICL")	1,294.72	1,288.55
[1.05 million equity shares (31 March 2020: 0.05 million) of Rs. 10 each fully paid up]		
Gurgaon-Palwal Transmission Limited ("GPTL")	902.96	-
[0.69 million equity shares (31 March 2020: Nil) of Rs. 10 each fully paid up]		
Jhajjar KT Transco Private Limited ("JKTPL")		
[226.57 million equity shares (31 March 2020: Nil) of Rs. 10 each fully paid up]	1,404.20	-
Less: Provision for impairment	(1.84)	-
	1,402.36	-
Preference shares, at cost (unquoted)		
Indigrid Limited ("IGL") (formerly known as "Sterlite Grid 1 Limited")		
[665.82 million (31 March 2020: 665.82 million) 0.01% Optionally convertible redeemable non cumulative preference shares ("OCRPS") of Rs. 10 each fully paid-up]	1,001.96	1,001.96
Less: Provision for impairment	(1,001.96)	(1,001.96)
	-	-
Total non-current investments	17,517.67	15,169.05

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Ownership interest % 31 December 2020	31 March 2020
Directly held by the Trust:			
Indigrid Limited ("IGL")	India	100%	100%
Indigrid 1 Limited ("IGL1") #	India	100%	100%
Indigrid 2 Limited ("IGL2") *	India	100%	100%
Patran Transmission Company Limited ("PTCL")**	India	74%	74%
East-North Interconnection Company Limited@	India	100%	49%
Gurgaon-Palwal Transmission Limited ("GPTL")^	India	49%	-
Jhajjar KT Transco Private Limited ("JKTPL")^^	India	100%	-
Indirectly held by the Trust (through subsidiaries):			
Bhopal Dhule Transmission Company Limited ("BDTCL")	India	100%	100%
Jabalpur Transmission Company Limited ("JTCL")	India	100%	100%
Purulia & Kharagpur Transmission Company Limited ("PKTCL")	India	100%	100%
RAPP Transmission Company Limited ("RTCL")	India	100%	100%
Maheshwaram Transmission Limited ("MTL")	India	100%	100%
NRSS XXIX Transmission Limited ("NTL")#	India	100%	100%
Odisha Generation Phase-II Transmission Limited ("OGPTL")*	India	100%	100%

The Trust acquired Indigrid 1 Limited (formerly known as "Sterlite Grid 2 Limited"), which is the holding company of NRSS XXIX Transmission Limited ('NTL') from Sterlite Power Grid Ventures Limited ('SPGVL') (merged with "Sterlite Power Transmission Limited" (SPTL)) pursuant to share purchase agreements dated 30 April 2019 on 04 June 2019. 100% equity share capital of SGL2 is acquired by the Trust as per the share purchase agreement dated 30 April 2019.

* The Trust acquired Indigrid 2 Limited (formerly known as "Sterlite Grid 3 Limited") which is the holding company of Odisha Generation Phase-II Transmission Limited ('OGPTL') from Sterlite Power Grid Ventures Limited ('SPGVL') (merged with "Sterlite Power Transmission Limited" (SPTL)) pursuant to share purchase agreements dated 30 April 2019 on 28 June 2019 respectively. 100% equity share capital of Indigrid 2 Limited is acquired by the Trust as per the share purchase agreement dated 30 April 2019.

** Pursuant to Share Purchase agreement/Shareholders' Agreement ('SPA') dated 19 February 2018, the Trust acquired Patran Transmission Company Limited (PTCL) (referred as "the SPV"), from Techno Power Grid Company Limited and Techno Electric and Engineering Company Limited with effect from 30 August 2018. The Trust holds 74% equity stake in the SPV and on the remaining 26%, the Trust has beneficial interest based on the rights available to it under the SPA.

@ The Trust acquired 49% of paid up equity capital of East-North Interconnection Company Limited ('ENICL') with effect from 24 March 2020 from Sterlite Power Grid Ventures Limited ('SPGVL') (merged with "Sterlite Power Transmission Limited" ('SPTL')) and Sterlite Power Transmission Limited ('SPTL') (together referred as "the Selling Shareholders") pursuant to Share Purchase Agreement dated 23 March 2020 ("SPA") and acquired remaining 51% equity stake in ENICL on 26 May 2020.

^The Trust acquired 49% of paid up equity capital of Gurgaon Palwal Transmission Limited ('GPTL') with effect from 28 August 2020 from Sterlite Power Grid Ventures Limited ('SPGVL') (merged with "Sterlite Power Transmission Limited" (SPTL)) and Sterlite Grid 4 Limited ('SGL4'), (together referred as "the Selling Shareholders") pursuant to Share Purchase Agreement dated 28 August 2020 ("SPA"). The Trust has finalised purchase consideration for acquisition of entire stake in GPTL and has entered into a binding agreement with the Selling Shareholders to acquire remaining 51% paid up equity capital in GPTL from the Selling Shareholders. The Trust has beneficial interest based on the rights available to it under the SPA.

^^ The Trust acquired 74% of paid up equity capital of Jhajjar KT Transco Private Limited ('JKTPL') with effect from 28 September 2020 from Kalpataru Power Transmission Limited, Techno Electric & Engineering Company Limited, (together referred as "the Selling Shareholders") pursuant to Share Purchase Agreement dated 29 May 2020 ("SPA") and acquired the remaining 26% equity stake in JKTPL on 03 October 2020.

Note 5: Investments

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Non-Current		
Non-convertible debentures (unquoted) (at amortised cost)		
Indigrid Limited ("IGL") (formerly known as "Sterlite Grid 1 Limited")		
(665.82 million (31 March 2020: 665.82 million) 0.01% Non-convertible debentures of Rs 10 each)#	-	5,823.90
Less: Provision for impairment	-	(2,508.91)
	-	3,314.99
Current		
Non-convertible debentures (unquoted) (at amortised cost)		
Indigrid Limited ("IGL") (formerly known as "Sterlite Grid 1 Limited")		
(665.82 million (31 March 2020: 665.82 million) 0.01% Non-convertible debentures of Rs 10 each)#	6,285.89	-
Less: Provision for impairment	(892.81)	-
	5,393.08	-

Non Convertible debenture (NCD) of Face value of Rs.10 each are issued by Indigrid Limited. The NCD were redeemable at the option of the NCD holder anytime after 22 July 2019 but the NCD holders did not exercise their right of redeeming the NCDs, hence the NCDs are due for repayment at the end of July 2021. Since the interest rate for the NCD is below market rate, an amount of Rs. 1,754.50 million (31 March 2020: Rs 1,754.50 million) has been re-classified as equity contribution in subsidiary disclosed under investment in subsidiary.

Note 6: Loans (unsecured, considered good)

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Non-Current		
Loan to subsidiaries (refer note 22) *	82,593.60	70,713.80
Total	82,593.60	70,713.80
Current		
Loan to subsidiaries (refer note 22) #	220.08	560.61
	220.08	560.61
Total	82,813.68	71,274.41

* Loans are non-derivative financial assets which are repayable by subsidiaries upon expiry of period of their respective Transmission Services Agreement. Further, the subsidiaries are entitled to prepay all or any portion of the outstanding principal with a prior notice. The loans to subsidiaries carry interest @ 15% - 15.75% p.a.

Loan given to wholly owned subsidiaries is repayable on demand. These loans carry interest @ 15% p.a.

Note 7: Other current financial assets

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Interest receivable from subsidiaries (refer note 22)	615.56	281.64
Advances receivable in cash	0.46	0.21
Interest accrued on deposits	18.77	49.64
Total	634.79	331.49

Note 8: Other assets

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Non-Current		
Others	0.26	-
Total	0.26	-
Current		
Prepaid expenses	0.64	-
Balance with statutory authorities	0.26	-
Total	0.90	-

Note 9: Cash and cash equivalents

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Balance with banks		
- in current accounts ^	7,296.42	2,079.93
Deposit with original maturity of less than 3 months #	225.40	48.90
Total	7,521.82	2,128.83

Balances with banks on current accounts does not earn interest. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash-requirement of the Trust and earn interest at the respective deposit rates.

Includes amount of Rs. 225.40 million (31 March 2020: Rs. Nil) kept in Interest Service Reserve Account ('ISRA') as per borrowing agreements with lenders.
^ Out of total amount, Rs. 9.35 million (31 March 2020: Rs. 7.34 million) pertains to unclaimed distribution to unitholders.

Note 10: Other bank balances

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Current		
Deposit with original maturity for more than 12 months#	573.00	798.90
Total	573.00	798.90

Includes amount of Rs. 573.00 million (31 March 2020: Rs. 798.40 million) kept in Interest Service Reserve Account ('ISRA') as per borrowing agreements with lenders.

Note 11: Unit Capital

	Number of units (In million)	Amount (Rs. in million)
As at 01 April 2019	283.80	28,380.00
Issued during the year (refer note below)	299.69	25,140.48
Issue expenses (refer note below)	-	(374.79)
As at 31 March 2020	583.49	53,145.69
Issued during the period	-	-
As at 31 December 2020	583.49	53,145.69

Note:
During the previous year ended 31 March 2020, the Trust raised Rs. 25,140.48 million of primary capital through a qualified institutional placement of units. The Trust issued and allotted 299,683,881 units at a price of Rs. 83.89 per unit as per the placement agreement dated 04 May 2019. Issue expenses of Rs. 374.79 million incurred in connection with issue of units have been reduced from the Unitholders capital as at 31 March 2020 in accordance with Ind AS 32 Financial Instruments: Presentation.

Note 12: Other Equity

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Retained earnings		
Balance as per last financial statements	(1,713.72)	(519.17)
Add: Profit for the nine months period/year ended	7,533.79	4,908.20
Less: Distribution paid to unit holders for the nine months period/year ended	(5,251.37)	(6,102.75)
Closing balance	568.70	(1,713.72)

Note 13: Long term borrowings

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Non-Current		
Debentures		
8.9922% Non-convertible debentures (secured)	4,350.00	4,350.00
8.60% Non-convertible debentures (secured)	2,500.00	2,500.00
8.40% Non-convertible market linked debentures (secured)	1,703.85	1,725.66
9.00% Non-convertible market linked debentures (secured)	1,974.07	2,100.12
8.85% Non-convertible debentures (secured) (refer note (i))	1,977.21	1,969.00
9.10% Non-convertible debentures (secured)	16,837.90	16,887.38
8.10% Non-convertible debentures (secured) (refer note (i))	998.36	-
8.40% Non-convertible debentures (secured) (refer note (i))	3,496.01	-
7.25% Non-convertible debentures (secured) (refer note (i))	1,500.00	-
7.40% Non-convertible debentures (secured) (refer note (i))	1,000.00	-
8.50% Non-convertible debentures (secured) (refer note (i))	4,002.21	-
7.00% Non-convertible debentures (secured) (refer note (i))	2,498.66	-
	42,838.27	29,532.16
Term loans		
Indian rupee loan from banks (secured) (refer note (ii))	16,468.31	9,950.05
	16,468.31	9,950.05
Total	59,306.58	39,482.21
The above amount includes		
Secured borrowings	59,306.58	39,482.21
Unsecured borrowings	-	-
Total non-current borrowings	59,306.58	39,482.21
Current maturities		
Interest accrued but not due on borrowings	588.90	88.74
Total current portion of long term borrowings	588.90	88.74
Less: Amount disclosed under the head "Other current financial liabilities" (note 14)	588.90	88.74
Net borrowings	-	-

i. The above items represent new secured non-convertible debentures that have been issued by the Trust during the nine-months period ended 31 December 2020.
ii. During the nine-months period ended 31 December 2020 the Trust has taken new Indian rupee loan from banks of Rs. 6,500 million.

Note 14: Other financial liabilities

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Interest accrued but not due on borrowings	588.90	88.74
Distribution payable	9.35	7.34
Payable towards project acquired#	805.80	1,897.00
Others	28.75	97.25
Total	1,432.80	2,090.33

Liability of Rs. 805.80 million (31 March 2020: Rs. 1,897.00 million) is towards acquisition of equity shares of NRSS XXIX Transmission Limited, Odisha Generation Phase-II Transmission Limited, East-North Interconnection Company Limited, Gurgaon-Palwal Transmission Limited (31 March 2020 : Nil) and Jhajjar KT Transco Private Limited (31 March 2020 : Nil) pursuant to respective share purchase agreements.

Other payables are non-interest bearing and have an average term of six months.

Note 15: Other current liabilities

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Withholding taxes (TDS) payable	1.15	9.06
GST payable	0.14	-
Total	1.29	9.06

Note 16: Current tax liability

	31 December 2020 (Rs. in million) (Unaudited)	31 March 2020 (Rs. in million) (Audited)
Provision for income tax payable	0.14	4.10
Total	0.14	4.10

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Note 17: Revenue from operations

	Nine months period ended 31 December 2020 (Rs. in million) (Unaudited)	Nine months period ended 31 December 2019 (Rs. in million) (Unaudited)
Interest income on loans given to subsidiaries (refer note 22)	8,728.05	7,226.53
Finance income on non-convertible debentures issued by subsidiary on EIR basis	461.98	208.52
Total	9,190.03	7,435.05

Note 18: Finance Cost

	Nine months period ended 31 December 2020 (Rs. in million) (Unaudited)	Nine months period ended 31 December 2019 (Rs. in million) (Unaudited)
Interest on financial liabilities recorded at amortised cost	3,101.91	2,122.34
Other finance costs	0.01	0.04
Total	3,101.92	2,122.38

Note 19: Earnings per unit

Basic EPU amounts are calculated by dividing the profit for the period attributable to unit holders by the weighted average number of units outstanding during the period.

Diluted EPU amounts are calculated by dividing the profit attributable to unit holders by the weighted average number of units outstanding during the period plus the weighted average number of units that would be issued on conversion of all the dilutive potential units into unit capital.

The following reflects the profit and unit data used in the basic and diluted EPU computation

	Nine months period ended 31 December 2020	Nine months period ended 31 December 2019
Profit after tax for calculating basic and diluted EPU (Rs. in million)	7,533.79	4,778.69
Weighted average number of units in calculating basic and diluted EPU (No. in million)	583.49	544.26
Earnings Per Unit		
Basic and Diluted (Rupees/unit)	12.91	8.78

Note 20: Significant accounting judgements, estimates and assumptions

The preparation of the Trust's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements
In the process of applying the Trust's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

a) Classification of Unitholders' funds
Under the provisions of the InvIT Regulations, IndiGrid is required to distribute to Unitholders not less than ninety percent of the net distributable cash flows of IndiGrid for each financial year. Accordingly, a portion of the unitholders' funds contains a contractual obligation of the Trust to pay to its Unitholders cash distributions. The Unitholders' funds could therefore have been classified as compound financial instrument which contain both equity and liability components in accordance with Ind AS 32 - Financial Instruments: Presentation. However, in accordance with SEBI Circulars (No. CIR/IMD/DF/114/2016 dated 20 October 2016 and No. CIR/IMD/DF/127/2016 dated 29 November 2016) issued under the InvIT Regulations, the unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated 20 October 2016 dealing with the minimum disclosures for key financial statements. In line with the above, the distribution payable to unit holders is recognised as liability when the same is approved by the Investment Manager.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or fair value disclosures within the next financial year, are described below. The Trust based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Trust. Such changes are reflected in the assumptions when they occur.

a) Fair valuation and disclosures
SEBI Circulars issued under the InvIT Regulations require disclosures relating to net assets at fair value and total returns at fair value (refer note 21A and 21B). In estimating the fair value of investments in subsidiaries (which constitute substantial portion of the net assets), the Trust engages independent qualified external valuers to perform the valuation. The management works closely with the valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the valuation report and findings to the Board of the Investment Manager quarterly to explain the cause of fluctuations in the fair value of the transmission projects. The inputs to the valuation models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as WACC, Tax rates, Inflation rates, etc. Changes in assumptions about these factors could affect the fair value.

b) Impairment of non-financial assets
Non-financial assets of the Trust primarily comprise of investments in subsidiaries.

The provision for impairment/(reversal) of impairment of investments in subsidiaries is made based on the difference between the carrying amounts and the recoverable amounts. The recoverable amount of the investments in subsidiaries has been computed by external independent valuation experts based on value in use calculation for the underlying projects (based on discounted cash flow model). On a periodic basis, according to the recoverable amounts of individual portfolio assets computed by the valuation experts, the Trust tests impairment on the amounts invested in the respective subsidiary companies. Based on the valuation exercise so carried out, there is a net impairment reversal of Rs. 1,614.25 million for nine months ended 31 December 2020 (nine months ended 31 December 2019: impairment provision of Rs. 547.75 million) which is primarily on account of change in risk premium and other underlying assumptions.

The key assumptions used to determine the recoverable amount for the underlying projects are disclosed and further explained in Note 21A.

Note 21A: Fair value measurements

The Trust is required to present the statement of total assets at fair value and statement of total returns at fair value as per SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 as a part of these financial statements- Refer Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value.

The inputs to the valuation models for computation of fair value of assets for the above mentioned statements are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as WACC, Tax rates, Inflation rates, etc.

The significant unobservable inputs used in the fair value measurement required for disclosures categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2020 are as shown below:

Description of significant unobservable inputs to valuation: (Rs in million)

Significant unobservable inputs	Input for 31 December 2020	Input for 31 March 2020	Sensitivity of input to the fair value	Increase / (decrease) in fair value 31 December 2020	Increase / (decrease) in fair value 31 March 2020
WACC	7.71% to 10.88%	8.44% to 9.09%	+ 0.5%	(6,230.21)	(4,769.00)
			- 0.5%	6,951.27	5,655.00
Tax rate (normal tax and MAT)	Normal Tax - 25.168%	Normal Tax - 25.168%	+ 2%	(387.77)	(1,277.63)
			- 2%	361.40	1,311.93
Inflation rate	Revenue: 5.00% Expenses: 2.72% to 4.56%	Revenue: 5.00% Expenses: 2.72% to 4.56%	+ 1%	(1,204.51)	(788.38)
			- 1%	976.49	529.45
Incremental revenue (applicable only for BDTCL and GPTL)	2.99%	NA	+ 1%	625.65	NA
			- 1%	(454.95)	

The independent valuer has considered effect of COVID-19 on the significant unobservable inputs used in fair valuation as referred above.

Note 21B: Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Trust's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2020 and 31 March 2020:

(Rs. in million)

	Date of valuation	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:				
Investment in subsidiaries (including loan to subsidiaries)	31 December 2020	-	-	1,20,321.66
	31 March 2020	-	-	98,365.08

There have been no transfers among Level 1, Level 2 and Level 3.

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Note 22: Related party disclosures

I. List of related parties as per the requirements of Ind AS 24 - Related Party Disclosures

(a) Name of related party and nature of its relationship:
Subsidiaries
Indigrid Limited (formerly known as Sterlite Grid 1 Limited)
Indigrid 1 Limited (formerly known as Sterlite Grid 2 Limited)
Indigrid 2 Limited (formerly known as Sterlite Grid 3 Limited)
Bhopal Dhule Transmission Company Limited (BDTCL)
Jabalpur Transmission Company Limited (JTCL)
Maheshwaram Transmission Limited (MTL)
RAPP Transmission Company Limited (RTCL)
Purulia & Kharagpur Transmission Company Limited (PKTCL)
Patran Transmission Company Limited (PTCL)
NRSS XXIX Transmission Limited (NTL)
Odisha Generation Phase II Transmission Limited (OGPTL)
East-North Interconnection Company Limited (ENICL)
Gurgaon-Palwal Transmission Limited (GPTL) (from 28 August 2020)
Jhajjar KT Transco Private Limited (JKTPL) (from 28 September 2020)

(b) Other related parties under Ind AS-24 with whom transactions have taken place during the period
Entities with significant influence over the Trust
Esoteric II Pte. Ltd (from 04 May 2019) - Sponsor w.e.f. 28 September 2020
Sterlite Power Grid Ventures Limited (SPGVL)^ - Sponsor and Project manager of IndiGrid - upto 15 November 2020
Sterlite Power Transmission Limited (SPTL) - Sponsor and Project manager of IndiGrid - w.e.f. 15 November 2020

II. List of related parties as per Regulation 2(1)(zv) of the InvIT Regulations

(a) Parties to IndiGrid
Sterlite Power Grid Ventures Limited (SPGVL)^ - Sponsor and Project manager of IndiGrid (upto 15 November 2020)
Sterlite Power Transmission Limited (SPTL) - Sponsor and Project manager of IndiGrid (w.e.f. 15 November 2020)
Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited) (IIML) - Investment manager of IndiGrid
Axis Trustee Services Limited (ATSL) - Trustee of IndiGrid
Esoteric II Pte. Ltd (from 04 May 2019) (EPL) - Sponsor w.e.f. 28 September 2020

(b) Promoters of the parties to IndiGrid specified in (a) above
Twin Star Overseas Limited - Promoter of SPTL
Sterlite Power Transmission Limited - Promoter of IIML*
Electron IM Pte. Ltd. - Promoter of IIML *
Axis Bank Limited - Promoter of ATSL
KKR Ingrid Co-Invest L.P.-Cayman Island - Promoter of EPL

(c) Directors of the parties to IndiGrid specified in (a) above

(i) Directors of SPTL:
Pravin Agarwal
Pratik Agarwal
A. R. Narayanaswamy
Arun Todarwal Lalchand
Zhao Haixia
Avaantika Kakkar
Anoop Seth

(ii) Directors of IIML:
Pratik Agarwal
Kuldip Kumar Kaura (till 07 June 2019)
Tarun Kataria
Late Shashikant Bhojani (till 22 July 2020)
Rahul Asthana
Harsh Shah (whole time director)
Sanjay Omprakash Nayar (from 07 June 2019)
Ashok Sethi (from 20 October 2020)

(iii) Directors of ATSL:
Ram Bharoseylal Vaish (till 08 November 2019)
Rajesh Kumar Dahiya
Sanjay Sinha
Ganesh Sankaran (from 18 April 2019)

(iv) Directors of Esoteric II Pte. Ltd.:
Wong Wai Kin
Terence Lee Chi Hur
Ooi Yi Jun

(v) Relative of directors mentioned above:
Sonakshi Agarwal
Jyoti Agarwal
Sujata Asthana
Mala Todarwal

(vi) Firm in which director of sponsor is partner:
Cyril Amarchand Mangaldas

^ Sterlite Power Grid Ventures Limited ('SPGVL') has been merged with Sterlite Power Transmission Limited ('SPTL').

* During the previous period, Electron IM Pte. Ltd. purchased 40% stake in Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited) (IIML) from Sterlite Power Transmission Limited post which Electron IM Pte. Ltd. holds 60% of stake in IIML.

III. The transactions with related parties during the period are as follows:-

(Rs. in millions)

Particulars	Relation	Nine months period ended 31 December 2020	Nine months period ended 31 December 2019
1. Unsecured loans given to subsidiaries			
Bhopal Dhule Transmission Company Limited (BDTCL)	Subsidiary	384.44	68.50
Jabalpur Transmission Company Limited (JTCL)	Subsidiary	1,853.94	891.50
Maheshwaram Transmission Limited (MTL)	Subsidiary	137.51	-
RAPP Transmission Company Limited (RTCL)	Subsidiary	275.32	-
Purulia & Kharagpur Transmission Company Limited (PKTCL)	Subsidiary	513.93	-
Patran Transmission Company Limited (PTCL)	Subsidiary	529.57	-
NRSS XXIX Transmission Limited (NRSS)	Subsidiary	3,640.97	28,169.22
Odisha Generation Phase II Transmission Limited (OGPTL)	Subsidiary	137.51	6,143.52
East-North Interconnection Company Limited (ENICL)	Subsidiary	5,357.80	-
Gurgaon-Palwal Transmission Limited (GPTL)	Subsidiary	839.10	-
Jhajjar KT Transco Private Limited (JKTPL)	Subsidiary	1,776.36	-
Indigrid Limited (IGL)	Subsidiary	164.80	-
Indigrid 1 Limited (IGL1)	Subsidiary	31.22	1,089.93
Indigrid 2 Limited (IGL2)	Subsidiary	1.74	-
2. Repayment of loan from subsidiaries			
Bhopal Dhule Transmission Company Limited (BDTCL)	Subsidiary	297.01	-
Jabalpur Transmission Company Limited (JTCL)	Subsidiary	700.00	35.03
Maheshwaram Transmission Limited (MTL)	Subsidiary	-	-
RAPP Transmission Company Limited (RTCL)	Subsidiary	303.50	105.07
Purulia & Kharagpur Transmission Company Limited (PKTCL)	Subsidiary	543.24	93.86
Patran Transmission Company Limited (PTCL)	Subsidiary	324.18	22.56
NRSS XXIX Transmission Limited (NRSS)	Subsidiary	3,563.94	2,240.59
Odisha Generation Phase II Transmission Limited (OGPTL)	Subsidiary	130.44	43.72
East-North Interconnection Company Limited (ENICL)	Subsidiary	340.53	-
Gurgaon-Palwal Transmission Limited (GPTL)	Subsidiary	123.71	-
Jhajjar KT Transco Private Limited (JKTPL)	Subsidiary	30.47	-
Indigrid Limited (IGL)	Subsidiary	-	252.80
Indigrid 1 Limited (IGL1)	Subsidiary	-	-
Indigrid 2 Limited (IGL2)	Subsidiary	0.20	2,059.72
3. Interest income from subsidiaries			
Bhopal Dhule Transmission Company Limited (BDTCL)	Subsidiary	1,004.70	978.70
Jabalpur Transmission Company Limited (JTCL)	Subsidiary	2,038.03	1,886.17
Maheshwaram Transmission Limited (MTL)	Subsidiary	436.80	427.21
RAPP Transmission Company Limited (RTCL)	Subsidiary	253.10	261.79
Purulia & Kharagpur Transmission Company Limited (PKTCL)	Subsidiary	441.96	447.07
Patran Transmission Company Limited (PTCL)	Subsidiary	198.88	178.27
NRSS XXIX Transmission Limited (NRSS)	Subsidiary	3,097.96	2,461.65
Odisha Generation Phase II Transmission Limited (OGPTL)	Subsidiary	683.53	396.37
East-North Interconnection Company Limited (ENICL)	Subsidiary	152.17	-
Gurgaon-Palwal Transmission Limited (GPTL)	Subsidiary	149.67	-
Jhajjar KT Transco Private Limited (JKTPL)	Subsidiary	68.74	-
Indigrid Limited (IGL)	Subsidiary	4.17	17.45
Indigrid 1 Limited (IGL1)	Subsidiary	130.89	84.91
Indigrid 2 Limited (IGL2)	Subsidiary	67.45	86.92
4. Purchase of equity shares of Indigrid 1 Limited (formerly known as Sterlite Grid 2 Limited)			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	37.13	12,626.66
5. Purchase of equity shares of Indigrid 2 Limited (formerly known as Sterlite Grid 3 Limited)			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	-	465.91
6. Purchase of loan to Indigrid 2 Limited (formerly known as Sterlite Grid 3 Limited)			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	-	2,289.49
7. Purchase of equity shares of ENICL			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	6.17	-
Sterlite Power Transmission Limited	Promoter of project manager	-	-
8. Purchase of equity shares of GPTL			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	902.96	-
9. Purchase of loan to GPTL			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	2,252.28	-
10. Received towards indemnification of liabilities			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	15.36	18.66
11. Earn Out Expenses			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	117.27	-
12. Issue of unit capital			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	-	2,300.13
Esoteric II Pte. Ltd	Entity with significant influence over the Trust	-	11,412.04

(Rs. in millions)

Particulars	Relation	Nine months period ended 31 December 2020	Nine months period ended 31 December 2019
13. Distribution to unit holders			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager	531.41	705.68
Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited)	Investment manager of IndiGrid	1.02	-
Esoteric II Pte. Ltd	Entity with significant influence over the Trust	1,224.32	795.74
Pravin Agarwal	Director of Sponsor	-	3.06
Pratik Agarwal	Director of Sponsor and Investment Manager	1.96	3.31
Harsh Shah	Whole time director of Investment Manager	0.09	0.09
Swapnil Patil	Company Secretary of Investment Manager	0.02	-
Sonakshi Agarwal	Relative of director	0.14	0.13
Jyoti Agarwal	Relative of director	0.18	0.18
Sujata Asthana	Relative of director	0.70	0.47
Arun Todarwal	Director of Sponsor	0.06	0.06
A. R. Narayanaswamy	Director of Sponsor	0.14	0.10
Mala Todarwal	Relative of director	0.05	-
14. Trustee fee			
Axis Trustee Services Limited (ATSL)	Trustee	2.42	2.01
15. Legal and professional services taken			
Cyril Amarchand Mangaldas	Firm in which director of sponsor is partner	9.23	16.37

IV. The outstanding balances of related parties are as follows:

(Rs in Million)

Particulars	31 December 2020	31 March 2020
1. Unsecured loan receivable	82,813.68	71,274.41
2. Interest receivable from subsidiaries	615.56	281.64
3. Non-Convertible Debentures of subsidiary (including accrued interest on EIR) (excluding provision for impairment)	6,285.89	5,823.90
4. Investment in equity shares of subsidiary (excluding provision for impairment)	19,448.73	17,098.27
5. Optionally convertible redeemable preference shares (excluding provision for impairment)	1,001.96	1,001.96
6. Payable towards project acquired	758.66	1,897.00
7. Payable towards legal and professional services	-	5.18

Details in respect of related party transactions involving acquisition of InvIT assets as required by Para 4.4(b)(iv) of Section A of Annexure A to SEBI Circular dated 20 October 2016 are as follows:
For the nine months period ended 31 December 2020:

(A) Summary of the valuation reports (issued by the independent valuer appointed under the InvIT Regulations):

(Rs in million)

Particulars	GPTL
Enterprise value	11,638
Method of valuation	Discounted Cash Flow
Discounting rate (WACC):	7.96%

(B) Material conditions or obligations in relation to the transactions:

Acquisition of Gurgaon Palwal Transmission Limited (GPTL):
Pursuant to the share purchase agreements dated 28 August 2020 ("SPA") executed among Sterlite Power Grid Ventures Limited*, Sterlite Grid 4 Limited, Axis Trustee Services Limited, Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited) and Gurgaon Palwal Transmission Limited ('GPTL') for acquisition of equity stake in GPTL, Indigrid has acquired 49% of paid up equity capital of GPTL with effect from 28 August 2020.

Under the agreements, the Trust has the following rights:
a. Right to nominate the majority of the directors on the Board of Directors of GPTL.
b. The Selling Shareholders are required to vote according in AGM/EGM or any other meeting of shareholders of GPTL in a manner favourable for the interests of India Grid Trust.
c. Irrevocable and unconditional right to acquire the remaining 51% of the equity stake of GPTL at a later date (on expiry of the respective mandatory shareholding period).
d. Pledge on the remaining 51% equity stake in GPTL, of which 2% is pledged to lenders of GPTL.
e. Non-disposal undertaking from the Selling Shareholders for the remaining 51% equity stake in GPTL.

The acquisition of GPTL was financed by money raised from issue of Non-Convertible Debentures of Rs. 4,000 million (rate of interest - 8.50%) by IndiGrid. No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

For the year ended 31 March 2020:

(A) Summary of the valuation reports (issued by the independent valuer appointed under the InvIT Regulations):

(Rs in million)

Particulars	NTL	OGPTL	ENICL
Enterprise value	41,626	12,840	11,355
Method of valuation	Discounted Cash Flow		
Discounting rate (WACC):	8.12%	8.42%	8.77%

(B) Material conditions or obligations in relation to the transactions:

Acquisition of NRSS XXIX Transmission Limited (NTL) (through acquisition of Indigrid 1 Limited (formerly known as Sterlite Grid 2 Limited)):
Pursuant to the share purchase agreements dated 30 April 2019 ("SPA") executed among Sterlite Power Grid Ventures Limited*, Axis Trustee Services Limited, Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited), Indigrid 1 Limited (formerly known as Sterlite Grid 2 Limited) and NRSS XXIX Transmission Limited for acquisition of equity stake in NTL. The Trust has acquired 100% of equity in Indigrid 1 Limited (formerly known as Sterlite Grid 2 Limited) which is the holding company of NTL.

The acquisition of NTL and Indigrid 1 Limited (formerly known as Sterlite Grid 2 Limited) was financed by money raised through Qualified Institutional Placement (QIP) of Rs. 25,140 million and from issue of Non-Convertible Debentures of Rs. 21,000 million (rate of interest- 8.60% to 9.10%) by IndiGrid. No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Acquisition of Odisha Generation Phase-II Transmission Limited (OGPTL) (through acquisition of Indigrid 2 Limited (formerly known as Sterlite Grid 3 Limited)):
Pursuant to the share purchase agreements dated 30 April 2019 as amended on 28 June 2019 ("SPA") executed among Sterlite Power Grid Ventures Limited*, Axis Trustee Services Limited, Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited), Indigrid 2 Limited (formerly known as Sterlite Grid 3 Limited) and Odisha Generation Phase-II Transmission Limited for acquisition of equity stake in OGPTL. The Trust has acquired 100% of equity in Indigrid 2 Limited (formerly known as Sterlite Grid 3 Limited) which is the holding company of OGPTL.

The acquisition of OGPTL and Indigrid 2 Limited (formerly known as Sterlite Grid 3 Limited) were financed by issue of Non-Convertible Debentures of Rs. 21,000 million (rate of interest- 8.60% to 9.10%) by IndiGrid. No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Acquisition of East-North Interconnection Company Limited (ENICL) :
Pursuant to the share purchase agreements dated 23 March 2020 ("SPA") executed among Sterlite Power Grid Ventures Limited*, Axis Trustee Services Limited, Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited), Sterlite Power Transmission Limited and East-North Interconnection Limited ('ENICL') for acquisition of equity stake in ENICL. The Trust acquired 49% of paid up equity capital of ENICL with effect from 24 March 2020 and acquired remaining 51% equity stake in ENICL on 26 May 2020.

The acquisition of ENICL was financed by money raised through Qualified Institutional Placement (QIP) of Rs. 25,140 million by IndiGrid and from issue of Non-Convertible Debentures of Rs. 22,750 million (rate of interest- 8.40% to 9.10%) by IndiGrid. No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

* Sterlite Power Grid Ventures Limited ('SPGVL') has been merged with Sterlite Power Transmission Limited ('SPTL').

Note 23: Capital and other Commitments

(a) The Trust has entered into a Framework agreement on 30 April 2019 with Sterlite Grid Ventures Limited ('SPGVL')* for acquisition of NER II Transmission Limited ('NER') and Khargone Transmission Limited ('KTL').

(b) The Trust has entered into a Share Purchase agreement on 18 December 2020 with FRV Solar Holdings XI BV ('FRV') for acquisition of 100% equity share capital of FRV Andhra Pradesh Solar Farm-I Pvt Ltd ('FRVAPL') and FRV India Solar Park II-Pvt Ltd ('FRVIPL').

* Sterlite Power Grid Ventures Limited ('SPGVL') has been merged with Sterlite Power Transmission Limited ('SPTL').

Note 24: Contingent liability
The Trust has no contingent liability to be reported.

Note 25: Subsequent events

1) The Board of Directors of the Investment Manager approved a distribution of Rs. 3.10 per unit for the period 01 October 2020 to 31 December 2020 to be paid on or before 15 days from the date of declaration approved on 22 January 2021.

2) On 08 January 2021, pursuant to share purchase agreements dated 28 November 2020 ("SPA") executed among Reliance Infrastructure Limited ("the selling shareholder"), Parbati Koldam Transmission Company Limited ('PBKTCL'), Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited), and Axis Trustee Services Limited, the Trust acquired 74% of paid up equity share capital of PBKTCL. The balance 26% share in PBKTCL is held by Power Grid Corporation of India Limited.

3) The board of investment manager has passed an enabling resolution on 22 January 2021 to raise capital upto an aggregate value not exceeding INR 1,500 crore, subject to receipt of necessary approvals from statutory, regulatory and other authorities as applicable, by way of issue of Units of IndiGrid to its eligible Unitholders on a right basis ('Rights Issue') in accordance with the applicable provisions of the InvIT Regulations and other applicable laws.

4) The board of investment manager also passed an enabling resolution on 22 January 2021 to raise funds upto INR 1,400 crore through issuance of commercial papers, public or private issuance of debt or non-convertible debentures subject to receipt of necessary approvals from statutory, regulatory and other authorities as applicable and in accordance with the applicable provisions of the InvIT Regulations and other applicable laws.

Note 26: Impact of COVID-19

The management has assessed impact on business and financial risks on account of COVID-19 on the financial information. Considering that the Trust receives income mainly in the form of interest income on loans given to subsidiaries engaged in business of transmission of electricity, which is considered as an essential service, the Management believes that the impact of COVID-19 is not significant. The management does not see any risks in the Trust's ability to continue as a going concern and meeting its liabilities as and when they fall due.

Further, the management will continue to monitor and assess impact of economic conditions arising due to COVID-19. The impact of COVID-19 may differ from that expected at the date of approval of the interim financial information.

As per our report of even date

For S R B C & CO LLP	For and on behalf of the Board of Directors of		
Chartered Accountants	Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited)		
Firm Registration No. 324982E/E300003	(as Investment Manager of India Grid Trust)		
per Huzefa Ginwala	Harsh Shah	Jyoti Kumar Agarwal	Swapnil Patil
Partner	CEO & Whole Time Director	CFO	Company Secretary
Membership Number : 111757	DIN: 02496122		
Place : Pune	Place : Mumbai	Place : Mumbai	Place : Mumbai
Date : 24 February 2021	Date : 24 February 2021	Date : 24 February 2021	Date : 24 February 2021

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of India Grid Trust
Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of India Grid Trust (hereinafter referred to as "the InvIT") and its subsidiaries (the InvIT and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2020, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Statement of Changes in Unit Holders' Equity and the consolidated Statement of Cash Flow for the year then ended and the consolidated Statement of Net Assets at fair value as at March 31, 2020, the consolidated Statement of Total Returns at fair value and the Statement of Net Distributable Cash Flows ('NDCFs') of the InvIT, the underlying Holding Companies ("HoldCos") and each of its subsidiaries for the year then ended, and a summary of significant accounting policies and other explanatory notes (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us , the aforesaid consolidated Ind AS financial statements give the information required by the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 as amended including any guidelines and circulars issued thereunder (together referred to as the "InvIT Regulations") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, to the extent not inconsistent with InvIT regulations, of the consolidated state of affairs of the Group as at March 31, 2020, its consolidated profit including other comprehensive income, its consolidated cash movements and its consolidated movement of the unit holders' funds for the year ended March 31, 2020, its consolidated net assets at fair value as at March 31, 2020, its consolidated total returns at fair value and the net distributable cash flows of the InvIT, the underlying HoldCos and each of its subsidiaries for the year ended March 31, 2020.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of the InvIT Regulations and we have fulfilled our other ethical responsibilities in accordance 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 audit opinion on the consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	**How our audit addressed the key audit matter**
Applicability of Appendix C of Ind AS 115 'Service Concession Arrangement' (as described in note 22 of the consolidated Ind AS financial statements)	
The Group through its subsidiaries acts as a transmission licensee under the Electricity Act, 2003 holding valid licenses for 25 years. The subsidiaries	Our audit procedures included, among others the following:

have entered into Transmission Services Agreements ("TSA") with Long Term Transmission Customers ("LTTC") through a tariff-based bidding process to Build, Own, Operate and Maintain ("BOOM") the transmission infrastructure for a period of 25/35 years. The Management of Investment Manager ("the management") is of the view that the grantor as defined under Appendix C of Ind AS 115 ("Appendix C") requires transmission licensee to obtain various approvals under the regulatory framework to conduct its operations both during the period of the license as well as at the end of the license period. In the view of management, the grantor's involvement and approvals are to protect public interest and are not intended to control, through ownership, beneficial entitlement or otherwise, any significant residual interest in the transmission infrastructure at the end of the term of the arrangement. Accordingly, management is of the view that Appendix C is not applicable to the Group. Considering the judgement involved in determining the grantor's involvement and whether the grantor controls, through ownership, beneficial entitlement or otherwise, and any significant residual interest in the transmission infrastructure at the end of the term of the arrangement, this is considered as a key audit matter.	• We obtained and read the TSAs to understand roles and responsibilities of the grantor; • We read and evaluated the TSAs to understand whether the grantor controls significant residual interest in the infrastructure at the end of the term of the arrangement through ownership, beneficial ownership or otherwise. • We discussed with the management regarding the extent of grantor's involvement in the transmission assets and grantor's intention not to control the significant residual interest through ownership, beneficial entitlement or otherwise. • We assessed the positions taken by other entities in India with similar projects/TSAs as to the extent of involvement of the grantor and the consequent evaluation of the applicability of Appendix C for such entities and confirmed our understanding. • We read and assessed the disclosures included in the consolidated Ind AS financial statements for compliance with the relevant accounting standards requirements.
Impairment of property, plant and equipment (as described in note 22 of the consolidated Ind AS financial statements)	
The Group owns and operates power transmission assets which are constructed on Build, Own, Operate and Maintain Basis ("BOOM"). The carrying value of the power transmission assets as at March 31, 2020 is INR 1,08,163.16 million (before impairment provision). In accordance with Ind AS 36, at each reporting period end, management assesses the existence of impairment indicators of property, plant and equipment. In case of existence of impairment indicators, property, plant and equipment balances are subjected to impairment test. The processes and methodologies for assessing and determining the fair value is based on complex assumptions, that by their nature imply the use of the management's judgment, in particular with reference to identification of forecast of future cash flows relating to the period covered by the InvIT's transmission license, debt equity ratio, cost of debt, cost of equity, residual value, etc. Considering the judgment involved in determination of fair values due to inherent uncertainty and complexity of the assumptions used in determination	Our audit procedures included, among others the following: • We obtained understating of the InvIT's process on assessment of impairment of property, plant and equipment and the assumption used by the management, including design and implementation of controls, validation of management review controls. We have tested the operating effectiveness of these controls. • We obtained and read the valuation report of the InvIT's independent valuation expert, and assessed the expert's competence, capability and objectivity. • We evaluated the independent valuation expert's methodology, assumptions and estimates used in the calculations. • We tested on sample basis that the tariff revenues considered in the respective valuation models are in agreement with TSAs / tariff orders. • We tested completeness, arithmetical accuracy and validity of the data used in the calculations.

of fair values, this is considered as a key audit matter.	• We read and assessed the disclosures included in the notes to the consolidated Ind AS financial statements. • In performing the above procedures, we involved valuation specialists to perform an independent review of methodology and key assumptions used in the valuation.
Classification of unit holders funds as equity (as described in note 22 of the consolidated Ind AS financial statements)	
The InvIT is required to distribute to Unitholders not less than ninety percent of its net distributable cash flows for each financial year. Accordingly, a portion of the unitholders' funds contains a contractual obligation of the InvIT to pay to its Unitholders cash distributions. The Unitholders' funds could therefore have been classified as compound financial instrument which contains both equity and liability components in accordance with Ind AS 32 - Financial Instruments: Presentation. However, in accordance with SEBI Circulars No. CIR/IMD/DF/114/2016 dated October 20, 2016 and No. CIR/IMD/DF/127/2016 dated November 29, 2016 ("SEBI Circulars") issued under the InvIT Regulations, the unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated October 20, 2016 dealing with the minimum disclosures for key financial statements. Considering the judgment required for classification of unit holders' funds as equity, this is considered as a key audit matter.	Our audit procedures included, among others: • We obtained and read the requirements for classification of financial liability and equity under Ind AS 32 and evaluated the provisions of SEBI Circulars for classification/presentation of unit holders funds in the financial statements of an Infrastructure Investment Trust. • We read and assessed the disclosures included in the consolidated Ind AS financial statements for compliance with the relevant requirements of InvIT regulations.
Acquisition of Transmission SPVs classified as asset acquisitions (as described in note 22 of the consolidated Ind AS financial statements)	
The Group acquires operational transmission SPVs from the Sponsor or from third party. The purchase consideration primarily pertains to the fair value of the transmission assets. All such assets are operational assets with fixed tariff revenues under the Transmission Services Agreements (TSAs) for 35 years. The only key activity for these SPVs is the maintenance of the transmission assets which is outsourced to third parties. There are no employees in these entities and no other significant processes are performed for earning tariff revenues. Based on evaluation of the above fact pattern vis-à-vis the guidance on definition of business under Ind AS and also keeping in view the relevant guidance on similar fact pattern available under accounting standards applicable in other jurisdictions, the management classified the acquisition of transmission SPVs as asset acquisition. Considering the management judgement involved in determining if the operations of transmission SPVs	Our audit procedures included, among others: • We read the relevant guidance under Ind AS on determining if the acquired SPV constitutes a business. • We assessed the activities of the transmission SPVs. • We read and assessed the Group's accounting policy for recognition and classification on acquisition of transmissions SPV's. • We discussed with the management the key assumptions underlying the Group's assessment and tested the underlying data used for classification made by the Group. • We read and assessed the disclosures in the consolidated Ind AS financial statements for compliance with the relevant accounting standards requirements.

<table>
<tr><td>constitute business or asset, it is considered as a key audit matter.</td><td></td></tr>
<tr><td colspan="2">Classification of East North Interconnection Company Limited (‘ENICL’) as a subsidiary
(as described in note 22 of the consolidated Ind AS financial statements)</td></tr>
<tr><td>The Group entered into share purchase agreement dated March 23, 2020 (“the Agreement”) with Sterlite Power Transmission Limited and Sterlite Power Grid Ventures Limited (“the Selling shareholders”) for acquisition of equity stake in East North Interconnection Company Limited. (“ENICL”). Pursuant to the Agreement, the Group has finalized purchase consideration for entire equity stake of the Selling shareholders and has paid purchase consideration for acquisition of 49% paid up equity capital in the ENICL.

Based on the contractual terms of the Agreement, the Group has following rights:
• Right to nominate all directors on the Board of directors of ENICL;
• Right to direct the Selling shareholders to vote according to its instructions in the AGM/EGM or any other meeting of shareholders of ENICL;
• Non-disposal undertaking from the Selling Shareholders for the remaining 51% equity stake in ENICL;

Considering the requirements under Ind AS 110, the Group has assessed whether it controls ENICL on the basis the above rights under the Agreement and the fact that the Group has entered into irrevocable binding agreement with the Selling shareholders to acquire remaining 51% paid up equity capital in ENICL. Based on the assessment, management has concluded that the Group controls ENICL in spite of the fact that it has acquired only 49% of the paid up capital of ENICL.

Accordingly, the Group has consolidated ENICL assuming 100% equity ownership and no non-controlling interest (NCI) has been recognised in the consolidated Ind AS financial statements. Remaining purchase consideration payable to the Selling shareholders is recognized as financial liability in the consolidated Ind AS financial statements.

Considering the judgment required in assessing whether the Group controls ENICL, consolidation of ENICL assuming 100% equity ownership and recognition of no non-controlling interest (NCI), this is considered as a key audit matter.</td><td>Key audit matters How our audit addressed the key audit matter
Our audit procedures included, among others the following:
• We obtained and read the share purchase agreement dated March 23, 2020 (“the Agreement”) with Sterlite Power Transmission Limited and Sterlite Power Grid Ventures Limited (“the Selling shareholders”) for acquisition of equity stake in East North Interconnection Company Limited.

• We obtained understating of management’s assessment of whether the Group controls ENICL.

• We also read and understood the Group’s accounting policy for consolidation.

• We discussed with management the contractual terms and rights available to the Group pursuant to the Agreement.

• We read and evaluated the requirements for consolidation of entity and recognition of non-controlling interest under Ind AS 110.

• We read and assessed the disclosures included in the consolidated Ind AS financial statements.</td></tr>
<tr><td colspan="2">Disclosures relating to Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value as per InvIT regulations
(as described in note 22 of the consolidated Ind AS financial statements)</td></tr>
<tr><td>Pursuant to SEBI Circular No. CIR/IMD/DF/114/2016 dated October 20, 2016 and No. CIR/IMD/DF/127/2016 dated November 29, 2016 issued under the InvIT Regulations, the</td><td>Our audit procedures included, among others the following:
• We read the requirements of InvIT regulations for</td></tr>
</table>

InvIT is required to disclose Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value which requires fair valuation of the assets. Such fair valuation has been carried out by the independent valuer appointed by the InvIT. For the purpose of the above, fair value is determined by forecasting and discounting future cash flows. The processes and methodologies for assessing and determining the fair value is based on complex assumptions, that by their nature imply the use of the management's judgment, in particular with reference to identification of forecast of future cash flows relating to the period covered by the InvIT's transmission license, debt equity ratio, cost of debt, cost of equity, residual value, etc. Considering the judgment involved in determination of fair values due to inherent uncertainty and complexity of the assumptions used in determination of fair values, this is considered as a key audit matter.	disclosures relating to Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value. • We discussed with the Management and obtained an understating of the InvIT's policy on the assessment of fair value and the assumptions used by the management, including design and implementation of controls, validation of management review controls. • We obtained understating of the InvIT's process for preparation statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value as per InvIT regulations and the assumption used by the management, including design and implementation of controls, validation of management review controls. We have tested the operating effectiveness of these controls. • We obtained and read the valuation report by the InvIT's independent valuation expert, and assessed the expert's competence, capability and objectivity; • We evaluated independent valuation expert's methodology, assumptions and estimates used in the calculations; • We tested that the tariff revenues considered in the respective valuation models are in agreement with TSAs / tariff orders; • We tested completeness, arithmetical accuracy and validity of the data used in the calculations. • We read and assessed the disclosures included in the notes to the consolidated Ind AS financial statements. • In performing the above procedures, we used our valuation specialists to perform an independent review of methodology and key assumptions used in the valuation.

Other Matters

The management of Sterlite Investment Managers Limited ("Investment Manager") is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of auditor's report.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Management of the Investment Manager ('the Management') is responsible for the preparation and presentation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position as at March 31, 2020, consolidated financial performance including other comprehensive income, consolidated cash movements and the consolidated movement of the unit holders' funds for the year ended March 31, 2020, the consolidated net assets at fair value as at March 31, 2020, the consolidated total returns at fair value of the InvIT and the net distributable cash flows of the InvIT, the underlying HoldCo and each of its subsidiaries in accordance with the requirements of the InvIT regulations; Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other accounting principles generally accepted in India, to the extent not inconsistent with InvIT Regulations. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records for safeguarding of the assets of the Group 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 the design, implementation and maintenance of adequate controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Management, as aforesaid.

In preparing the consolidated Ind AS financial statements, the Board of Directors of Sterlite Investment Managers Limited, the Investment Manager and respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

The Management and respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS 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 consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

• 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the InvIT and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors 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 consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
Based on our audit, we report that:
(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) The Consolidated Balance Sheet and the Consolidated Statement of Profit and Loss are in agreement with the books of account;

(c) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards (Ind AS) and/or any addendum thereto as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, to the extent not inconsistent with InvIT regulations.

For S R B C & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Arvind Sethi
Partner
Membership Number: 089802
UDIN: 20089802AAAACO8654
Place of signature: Pune
Date: May 27, 2020

INDIA GRID TRUST
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2020
(All amounts in Rs. million unless otherwise stated)

	Notes	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,08,163.16	49,827.62
Financial assets			
i. Other financial assets	5	9.86	3.57
Other assets	6	382.34	192.25
		1,08,555.36	**50,023.44**
Current assets			
Financial assets			
i. Investments	4	-	75.72
ii. Trade receivables	7	2,458.33	1,140.61
iii. Cash and cash equivalents	8	4,088.41	1,603.66
iv. Bank balances other than (iii) above	9	1,299.74	19.66
v. Other financial assets	5	1,282.63	553.26
Other current assets	6	235.72	45.91
		9,364.83	**3,438.82**
Total assets		**1,17,920.19**	**53,462.26**
EQUITY AND LIABILITIES			
Equity			
Unit capital	10	53,145.69	28,380.00
Other equity	11		
Retained earnings / (accumulated deficit)		(2,659.44)	(1,613.89)
Total Unit holders' equity		**50,486.25**	**26,766.11**
Non-current liabilities			
Financial liabilities			
i. Borrowings	12	62,637.00	25,902.00
ii. Other financial liabilities	14	-	156.72
Deferred tax liabilities (net)	17	602.06	-
		63,239.06	**26,058.72**
Current liabilities			
Financial liabilities			
i. Trade payables	13		
a. Total outstanding dues of micro enterprises and small enterprises		105.32	54.10
b. Total outstanding dues of creditors other than micro enterprises and small enterprises		227.59	107.86
ii. Other financial liabilities	14	3,617.60	462.98
Other current liabilities	15	240.27	12.42
Current tax liability	16	4.10	0.07
		4,194.88	**637.43**
Total liabilities		**67,433.94**	**26,696.15**
Total equity and liabilities		**1,17,920.19**	**53,462.26**

Summary of significant accounting policies 2.3

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

per Arvind Sethi
Partner
Membership Number : 089802
Place : Pune
Date : 27 May 2020

For and on behalf of the Board of Directors of
Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 27 May 2020

Swapnil Patil
Company Secretary

Place : Mumbai
Date : 27 May 2020

INDIA GRID TRUST
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020
(All amounts in Rs. million unless otherwise stated)

	Notes	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
INCOME			
Revenue from contracts with customers	18	12,427.13	6,655.70
Income from investment in mutual funds		190.89	48.64
Interest income on investment in fixed deposits		102.09	22.63
Other finance income		0.32	-
Other income	19	65.51	12.08
Total income (I)		**12,785.94**	**6,739.05**
EXPENSES			
Transmission infrastructure maintenance charges		240.38	175.57
Insurance expenses		147.02	87.00
Investment manager fees (refer note 36)		238.79	130.53
Project manager fees (refer note 36)		63.66	39.54
Legal and professional fees		117.85	82.34
Valuation expenses		4.89	3.70
Trustee fee		3.60	2.16
Vehicle hire charges		13.51	7.26
Rates & taxes		37.76	34.68
Payment to auditors (including for subsidiaries)			
- Statutory audit fees		7.07	4.74
- Tax audit fees		2.71	1.67
- Other services (including certification)		1.22	3.11
Other expenses		110.07	59.24
Depreciation expense		3,101.12	1,809.22
Impairment / (reversal of impairment) of property, plant and equipment		(456.96)	456.96
Finance costs	20	4,153.38	2,295.83
Total expenses (II)		**7,786.07**	**5,193.55**
Profit before tax (I) - (II)		**4,999.87**	**1,545.50**
Tax expense			
Current tax	17	56.96	6.08
Deferred tax	17	(114.29)	-
Income tax for earlier years		-	0.28
Profit for the year		**5,057.20**	**1,539.14**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income for the year		**-**	**-**
Total comprehensive income for the year		**5,057.20**	**1,539.14**
Earnings per unit (Computed on the basis of profit for the year (Rs.))	21		
Basic		9.13	5.42
Diluted		9.13	5.32
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of Sterlite Investment Managers Limited (as Investment Manager of India Grid Trust)

per Arvind Sethi
Partner
Membership Number : 089802
Place : Pune
Date : 27 May 2020

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 27 May 2020

Swapnil Patil
Company Secretary
Place : Mumbai
Date : 27 May 2020

INDIA GRID TRUST
CONSOLIDATED STATEMENT OF CHANGES IN UNIT HOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2020
(All amounts in Rs. million unless otherwise stated)

A. Unit capital

	Nos. in million	Rs. in million
Balance as at 1 April 2018	283.80	28,380.00
Units issued during the year	-	-
Balance as at 31 March 2019	**283.80**	**28,380.00**
Units issued during the year (refer note 10)	299.69	25,140.48
Issue expenses (refer note 10)	-	(374.79)
Balance as at 31 March 2020	**583.49**	**53,145.69**

B. Other equity

(Rs. in million)

	Retained earnings /(accumulated deficit)	Total other equity
As at 1 April 2018	**252.56**	**252.56**
Profit for the year	1,539.14	1,539.14
Other comprehensive income	-	-
Less: Distribution during the year (refer note below)	(3,405.59)	(3,405.59)
As at 31 March 2019	**(1,613.89)**	**(1,613.89)**
Profit for the year	5,057.20	5,057.20
Other comprehensive income	-	-
Less: Distribution during the year (refer note below)	(6,102.75)	(6,102.75)
As at 31 March 2020	**(2,659.44)**	**(2,659.44)**

Note:

The distribution relates to the distributions made during the financial year along with the distribution related to the last quarter of FY 2018-19 and does not include the distribution relating to the last quarter of FY 2019-20 which will be paid after 31 March 2020.

The distributions made by IndiGrid to its unitholders are based on the Net Distributable Cash Flows (NDCF) of IndiGrid under the InvIT Regulations and hence part of the same includes repayment of capital as well.

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

per Arvind Sethi
Partner
Membership Number : 089802
Place : Pune
Date : 27 May 2020

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 27 May 2020

Swapnil Patil
Company Secretary

Place : Mumbai
Date : 27 May 2020

INDIA GRID TRUST
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020
(All amounts in Rs. million unless otherwise stated)

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
A. Cash flow from operating activities		
Net Profit as per statement of profit and loss	**5,057.20**	**1,539.14**
Adjustment for taxation	(57.33)	6.36
Profit before tax	**4,999.87**	**1,545.50**
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation expenses	3,101.12	1,809.22
Impairment /(reversal of impairment) of property plant & equipment	(456.96)	456.96
Reversal of prepayment charges	-	(2.37)
Foreign exchange loss on borrowing	62.85	113.78
Finance costs	4,090.53	2,182.05
Income from investment in mutual funds	(190.89)	(48.64)
Interest income on investment in fixed deposits	(102.09)	(22.63)
Gain on sale of property, plant and equipment	-	(7.00)
Operating profit before working capital changes	**11,504.43**	**6,026.87**
Movements in working capital :		
Increase/(decrease) in trade payables	3.08	31.83
Increase/(decrease) in other current financial liabilities	194.12	5.10
Increase/(decrease) in other current liabilities	(378.88)	(9.41)
Decrease/(increase) in trade receivables	31.07	(236.38)
Decrease/(increase) in other non current financial asset	(5.82)	9.45
Decrease/(increase) in other non current asset	(10.72)	6.79
Decrease/(increase) in other current financial asset	49.71	(50.54)
Decrease/(increase) in other current assets	(12.03)	22.73
Changes in working capital	**(129.47)**	**(220.43)**
Cash generated from operations	**11,374.96**	**5,806.44**
Direct taxes paid (net of refunds)	(125.92)	(6.29)
Net cash flow from operating activities (A)	**11,249.04**	**5,800.15**
B. Cash flow from investing activities		
Acquisition of property, plant and equipment	(59,156.47)	(2,252.05)
Acquisition of other assets (net of other liabilities)	(779.36)	(51.69)
Proceeds from sale of property plant and equipment	-	8.40
Acquisition of mutual fund investments	(2,604.21)	-
Interest income on investment in fixed deposits	41.91	18.76
Income from investment in mutual funds	190.89	48.64
Purchase of mutual fund investments	(28,774.82)	(11,309.26)
Redemption of mutual fund investments	31,454.75	11,233.54
Investment in fixed deposits (net)	(1,280.08)	-
Net cash flow used in investing activities (B)	**(60,907.39)**	**(2,303.67)**
C. Cash flow from financing activities		
Proceeds from issue of unit capital	25,140.48	-
Unit issue expenses	(374.79)	-
Proceeds from issue of debentures / long term borrowings	28,248.58	6850.00
Repayment of long term borrowings	(273.91)	(6,520.21)
Acquisition of borrowings	9,600.00	1675.00
Payment of upfront fees of long term borrowings	(272.91)	-
Finance costs	(3,823.19)	(2,170.70)
Distributions to unitholders	(6,101.16)	(3,399.84)
Net cash flow from / (used in) financing activities (C)	**52,143.10**	**(3,565.75)**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	2,484.75	(69.26)
Cash and cash equivalents as at beginning of year	1,603.66	1,672.92
Cash and cash equivalents as at year end	**4,088.41**	**1,603.66**

INDIA GRID TRUST
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020
(All amounts in Rs. million unless otherwise stated)

Components of cash and cash equivalents:

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Balances with banks:		
- On current accounts ^	3,467.87	519.10
- Deposit with original maturity of less than 3 months	620.54	1,084.56
Total cash and cash equivalents (refer note 8)	**4,088.41**	**1,603.66**

^ Out of total amount, Rs. 7.34 million (31 March 2019: Rs. 5.75 million) pertains to unclaimed dividend to unitholders.

* Includes amount of Rs. Nil million (31 March 2019: Rs. 429.67 million) is kept in Interest Service Reserve Account ('ISRA')/Debt Service Reserve Account ('DSRA') as per borrowing agreements with lenders.

Reconciliation between opening and closing balances for liabilities arising from financing activities:-

Particulars	**Long term borrowings**	**Short term borrowings**
01 April 2018	**19,766.46**	**4,230.00**
Cash flow		
- Interest	(2,199.99)	(127.07)
- Proceeds/(repayments)	6,280.68	(4,230.00)
- Lease liability	-	
Foreign exchange loss on borrowing	156.37	-
Accrual	2,168.76	127.07
31 March 2019	**26,172.27**	**-**
Cash flow		
- Interest	(3,823.19)	-
- Proceeds/(repayments)	37,301.76	-
- Lease liability	45.87	-
Foreign exchange loss on borrowing	209.56	-
Accrual	4,090.53	-
31 March 2020	**63,996.80**	**-**

Summary of significant accounting policies 2.3

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

per Arvind Sethi
Partner
Membership Number : 089802
Place : Pune
Date : 27 May 2020

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 27 May 2020

Swapnil Patil
Company Secretary
Place : Mumbai
Date : 27 May 2020

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

A. CONSOLIDATED STATEMENT OF NET ASSETS AT FAIR VALUE AS AT:

(Rs. in million)

Particulars	31 March 2020		31 March 2019	
	Book value	Fair value	Book value	Fair value
A. Assets	1,17,920.19	1,27,100.55	53,462.26	54,097.07
B. Liabilities (at book value)	67,433.94	67,433.94	26,696.15	26,696.15
C. Net assets (A-B)	50,486.25	59,666.61	26,766.11	27,400.93
D. Number of units	583.49	583.49	283.80	283.80
E. NAV (C/D)	86.52	102.26	94.31	96.55

Project wise breakup of fair value of assets as at **(Rs. in million)**

Project	31 March 2020	31 March 2019
Bhopal Dhule Transmission Company Limited	18,781.64	19,621.32
Jabalpur Transmission Company Limited	14,490.39	14,811.09
RAPP Transmission Company Limited	4,035.67	4,113.56
Purulia & Kharagpur Transmission Company Limited	6,501.67	6,490.78
Maheshwaram Transmission Limited	5,466.06	5,342.48
Patran Transmission Company Limited	2,386.64	2,444.73
NRSS XXIX Transmission Limited	45,382.69	-
Odisha Generation Phase-II Transmission Limited	14,371.15	-
East-North Interconnection Company Limited	12,581.81	-
Subtotal	**1,23,997.72**	**52,823.96**
Assets (in IndiGrid and Sterlite Grid 1 Limited, Sterlite Grid 2 Limited and Sterlite Grid 3 Limited)	3,102.83	1,273.11
Total assets	**1,27,100.55**	**54,097.07**

B. CONSOLIDATED STATEMENT OF TOTAL RETURNS AT FAIR VALUE FOR THE YEAR ENDED

(Rs. in million)

Particulars	31 March 2020	31 March 2019
Total Comprehensive Income (As per the statement of profit and loss)	5,057.20	1,539.14
Add/(less): Other changes in fair value (e.g., in investment property, property, plant & equipment (if cost model is followed)) not recognized in total comprehensive income	8,545.55	356.86
Total Return	**13,602.75**	**1,896.00**

Note:
1.Fair value of assets and other changes in fair value for the year then ended as disclosed in the above tables are derived based on the fair valuation reports issued by the independent valuer appointed under the InvIT Regulations.
2. Sensitivity analysis with respect to significant unobservable inputs used in the fair value measurement has been disclosed in Note 25A.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)

A) Statement of Net Distributable Cash Flows (NDCFs) of India Grid Trust

(Rs in million)

Description	Year ended 31 March 2020	Year ended 31 March 2019
Cash flows received from the Portfolio Assets in the form of interest	**10,114.90**	**4,447.45**
Cash flows received from the Portfolio Assets in the form of dividend	-	-
Any other income accruing at IndiGrid level and not captured above, including but not limited to interest/return on surplus cash invested by IndiGrid	177.66	27.47
Cash flows received from the Portfolio Assets towards the repayment of the debt issued to the Portfolio Assets by IndiGrid	6,752.28	303.37
Proceeds from the Portfolio Assets for a capital reduction by way of a buy back or any other means as permitted, subject to applicable law	-	-
Proceeds from sale of assets of the Portfolio Asset not distributed pursuant to an earlier plan to re-invest, or if such proceeds are not intended to be invested subsequently	-	-
Total cash inflow at the IndiGrid level (A)	**17,044.84**	**4,778.29**
Less: Any payment of fees, interest and expense incurred at IndiGrid level, including but not limited to the fees of the Investment Manager and Trustee (refer note i)	(2,941.27)	(1,158.18)
Less: Costs/retention associated with sale of assets of the Portfolio Assets:	-	-
-related debts settled or due to be settled from sale proceeds of Portfolio Assets;	-	-
-transaction costs paid on sale of the assets of the Portfolio Assets; and	-	-
-capital gains taxes on sale of assets/ shares in Portfolio Assets/ other investments.	-	-
Less: Proceeds reinvested or planned to be reinvested in accordance with Regulation 18(7)(a) of the InvIT Regulations	-	-
Less: Repayment of external debt at the IndiGrid level and at the level of any of the underlying portfolio assets/special purpose vehicles (Excluding refinancing)	-	-
Less: Income tax (if applicable) at the standalone IndiGrid level	(56.96)	(6.24)
Less: Amount invested in any of the Portfolio Assets for service of debt or interest	(6,843.29)	(261.80)
Less: Repair work in relation to the projects undertaken by any of the Portfolio Assets	-	-
Total cash outflows / retention at IndiGrid level (B)	**(9,841.52)**	**(1,426.22)**
Net Distributable Cash Flows (C) = (A+B) (refer note iii)	**7,203.33**	**3,352.07**

Notes to the Statement of Net Distributable Cash Flows of IndiGrid
i. Does not include interest accrued but not due of Rs. 150.51 million related to market linked non convertible debentures ('MLDs') which is payable on maturity of these MLDs in FY 2022-2024.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)

B) Statement of Net Distributable Cash Flows (NDCFs) of underlying Holdcos and SPVs

(i) Sterlite Grid 1 Limited (SGL1) (Holdco)

(Rs in million)

Description	Year ended 31 March 2020	Year ended 31 March 2019
Profit/(loss) after tax as per profit and loss account (A)	**(884.64)**	**(454.51)**
Add: Depreciation, impairment and amortisation	436.45	5.89
Add/Less: Decrease/(increase) in working capital	4.93	(155.55)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	621.04	639.14
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
-related debts settled or due to be settled from sale proceeds;	-	-
-directly attributable transaction costs;	-	-
-directly attributable transaction costs;	-	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	-	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
-deferred tax;	(160.15)	(185.97)
- Unwinding of Interest cost on Non convertible debentures issued at interest rate lower than market rate of interest	-	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-	-
Total Adjustments (B)	**902.28**	**303.51**
Net Distributable Cash Flows (C)=(A+B)	**17.64**	**(151.00)**

Note: During the year, an amount of Rs. 17.97 million (being at least 90%) has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)

(ii) Sterlite Grid 2 Limited (SGL2) (Holdco)

(Rs in million)

Description	04 June 2019* to 31 March 2020
Profit/(loss) after tax as per profit and loss account (A)	**(129.37)**
Add: Depreciation, impairment and amortisation	-
Add/Less: Decrease/(increase) in working capital	(292.84)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	127.71
Add/less: Loss/gain on sale of infrastructure assets	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-
-related debts settled or due to be settled from sale proceeds;	-
-directly attributable transaction costs;	-
-directly attributable transaction costs;	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-
Less: Capital expenditure, if any	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-
-deferred tax;	-
- Unwinding of Interest cost on Non convertible debentures issued at interest rate lower than market rate of interest	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-
Total Adjustments (B)	**(165.13)**
Net Distributable Cash Flows (C)=(A+B)	**(294.50)**

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)

(iii) Sterlite Grid 3 Limited (SGL3) (Holdco)

(Rs in million)

Description	28 June 2019* to 31 March 2020
Profit/(loss) after tax as per profit and loss account (A)	**785.52**
Add: Depreciation, impairment and amortisation	-
Add/Less: Decrease/(increase) in working capital	0.96
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	109.20
Add/less: Loss/gain on sale of infrastructure assets	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-
-related debts settled or due to be settled from sale proceeds;	-
-directly attributable transaction costs;	-
-directly attributable transaction costs;	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss)	-
Less: Capital expenditure, if any	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-
-deferred tax;	-
- Unwinding of Interest cost on Non convertible debentures issued at interest rate lower than market rate of interest	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-
Total Adjustments (B)	**110.16**
Net Distributable Cash Flows (C)=(A+B)	**895.68**

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)

(iv) Bhopal Dhule Transmission Company Limited (BDTCL) (SPV)

(Rs in million)

Description	Year ended 31 March 2020	Year ended 31 March 2019
Profit/(loss) after tax as per profit and loss account (A)	**(285.62)**	**(571.14)**
Add: Depreciation, impairment and amortisation	707.04	708.48
Add/Less: Decrease/(increase) in working capital	(80.41)	(9.33)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	1,305.15	1,298.27
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
-related debts settled or due to be settled from sale proceeds;	-	-
-directly attributable transaction costs;	-	-
-directly attributable transaction costs;	-	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	(0.82)	(0.09)
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
-deferred tax;	-	-
-unwinding of Interest cost on interest free loan or other debentures;	-	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-	-
Amortization of Upfront fees	4.10	4.37
Loss on account of MTM of F/W & ECB	62.85	113.78
Non Cash Income - Reversal of Prepayment penalty	-	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	(120.95)	(622.10)
Total Adjustments (B)	**1,876.96**	**1,493.38**
Net Distributable Cash Flows (C)=(A+B)	**1,591.34**	**922.24**

Note: During the year, an amount of Rs. 1,522.43 million (being at least 90%) has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)

(v) Jabalpur Transmission Company Limited (JTCL) (SPV)

(Rs in million)

Description	Year ended 31 March 2020	Year ended 31 March 2019
Profit/(loss) after tax as per profit and loss account (A)	**(1,103.49)**	**(1,147.58)**
Add: Depreciation, impairment and amortisation	(34.43)	899.69
Add/Less: Decrease/(increase) in working capital	137.41	(95.22)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	2,541.68	1,905.14
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
-related debts settled or due to be settled from sale proceeds;	-	-
-directly attributable transaction costs;	-	-
-directly attributable transaction costs;	-	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	(21.08)	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
-deferred tax;	-	-
-unwinding of Interest cost on interest free loan or other debentures;	-	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-	-
Total Adjustments (B)	**2,623.58**	**2,709.61**
Net Distributable Cash Flows (C)=(A+B)	**1,520.09**	**1,562.03**

Note: During the year, an amount of Rs. 1,604.92 million (being at least 90%) has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)

(vi) RAPP Transmission Company Limited ('RTCL')

(Rs in million)

Description	Year ended 31 March 2020	Year ended 31 March 2019
Profit/(loss) after tax as per profit and loss account (A)	**27.39**	**(7.29)**
Add: Depreciation, impairment and amortisation	85.66	85.67
Add/Less: Decrease/(increase) in working capital	(31.37)	184.30
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	345.17	381.90
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
-related debts settled or due to be settled from sale proceeds;	-	-
-directly attributable transaction costs;	-	-
-directly attributable transaction costs;	-	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	-	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
-deferred tax;	-	-
-unwinding of Interest cost on interest free loan or other debentures;	-	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-	-
Total Adjustments (B)	**399.46**	**651.87**
Net Distributable Cash Flows (C)=(A+B)	**426.85**	**644.58**

Note: During the year, an amount of Rs. 477.41 million (being at least 90%) has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)

(vii) Purulia & Kharagpur Transmission Company Limited (PKTCL)(SPV)

(Rs in million)

Description	Year ended 31 March 2020	Year ended 31 March 2019
Profit/(loss) after tax as per profit and loss account (A)	**(21.19)**	**(36.47)**
Add: Depreciation, impairment and amortisation	142.89	142.91
Add/Less: Decrease/(increase) in working capital	0.13	(72.02)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	592.69	598.15
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
-related debts settled or due to be settled from sale proceeds;	-	-
-directly attributable transaction costs;	-	-
-directly attributable transaction costs;	-	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	-	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
-deferred tax;	-	-
-unwinding of Interest cost on interest free loan or other debentures;	-	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-	-
Total Adjustments (B)	**735.71**	**669.04**
Net Distributable Cash Flows (C)=(A+B)	**714.52**	**632.57**

Note: During the year, an amount of Rs. 755.39 million (being at least 90%) has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)

(viii Maheshwaram Transmission Limited (MTL)(SPV)

(Rs in million)

Description	Year ended 31 March 2020	Year ended 31 March 2019
Profit/(loss) after tax as per profit and loss account (A)	**(146.04)**	**(155.22)**
Add: Depreciation, impairment and amortisation	121.78	121.78
Add/Less: Decrease/(increase) in working capital	(8.21)	(15.12)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	568.58	562.52
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
-related debts settled or due to be settled from sale proceeds;	-	-
-directly attributable transaction costs;	-	-
-directly attributable transaction costs;	-	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	-	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
-deferred tax;	-	-
-unwinding of Interest cost on interest free loan or other debentures;	-	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-	-
Total Adjustments (B)	**682.15**	**669.18**
Net Distributable Cash Flows (C)=(A+B)	**536.11**	**513.96**

Note: During the year, an amount of Rs. 574.97 million (being at least 90%) has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
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STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)
(ix) Patran Transmission Limited (PTCL)(SPV)

(Rs in million)

Description	Year ended 31 March 2020	30 August 2018* to 31 March 2019
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	**(168.14)**	**(183.29)**
Add: Depreciation, impairment and amortisation	205.58	184.36
Add/Less: Decrease/(increase) in working capital	(7.92)	5.55
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	236.71	139.97
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
-related debts settled or due to be settled from sale proceeds;	-	-
-directly attributable transaction costs;	-	-
-directly attributable transaction costs;	-	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	-	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
-deferred tax;	-	-
-unwinding of Interest cost on interest free loan or other debentures;	-	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-	-
Total Adjustments (B)	**434.37**	**329.88**
Net Distributable Cash Flows (C)=(A+B)	**266.23**	**146.59**

* Being the date of acquisition of PTCL by IndiGrid.
Note: During the year, an amount of Rs. 274.08 million (being at least 90%) has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)

(x) NRSS XXIX Transmission Limited (NTL)(SPV)

(Rs in million)

Description	04 June 2019* to 31 March 2020
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	**598.65**
Add: Depreciation, impairment and amortisation	683.93
Add/Less: Decrease/(increase) in working capital	(456.11)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	3,484.61
Add/less: Loss/gain on sale of infrastructure assets	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-
-related debts settled or due to be settled from sale proceeds;	-
-directly attributable transaction costs;	-
-directly attributable transaction costs;	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-
Less: Capital expenditure, if any	(3.17)
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-
-deferred tax;	(95.30)
-unwinding of Interest cost on interest free loan or other debentures;	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-
Total Adjustments (B)	**3,613.97**
Net Distributable Cash Flows (C)=(A+B)	**4,212.61**

* Being the date of acquisition of NTL by IndiGrid.

Note: During the year, an amount of Rs. 4,222,95 million (being at least 90%) has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)

(xi) Odisha Generation Phase-II Transmission Limited (OGPTL)(SPV)

(Rs in million)

Description	28 June 2019* to 31 March 2020
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by	**626.45**
Add: Depreciation, impairment and amortisation	(428.76)
Add/Less: Decrease/(increase) in working capital	(75.77)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	621.56
Add/less: Loss/gain on sale of infrastructure assets	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-
-related debts settled or due to be settled from sale proceeds;	-
-directly attributable transaction costs;	-
-directly attributable transaction costs;	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-
Less: Capital expenditure, if any	0.11
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-
-deferred tax;	-
-unwinding of Interest cost on interest free loan or other debentures;	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-
Total Adjustments (B)	**117.14**
Net Distributable Cash Flows (C)=(A+B)	**743.59**

* Being the date of acquisition of OGPTL by IndiGrid.
Note: During the year, an amount of Rs. 667.95 million (being at least 90%) has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)

(xii) East-North Interconnection Company Limited (ENICL)(SPV)

(Rs in million)

Description	24 March 2020* to 31 March 2020
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	**0.65**
Add: Depreciation, impairment and amortisation	12.27
Add/Less: Decrease/(increase) in working capital	14.69
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	-
Add/less: Loss/gain on sale of infrastructure assets	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-
-related debts settled or due to be settled from sale proceeds;	-
-directly attributable transaction costs;	-
-directly attributable transaction costs;	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-
Less: Capital expenditure, if any	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-
-deferred tax;	-
-unwinding of Interest cost on interest free loan or other debentures;	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-
Total Adjustments (B)	**26.96**
Net Distributable Cash Flows (C)=(A+B)	**27.62**

* Being the date of acquisition of ENICL by IndiGrid.
Note: During the year, an amount of Rs. 26.39 million (being at least 90%) has already been distributed to IndiGrid.

1. Group information

The consolidated financial statements comprise financial statements of India Grid Trust (“the Trust” or “IndiGrid”) and its subsidiaries (collectively, the Group) for the year ended March 31, 2020. IndiGrid is an irrevocable trust settled by Sterlite Power Grid Ventures Limited (the "Sponsor") on October 21, 2016 pursuant to the Trust Deed under the provisions of the Indian Trusts Act, 1882 and registered with Securities Exchange Board of India (“SEBI”) under the SEBI (Infrastructure Investment Trust) Regulations, 2014 as an Infrastructure Investment Trust on November 28, 2016 having registration number IN/InvIT/16-17/0005. The Trustee of IndiGrid is Axis Trustee Services Limited (the "Trustee"). The Investment manager for IndiGrid is Sterlite Investment Managers Limited (the "Investment Manager" or the "Management").

The objectives of IndiGrid are to undertake activities as an infrastructure investment trust in accordance with the provisions of the InvIT Regulations and the Trust Deed. The principal activity of IndiGrid is to own and invest in power transmission assets in India with the objective of producing stable and sustainable distributions to unitholders.

As at March 31, 2020, IndiGrid has following project entities which are transmission infrastructure projects developed on Build, Own, Operate and Maintain (’BOOM’) basis:

1. Bhopal Dhule Transmission Company Limited ('BDTCL')
2. Jabalpur Transmission Company Limited ('JTCL')
3. RAPP Transmission Company Limited ('RTCL')
4. Purulia & Kharagpur Transmission Company Limited ('PKTCL')
5. Maheshwaram Transmission Limited ('MTL')
6. Patran Transmission Company Limited (‘PTCL’)
7. NRSS XXIX Transmission Limited (‘NRSS’)
8. Odisha Generation Phase-II Transmission Limited (‘OGPTL’)
9. East-North Interconnection Company Limited (‘ENICL’)

These SPVs have executed Transmission Services Agreements (“TSAs”) with Long term transmission customers under which the SPVs have to maintain the transmission infrastructure for 35-25 years post commissioning.

The address of the registered office of the Investment Manager is Maker Maxity, 5 North Avenue, Level 5, Bandra Kurla Complex, Bandra East Mumbai Maharashtra, India 400 051. The consolidated financial statements were authorised for issue in accordance with resolution passed by the Board of Directors of the Investment Manager on 27 May 2020.

2. Significant Accounting Policies

2.1 Basis of preparation

The consolidated financial statements comprise of the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Unit Holders’ Equity for the year then ended and the Consolidated Statement of Net Assets at fair value as at March 31, 2020 and the Consolidated Statement of Total Returns at fair value and the Statement of Net Distributable Cash Flows (‘NDCFs’) of the Trust, the underlying holding company (“HoldCo”) and each of its subsidiaries for the year then ended and a summary of significant accounting policies and other explanatory notes prepared in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015(as amended), prescribed under Section 133 of the Companies Act, 2013 ("Ind AS") read with SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended and the circulars issued thereunder ("InvIT Regulations").

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets measured at fair value (e.g. Liquid mutual funds)

The consolidated financial statements are presented in Indian Rupees Millions, except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries as at 31 March 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

Consolidation procedure:

(a). Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.

(b). Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c). Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 *Income Taxes* applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the unit holders of the Trust and to the non-controlling interests (if any), even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss

- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Summary of significant accounting policies

The following is the summary of significant accounting policies applied by the Group in preparing its consolidated financial statements:

a) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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 the 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 the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

The Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group has identified twelve months as its operating cycle.

b) Foreign currencies

The Group's consolidated financial statements are presented in INR, which is its functional currency. The Group does not have any foreign operation.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

c) Fair value measurement

The Group measures financial instruments such as mutual funds at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

In estimating the fair value of transmission assets/projects, the Group engages independent qualified external valuers to perform the valuation. The management works closely with the external valuers to establish the appropriate valuation techniques and inputs to the model. The management in conjunction with the external valuers also compares the change in fair value with relevant external sources to determine whether the change is reasonable. The management reports the valuation report and findings to the Board of the Investment Manager half yearly to explain the cause of fluctuations in the fair value of the transmission projects.

At each reporting date, the management analyses the movement in the values of assets and liabilities which are required to be re-measured or reassessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (Note 25B)
- Disclosures for valuation methods, significant estimates and assumptions (Note 25A and Note 22)
- Financial instruments (including those carried at amortised cost) (Note 25A and Note 25B)

d) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Power transmission services

Revenue from contracts with customers comprises of revenue from power transmission services rendered in India to Long Term Transmission Customers (LTTCs) pursuant to the respective Transmission Services Agreements (TSAs) executed by the Group with LTTCs for periods of 35 years. The Group is required to ensure that the transmission assets meet the minimum availability criteria under the respective TSAs. The Group's performance obligation under the TSAs is to provide power transmission services. The performance obligation is satisfied over time as the customers receive and consume the benefits provided by the Group's performance as the Group performs. Accordingly, the revenue from power transmission services is recognised over time based on the transmission asset availabilities and the tariff charges approved under the respective CERC tariff orders and includes unbilled revenues accrued up to the end of the accounting period. The payment is generally due within 60 days upon receipt of monthly invoice by the customer.

Contract balances

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Amounts which have been billed to the customers are disclosed as Trade receivables and amounts which are to be billed to the customers (and not conditional on the group's future performance) are disclosed under Other financial assets. Refer accounting policies for financial assets in Financial instruments – initial recognition and subsequent measurement.

e) Interest income/Dividend income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Income from dividend on investments is accrued in the year in which it is declared, whereby the Group's right to receive is established.

f) Taxation

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales/value added/goods and service taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/value added/goods and service taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the balance sheet.

g) Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required to complete the sale/distribution should indicate that it is unlikely that significant changes to the sale/distribution will be made or that the decision to sell/distribute will be withdrawn. Management must be committed to the sale/ distribution expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale/distribution classification is regarded met only when the assets or disposal group is available for immediate sale/ distribution in its present condition, subject only to terms that are usual and customary for sales/ distribution of such assets (or disposal groups), its sale/ distribution is highly probable; and it will genuinely be sold, not abandoned. The group treats sale/distribution of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active program to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet.

h) Property, plant and equipment

Capital work in progress, property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred. No decommissioning liabilities are expected or be incurred on the assets of plant and equipment.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the construction costs to the extent the expenditure can be attributable to construction activity or is incidental there to. Income earned during the construction period is deducted from the total of the indirect expenditure.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Asset Category	Useful Life considered	Useful life (Schedule II#)
Leasehold improvements	Lease Period*	30
Buildings (substation)	25	30
Substations	25-35	40
Transmission lines (including components)	25-35	40
Plant and machinery	2-5	15
Data Processing Equipment (Computers)	3-5	3-6
Furniture and Fittings	5-7.5	10
Office equipment's	4-5	3
Motor Vehicles	8	8
Roads	10	10

Schedule II to the Companies Act, 2013 which is applicable to the subsidiary companies.
*Leasehold improvements are depreciated over the useful life of the asset or the lease period, whichever is lower

The Group, based on technical assessments made by technical experts and management estimates, depreciates buildings (substation) and certain items of plant and equipment, data processing equipment, furniture and fittings, office equipment and vehicles over estimated useful lives which are different from the useful lives prescribed in Schedule II to the Companies Act, 2013 which is applicable to the subsidiary companies. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

i) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

j) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Office Premises 5 years

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings (see Note 32).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is accounted on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

k) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculations on detailed budget and forecast calculations. These budgets are prepared for the entire project life.

Impairment losses of continuing operations are recognised in the statement of profit and loss

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

l) Provisions

Provisions are recognised when the Group 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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

m) 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

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 that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through

profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (d) Revenue from contracts with customers.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

i. Debt instruments at amortised cost
ii. Debt instruments at fair value through other comprehensive income (FVTOCI)
iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

Debt instrument at FVTOCI
A 'debt instrument' is classified as FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, interest income, impairment losses and reversals and foreign exchange gain or loss are recognised in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. The Group does not have any financial assets which are subsequently measured at FVTOCI.

Debt instrument at FVTPL
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

Equity investments
All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
Majority of the financial assets of the Group which are not reflected at fair value pertain to trade and other receivables. Considering the nature of business, the Group does not foresee any credit risk on its trade and other receivables which may cause an impairment. Also, the Group does not have any history of impairment of trade and other receivables.

For the financial assets which are reflected at fair value, no further impairment allowance is necessary as they reflect the fair value of the relevant financial asset itself.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include borrowings and related costs, trade and other payables and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. 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 EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to borrowings. For more information refer Note 10.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial 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 in the respective carrying amounts is recognised in the statement of profit or loss.

Embedded derivatives
An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Reclassification of financial assets
The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in statement of profit or loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to statement of profit or loss at the reclassification date.

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.

n) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Since the Group does not meet the strict criteria for hedge accounting, it has not applied hedge accounting in respect of its derivative contracts.

o) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (if any) as they are considered an integral part of the Group's cash management.

p) Cash distribution to unit holders

The Group recognises a liability to make cash distributions to unit holders when the distribution is authorised and a legal obligation has been created. As per the InvIT Regulations, a distribution is authorised when it is approved by the Board of Directors of the Investment Manager. A corresponding amount is recognised directly in equity.

q) Earnings per unit

Basic earnings per unit is calculated by dividing the net profit or loss attributable to unit holders of the Trust (after deducting preference dividends and attributable taxes if any) by the weighted average number of units outstanding during the period. The weighted average number of units outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, split, and reverse split (consolidation of units) that have changed the number of units outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per unit, the net profit or loss for the period attributable to unit holders of the Trust and the weighted average number of units outstanding during the period are adjusted for the effects of all dilutive potential units.

Changes in accounting policies and disclosures

Ind AS 116 Leases

The Group applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Ind AS 116 supersedes Ind AS 17 Leases, including Appendix A of Ind AS 17 Operating Leases-Incentives, Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17, Determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.
Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Group is the lessor.

The Group adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 April 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application.

Other Amendments to Standards, which are either not applicable to the Group or the impact is not expected to be material

- Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement
- Amendments to Ind AS 28: Long-term interests in associates and joint ventures
- Amendments to Ind AS 109: Prepayment Features with Negative Compensation
- Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment
- Annual Improvements to Ind AS 2018:
  - Amendments to Ind AS 103 Business Combinations
  - Amendments to Ind AS 111 Joint Arrangements
  - Amendments to Ind AS 12 Income Taxes
  - Amendments to Ind AS 23 Borrowing Costs

Note 3: Property, plant and equipment

(Rs. in million)

Particulars	Freehold land	Lease hold land	Building - office (leasehold improvements)	Building - Substations	Substations	Transmission lines	Plant and machinery	Data processing equipments	Furniture and fitting	Vehicle	Office equipment	Roads	Right-of-use asset (Refer note b)	Total
Gross block														
As at 1 April 2018	24.94	89.86	0.59	57.14	6,311.64	44,916.19	17.26	1.37	1.24	-	1.71	-	-	51,421.94
Additions on account of acquisition (refer note 22)	87.34	-	-	62.69	2,096.00	-	-	-	-	0.45	-	5.57	-	2,252.05
Other additions during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	(422.78)	-	-	-	-	-	-	-	-	(422.78)
Disposals	-	-	-	-	-	-	(11.31)	-	-	-	-	-	-	(11.31)
As at 31 March 2019	**112.28**	**89.86**	**0.59**	**119.83**	**7,984.86**	**44,916.19**	**5.95**	**1.37**	**1.24**	**0.45**	**1.71**	**5.57**	**-**	**53,239.90**
Additions on account of acquisition (refer note 22)	9.29	-	-	-	8,265.89	52,619.97	0.15	0.29	0.39	2.47	2.76	-	-	60,901.21
Other additions during the year	-	-	-	-	-	42.07	0.00*	1.59	0.81	1.32	0.05	-	53.67	99.51
Disposals	-	-	-	-	-	(24.39)	-	-	-	-	(0.01)	-	-	(24.40)
As at 31 March 2020	**121.57**	**89.86**	**0.59**	**119.83**	**16,250.75**	**97,553.84**	**6.10**	**3.25**	**2.44**	**4.24**	**4.51**	**5.57**	**53.67**	**1,14,216.22**
Depreciation														
As at 1 April 2018	-	2.93	0.04	2.00	260.00	884.15	7.23	0.48	0.18	-	0.40	-	-	1,157.41
Charge for the year	-	3.51	0.02	5.96	293.52	1,496.89	5.98	0.44	0.35	0.15	0.55	1.85	-	1,809.22
Impairment / (reversal), net (refer note 22)	-	-	-	-	-	456.96	-	-	-	-	-	-	-	456.96
Disposals	-	-	-	-	-	-	(11.31)	-	-	-	-	-	-	(11.31)
As at 31 March 2019	**-**	**6.44**	**0.06**	**7.96**	**553.52**	**2,838.00**	**1.90**	**0.92**	**0.53**	**0.15**	**0.95**	**1.85**	**-**	**3,412.28**
Charge for the year	-	3.51	0.01	9.22	620.75	2,460.48	0.56	0.31	0.58	0.50	1.33	1.20	2.67	3,101.12
Impairment / (reversal), net (refer note 22)	-	-	-	-	-	(456.96)	-	-	-	-	-	-	-	(456.96)
Disposals	-	-	-	-	-	(3.38)	-	-	-	-	-	-	-	(3.38)
As at 31 March 2020	**-**	**9.95**	**0.07**	**17.18**	**1,174.27**	**4,838.14**	**2.46**	**1.23**	**1.11**	**0.65**	**2.28**	**3.05**	**2.67**	**6,053.06**
Net Block														
As at 31 March 2019	**112.28**	**83.42**	**0.53**	**111.87**	**7,431.34**	**42,078.19**	**4.05**	**0.45**	**0.71**	**0.30**	**0.76**	**3.72**	**-**	**49,827.62**
As at 31 March 2020	**121.57**	**79.91**	**0.52**	**102.66**	**15,076.48**	**92,715.70**	**3.64**	**2.02**	**1.33**	**3.59**	**2.22**	**2.52**	**51.00**	**1,08,163.16**

* Amounts less than Rs. 0.01 million

Note a: Certain property, plant and equipment of the Group has been pledged for the borrowing taken by the Group. Also refer note 12.

Note b: Right-of-use asset
The Group has taken office building on lease which has lease term of 5 years with lock-in-period of 3 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The cash outflows relating to leases have not yet commenced. The lease liability has been measured by using the incremental borrowing rate.

Particulars	Right-of-use asset	Lease Liabilities
As at 1 April 2019	-	-
Additions	53.67	52.16
Depreciation expense	2.67	-
Interest expense	-	1.18
Cash outflow for lease	-	-
As at 31 March 2020	**51.00**	**53.34**

Note 4: Investments

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Investment in mutual funds (valued at fair value through profit or loss)		
Quoted		
Nil units (31 March 2019- 75,474 units) of SBI Liquid Fund - Direct Plan - Daily Dividend*	-	75.72
Total	**-**	**75.72**

* Amount of Rs. Nil million (31 March 2019: Rs. 75.72 million) is kept in Debt Service Reserve Account ('DSRA') as per borrowing agreements with lenders.

Note 5: Other financial assets

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Non-Current		
Security deposits	8.87	3.45
Other bank balances (refer note 9)	0.99	0.12
Total	**9.86**	**3.57**
Current		
Unbilled revenue*	1,191.66	548.84
Advances receivable in cash	2.27	-
Interest accrued on deposits	64.59	4.41
Security deposits	0.03	0.01
Insurance claim receivable#	14.15	-
Others	9.93	-
Total	**1,282.63**	**553.26**

* Unbilled revenue is the transmission charges for the month of March 2020 amounting to Rs. 1,191.66 million (31 March 2019 : Rs. 548.84 million) billed to transmission utilities in the month of April 2020.

On 8 June 2019, the Jabalpur-Bina transmission line ('JB Line') of Jabalpur Transmission Company Limited ('JTCL') was rendered inoperable due to a storm which damaged certain towers of the transmission line. The carrying amount of assets destroyed amounting to Rs. 21.25 million which has been derecognised. JTCL has a valid insurance policy which covers the reinstatement cost for the above loss and it has filed an insurance claim with the insurer. Pending final approval of claim by the insurers, an amount equivalent to the derecognised assets charged to the statement of profit and loss has been recognised as receivable from the insurance company based on the probability of recovery of the claim by the Group.

Note 6: Other assets

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Non-Current		
Capital advances (unsecured, considered good)	10.83	-
Less: Provision for doubtful advances	(10.83)	-
	-	-
Advance income tax, including TDS (net of provisions)	217.38	48.84
Deposits paid under dispute (refer note 28)	164.91	143.14
Others	0.05	0.27
Total	**382.34**	**192.25**
Current		
Prepaid expenses	138.28	38.54
Custom deposit	-	12.79
Less: Provision for non recovery of deposit	-	(12.79)
Balance with government authorities	93.13	-
Others	4.31	7.37
Total	**235.72**	**45.91**

Note 7: Trade receivables

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Trade receivables (unsecured, considered good)	2,458.33	1,140.61
Total	**2,458.33**	**1,140.61**
Break-up of security details:		
-Unsecured, considered good	2,458.33	1,140.61
-Trade receivables which have significant increase in credit risk	-	-
-Trade receivables - credit impaired	-	-

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 60 days

See Note 31 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

Note 8: Cash and cash equivalents

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Balance with banks		
- on current accounts ^	3,467.87	519.10
- Deposit with original maturity of less than 3 months*	620.54	1,084.56
Total	**4,088.41**	**1,603.66**

Balances with banks on current accounts does not earn interest. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash-requirement of the Group and earn interest at the respective short-term deposit rates.

* Includes amount of Rs. Nil (31 March 2019: Rs. 429.67 million) is kept in Interest Service Reserve Account ('ISRA')/Debt Service Reserve Account ('DSRA') as per borrowing agreements with lenders.

^ Out of total amount, Rs. 7.34 million (31 March 2019: Rs. 5.75 million) pertains to unclaimed distribution to unit holders.

Note 9: Other bank balances

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Non-Current		
Bank deposits with original maturity of more than 12 months	0.99	0.12
Less: Disclosed under head other non current financial asset (refer note 5)	(0.99)	(0.12)
Total	**-**	**-**
Current		
Deposit with original maturity for more than 3 months but less than 12 months*	1,299.74	19.66
Total	**1,299.74**	**19.66**

* Includes amount of Rs. 1,244.20 million (31 March 2019: Rs. Nil million) is kept in interest service reserve account ('ISRA')/debt service reserve account ('DSRA') as per borrowing agreements with lenders. Further it also includes amount of Rs. 19.69 million (31 March 2019: 19.32 million) held as lien by bank against bank guarantees.

Note 10: Unit capital

	Number of units (In million)	Unit capital (Rs. in million)
As at 1 April 2018	283.80	28,380.00
Issued during the year	-	-
As at 31 March 2019	**283.80**	**28,380.00**
Issued during the year (refer note below)	299.69	25,140.48
Issue expenses (refer note below)	-	(374.79)
As at 31 March 2020	**583.49**	**53,145.69**

Note:
During the year ended 31 March 2020, the Trust raised Rs. 25,140.48 million of primary capital through a qualified institutional placement of units. The Trust issued and allotted 299,683,881 units at a price of Rs. 83.89 per unit as per the placement agreement dated May 04, 2019. Issue expenses of Rs. 374.79 million incurred in connection with issue of units have been reduced from the Unitholders capital as at 31 March 2020 in accordance with Ind AS 32 Financial Instruments: Presentation.

a. Terms/rights attached to equity shares
The Trust has only one class of units. Each Unit represents an undivided beneficial interest in the Trust. Each holder of unit is entitled to one vote per unit. The Unitholders have the right to receive at least 90% of the Net Distributable Cash Flows of the Trust at least once in every six months in each financial year in accordance with the InvIT Regulations. The Investment Manager approves distributions. The distribution will be in proportion to the number of units held by the unitholders. The Trust declares and pays distribution in Indian rupees.

A Unitholder has no equitable or proprietary interest in the projects of IndiGrid and is not entitled to any share in the transfer of the projects (or any part thereof) or any interest in the projects (or any part thereof) of IndiGrid. A Unitholder's right is limited to the right to require due administration of IndiGrid in accordance with the provisions of the Trust Deed and the Investment Management Agreement.

b. Unitholders holding more than 5 percent Units in the Trust

	31 March 2020		31 March 2019	
	Nos. in million	% holding	No. in million	% holding
Esoteric II Pte. Limited	136.03	23.31%	-	-
Government of Singapore	116.82	20.02%	-	-
Sterlite Power Grid Ventures Limited	87.55	15.00%	60.13	21.19%
Schroder Asian Asset Income Fund	19.78	3.39%	14.33	5.05%

c. The Trust has not allotted any fully paid-up units by way of bonus units nor has it bought back any class of units from the date of incorporation till the balance sheet date. Further the Trust has not issued any units for consideration other than cash from the date of incorporation till the balance sheet date.

Note 11: Other Equity

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Retained earnings / (accumulated deficit)		
Balance as per last financial statements	(1,613.89)	252.56
Add: Profit for the year	5,057.20	1,539.14
Less: Distribution during the year	(6,102.75)	(3,405.59)
Closing balance	**(2,659.44)**	**(1,613.89)**

Note 12: Long term borrowings (secured)

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Non-Current		
Debentures		
8.9922% Non-convertible debentures (refer note A below)	4,350.00	4,350.00
8.60% Non-convertible debentures (refer note A below)	2,500.00	2,500.00
9.10% Non-convertible debentures (refer note A below)	2,956.96	-
8.40% Non-convertible market linked debentures (refer note C below)	1,725.66	-
9.00% Non-convertible market linked debentures (refer note B below)	2,100.12	-
8.85% Non-convertible debentures (refer note A below)	1,969.00	-
9.10% Non-convertible debentures (refer note A below)	13,930.42	-
7.85% Non-convertible debentures (refer note E below)	6,710.00	6,820.00
Lease liability (Refer note 32) (unsecured)	45.87	-
Term loans		
Indian rupee term loan from banks (refer note D, H and G below)	24,056.61	9,945.46
Foreign currency loan from financial institution (refer note F below)	2,292.36	2,286.54
Total	**62,637.00**	**25,902.00**
The above amount includes		
Secured borrowings	62,591.13	25,902.00
Unsecured borrowings	45.87	-
Total non-current borrowings	**62,637.00**	**25,902.00**
Current maturities		
7.85% Non-convertible debentures (refer note E below)	110.00	50.00
9.25% Non-convertible debentures (refer note I below)	600.00	-
Indian rupee term loan from banks (refer note D, H and G below)	325.20	-
Foreign currency loan from financial institution (refer note F below)	205.84	166.65
Lease liability (refer note 32)	7.47	-
Interest accrued but not due on borrowings	118.76	53.62
	1,367.27	**270.27**
Less: Amount disclosed under the head ''Other current financial liabilities'' (note 14)	1,367.27	270.27
Net borrowings	**-**	**-**

India Grid Trust

(A) Non-convertible debentures referred above are secured by:

(i) first pari passu charge on entire current assets including loans and advances, any receivables accrued/realised from those loans and advances extended by the Trust to its subsidiaries (direct or indirect) including loans to all project SPVs and future SPVs;
(ii) First pari-passu charge on Escrow account of the Trust
(iii) Pledge over 51% of the share capital of specified SPVs

(B) Market linked non-convertible debentures referred above are secured by:

(i) first pari passu charge on entire current assets including loans and advances, any receivables accrued/realised from those loans and advances extended by the Trust to its subsidiaries (direct or indirect) including loans to all project SPVs and future SPVs;
(ii) First pari-passu charge on Escrow account of the Trust
(iii) Pledge over 51% of the share capital of specified SPVs

(C) Market linked non-convertible debentures referred above are secured by:

(i) first pari passu charge on entire current assets including loans and advances, any receivables accrued/realised from those loans and advances extended by the Trust to its subsidiaries (direct or indirect) including loans to all project SPVs and future SPVs;
(ii) First pari-passu charge on Escrow account of the Trust
(iii) First pari-passu charge on the ISRA and DSRA accounts.
(iv) Pledge over 51% of the share capital of specified SPVs
The Trust has created security charge on the above NCDs on 13 April 2020.

Rate of Interest	Frequency of repayment	Repayment Commencement Date	2022-2023	2023-2024	2024-2025	2028-2029
4,350 8.992% Non-convertible debentures of Rs. 10,00,000 each	At the time of maturity	14 February 2029	-	-	-	4,350
2,500 8.60% Non-convertible debentures of Rs. 10,00,000 each	At the time of maturity	31 August 2028	-	-	-	2,500
3000 9.10% Non-convertible debentures of Rs. 10,00,000 each	At the time of maturity	29 July 2024	-	-	3,000	-
1740 8.40% market linked non-convertible debentures of Rs. 10,00,000 each	At the time of maturity	24 January 2024	-	1,740	-	-
2,000 9.00% market linked non-convertible debentures of Rs. 10,00,000 each	At the time of maturity	04 January 2023	2,000	-	-	-
2,000 8.85% Non-convertible debentures of Rs. 10,00,000 each	At the time of maturity	02 November 2022	2,000	-	-	-
14,000 9.10% Non-convertible debentures of Rs. 10,00,000 each	At the time of maturity	03 June 2022	14,000	-	-	-

(D) Term loan from bank:

The Indian rupee term loan from bank carries interest at the rate of 8.25% p.a. payable monthly. Entire loan amount shall be repayable as a bullet repayment at the end of 10 years from the date of disbursement. The term loan is secured by (i) first pari passu charge on entire current assets including loans and advances, any receivables accrued/realised from those loans and advances extended by the Trust to its subsidiaries (direct or indirect) including loans to all project SPVs and future SPVs; (ii) First pari-passu charge on Escrow account of the Trust.

Bhopal Dhule Transmission Company Limited

(E) Non- Convertible Debentures:

Bhopal Dhule Transmission Company Limited ('BDTCL') had issued 7,350 Non Convertible Debentures ('NCDs') of Rs 1,000,000/- each on private placement basis which carries an interest at the rate of 7.85%. The interest is payable quarterly at the end of each quarter. 11% of the total debentures are redeemable in structured instalments in accordance with the redemption schedule. The balance 89% shall be repayable as a bullet repayment on 4th April 2022. All the NCDs together with interest, additional interest, liquidated damages, premium on prepayment, cost and charges, expenses and all other monies and all other amounts stipulated and payable to the debenture holders are secured by:
(i) First and exclusive charge on all movable assets and immovable assets of issuers including but not limited to movable plant and machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, intangible, goodwill, uncalled capital, right of way/land, civil structures, tower and cables, office buildings. present and future if any for the project.
(ii) First charge by way of:
a)Assignment/hypothecation or creation of security interest present and future of all rights, titles, interest, benefits, claims and demands whatsoever of BDTCL in the project, documents including but not limited to transmission supply agreements, transmission licenses, package/construction contracts, O&M related agreements if any, land lease agreements, service contracts etc. duly acknowledged, consented by relevant counter parties to such project documents all as amended, varied or supplemented from time to time;
b) All rights, title, interest, benefits, claims and demands whatsoever of the company in the permits, approvals and clearances pertaining to the projects, in the letter of credit, guarantee, performance bond, corporate guarantee, bank guarantees provided by any party to the project document;
c) All insurances proceeds (debenture trustee to be the loss payee in the insurance policy).
(iii) A First charge on letter of credit, Escrow account, debt service reserve account and other reserve and any other bank account of the issuer wherever maintained, present and future.
(iv)First charge on all book debts, operating cash flow, receivables, commissions, revenues of whatsoever nature and wherever arising, of BDTCL, present and future.
(v) Pledge of 51% of the equity share capital of the BDTCL.

(F) Term loans from bank and financial institutions:

Foreign currency loan from financial institution carries interest at the rate of 6m LIBOR + 2.10% to 3.80% spread. BDTCL has taken currency and interest rate swap to hedge 6m LIBOR to fixed rate. Amount of USD 15.62 million being 35% of the total loan amount shall be repayable as a bullet repayment in accordance with the repayment schedule such that average tenor of the facility shall be more than 8.51 years. Remaining amount of USD 17.78 million is being repaid in quarterly instalments till December 2026. The foreign currency loan is secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, current assets, all the accounts and intangible assets both present and future. Loans are also secured by assignment by way of security of all the right, title, interest benefits, claims and demands whatsoever of BDTCL in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time; all rights, title, interest and benefits of BDTCL into and under all clearances pertaining to the project (including transmission licence) to the extent same are assignable; all rights, title, interest, benefits, claims and demands whatsoever of BDTCL in any letter of credit, guarantee including contract guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the project document; all rights, title, interest, benefits, claims and demands whatsoever of the borrower in, to and under all insurance contracts and insurance proceeds pertaining to the project. Loans are also secured by non disposable undertaking from India Grid Trust directly/indirectly to hold at least 51% of equity share capital till final settlement date. Upon occurrence of event of default the negative lien shall be converted in pledge of 51% of the equity share capital of BDTCL.

Odisha Generation Phase-II Transmission Limited

(G) Term loan from bank:
Odisha Generation Phase-II Transmission Limited has taken Indian rupee term loan from bank. The interest rate is aligned with the bank's 3 year MCLR plus five basis points. 73% of the total amount is repayable in 46 structured quarterly instalments in accordance with amortisation schedule balance 27% is repayable as a bullet repayment as a last instalment. The Loan together with interest, fees, commission and other monies payable to the bank are secured by:

(i) A first charge on all the borrower's tangible moveable assets and all other movable assets and current and non-current assets, both present and future.
(ii) A first charge over all the accounts of the borrower and receivables
(iii) A first charge on all intangible assets of The Borrower including but not limited to goodwill, rights and undertakings and intellectual property rights and uncalled capital, book debts, current assets, operating cash flows, commissions, revenues of whatsoever nature, both present and future.
(iv) A first charge on all immovable assets of the Borrower, present and future.
(v) Pledge of equity shares representing atleast 51% of the equity share capital (if Axis bank is sole lender, shares pledged shall be restricted to 30% and balance 21% shall be under a non-disposal undertaking).

East-North Interconnection Company Limited

(H) Term loan from bank:
East-North Interconnection Company Limited has taken Indian rupee term loan from bank. interest is payable quarterly at a rate of 8% p.a . 19.25% of the total amount is repayable in 19 structured quarterly instalments in accordance with amortisation schedule balance 80.75% is repayable as a bullet repayment as a last instalment. The loan together with interest, fees, commission and other monies payable to the bank are secured by:

(i) A first charge on all the borrower's tangible moveable assets and all other movable assets and current and non-current assets, both present and future.
(ii) A first charge over all the accounts of the borrower and receivables
(iii) A first charge on all intangible assets of the borrower including but not limited to goodwill, rights and undertakings and intellectual property rights and uncalled capital, book debts, current assets, operating cash flows, commissions, revenues of whatsoever nature, both present and future.
(iv) Assignment/ Hypothecation of
a. All the right, title, interest, benefits, claims and demands whatsoever of the borrower in, to and under all the project documents including the transmission service agreement as amended, varied or supplemented from time to time;
b. The right, title and interest and benefits of the borrower in, to and under all the clearances pertaining to the project including the transmission license) to the extent the same are assignable;
c. all the right, title, interest, benefits, claims and demands whatsoever of the borrower in, to and under any letter of credit, guarantee including contractor guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the project documents and additional project documents (if any) (including any security/ letter of credit that may be available to the borrower pursuant to the transmission service agreement or in relation to the project and/or guarantees issued by EPC contractors in favour of the borrower, which may be legally assigned): and
d. all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in, to and under all Insurance Contracts and Insurance Proceeds pertaining to the Project
(v) Pledge of equity shares representing atleast 51% of the equity share capital (if Axis bank is sole lender, shares pledged shall be restricted to 30% and balance 21% shall be under a non-disposal undertaking).

(I) Non- Convertible Debentures:
During the year 2015-16, the Company issued 9,250 Non Convertible Debentures ('NCDs') of Rs 1,000,000/- each on private placement basis in three tranches of 2,125 8.85% Non Convertible Debentures, 2,375 9.10% Non Convertible Debentures and 4,750 9.25% Non Convertible Debentures having face value of Rs 1,000,000 each redeemable by 31 December 2020, 31 December 2025 and 31 December 2033 respectively in quarterly instalments ranging from Rs. 0.07 million to Rs 0.25 million. All the NCDs together with interest, additional interest, liquidated damages, premium on prepayment, cost and charges, expenses and all other monies and all other amounts stipulated and payable to the debenture holders are secured by:
1) First and exclusive charge on all movable assets and immovable assets of issuers including but not limited to movable plant and machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, intangible, goodwill, uncalled capital, right of way/land, civil structures, tower and cables, office buildings. present and future if any for the project.
2) First charge by way of:
a)Assignment/hypothecation or creation of security interest present and future of all rights, titles, interest, benefits, claims and demands whatsoever of the Company in the project, documents including but not limited to transmission supply agreements, transmission licenses, package/construction contracts, O&M related agreements if any, land lease agreements, service contracts etc. duly acknowledged, consented by relevant counter parties to such project documents all as amended, varied or supplemented from time to time;
b) All rights, title, interest, benefits, claims and demands whatsoever of the Company in the permits, approvals and clearances pertaining to the projects, in the letter of credit, guarantee, performance bond, corporate guarantee, bank guarantees provided by any party to the project document;
c) All insurances proceeds (debenture trustee to be the loss payee in the insurance policy).
3) A First charge on letter of credit, Escrow account, debt service reserve account and other reserve and any other bank account of the issuer wherever maintained, present and future.
4) First charge on all book debts, operating cash flow, receivables, commissions, revenues of whatsoever nature and wherever arising, of the Company, present and future.
5) Pledge of 51% of the equity share capital of the Company.

Further, subsequent to 31 March 2020, the Company has prepaid the amount to all the NCD holders.

Financial covenants

Loans from bank, financial institution and non convertible debentures raised contain certain debt covenants relating to limitation on interest service coverage ratio, debt service coverage ratio, total debt gearing, maintenance of specified security margin etc. The financial covenants are reviewed on availability of audited accounts of the respective borrower periodically. For the financial year ended March 31, 2020, the Group has satisfied all debt covenants prescribed in the terms of loan from bank and financial institutions, where applicable.

Note 13: Trade payables

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Trade payables		
- total outstanding dues of micro enterprises and small enterprises (refer note 30)	105.32	54.10
- total outstanding dues of creditors other than micro enterprises and small enterprises	70.55	28.19
Trade payables to related party (refer note 26)	157.04	79.67
Total	**332.91**	**161.96**

Trade payables are not-interest bearing and are normally settled on 30-90 days terms.

For explanation on the Group's risk management policies, refer note 31.

Note 14: Other financial liabilities

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Non-Current		
Payable towards project acquired *	-	156.72
Total	**-**	**156.72**
Current		
Derivative instruments		
Foreign exchange forward contracts	20.42	157.58
Cross currency interest rate swap	2.58	12.13
	23.00	**169.71**
Other financial liabilities at amortised cost		
Current maturities of long-term borrowings (refer note 12)	1,241.04	216.65
Lease liability (refer note 12)	7.47	-
Interest accrued but not due on borrowings (refer note 12)	118.76	53.62
Payables for purchase of property, plant and equipment	186.33	-
Distribution payable	7.34	5.75
Other payable to related parties (refer note 26)	-	0.69
Payable towards project acquired #	1,925.09	-
Payable for expenses	108.57	16.57
	3,594.60	**293.27**
Total	**3,617.60**	**462.98**

Derivative instruments reflect the change in fair value of foreign exchange forward contracts and currency / interest rate swaps to hedge of interest rate and foreign exchange fluctuation risks on foreign currency loan in USD. These contracts are not designated in hedge relationships and are measured at fair value through profit or loss. Refer note 31.

Other payables are non-interest bearing and have an average term of six months.

*Includes Rs. Nil million (31 March 2019: Rs. 156.32 million) payable to Sterlite Power Grid Ventures Limited pursuant to the Project Implementation and Management Agreement dated November 10, 2016 as amended (“PIMA”) towards additional tariff on account of change in law received by Bhopal Dhule Transmission Company Limited, subsidiary of the Group, as approved by Central Electricity Regulatory Commission.

Liability of Rs. 1,925.09 million (31 March 2019: Nil million) is towards acquisition of equity shares of NRSS XXIX Transmission Limited, Odisha Generation Phase-II Transmission Limited and East-North Interconnection Company Limited pursuant to respective share purchase agreements.

Note 15: Other current liabilities

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Withholding taxes (TDS) payable	22.43	11.61
Contract liability (including advances received)	167.03	-
Statutory dues payable	1.17	0.81
Others	49.64	-
Total	**240.27**	**12.42**

Note 16: Current tax liability

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Current tax liability (net)	4.10	0.07
Total	**4.10**	**0.07**

Note 17: Deferred tax liability (net)

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Deferred tax liability		
Property, plant and equipment : Impact of difference between tax depreciation and depreciation/amortisation for financial reporting	8,680.02	5,212.59
Gross deferred tax liability (A)	**8,680.02**	**5,212.59**
Deferred tax asset		
Tax losses	8,077.96	5,212.59
Gross deferred tax asset (B)	**8,077.96**	**5,212.59**
Net deferred tax liability	**602.06**	**-**

As at 31 March 2020, based on the expected future profitability of the SPVs, the management has recognised deferred tax assets on the unabsorbed tax depreciation carried forward only to the extent of deferred tax liability.

The Group has Rs. 7,340.75 million (31 March 2019: Rs. 5,149.34 million) of tax losses carried forward on which deferred tax asset has not been recognised. If the Group was able to recognise all unrecognised deferred tax assets, profit after tax would have increased and equity would have increased by Rs. 1,847.52 million (31 March 2019: Rs. 1,567.63 million).

Further, for the calculation of deferred tax assets/liabilities, the Group has not considered tax holiday available under the Income Tax Act for some of the project SPVs for the computation of deferred tax assets/liabilities. The management based on estimated cash flow workings for these project, believes that since there will be losses in the initial years of these project, no benefit under the Income tax Act would accrue to these projects in respect of the tax holiday. Management will re-assess this position at each balance sheet date.

The subsidiary companies of the Group have opted for lower tax rate as per Section 115BAA of Income Tax Act, 1961. Accordingly, the Group has recognised provision for income tax for the year ended 31 March 2020 and remeasured deferred tax liabilities and assets at revised lower tax rate. The impact for the same has been recognised in the year ended 31 March 2020.

The major components of income tax expense for the years ended 31 March 2020 and 31 March 2019 are:

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
- Current tax	56.96	6.08
- Deferred tax (refer note above)	(114.29)	-
- Income tax for earlier years	-	0.28

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2020 and 31 March 2019:

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Accounting profit before income tax	4,999.87	1,545.50
At India's statutory income tax rate of 25.17% (31 March 2019: 34.61%)	1,258.37	534.90
Impact of exemption u/s 10(23FC) of the Income Tax Act, 1961 available to the Trust	(1,201.41)	(528.82)
Charge/(reversal) of excess provision of tax created in previous year in subsidiary	-	0.28
Impact on deferred tax due to change in tax rates (refer note above)	(114.29)	-
At effective tax rate	(57.33)	6.35
Income tax expense reported in the statement of profit and loss	**(57.33)**	**6.35**

Note 18: Revenue from contracts with customers

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
18.1: Disaggregated revenue information		
Type of service		
Power transmission services	12,427.13	6,655.70
Total	**12,427.13**	**6,655.70**
Project wise break up of revenue from contracts with Customers		
Bhopal Dhule Transmission Company Limited *	2,694.19	2,577.49
Jabalpur Transmission Company Limited ^	1,504.96	2,149.79
Maheshwaram Transmission Limited $	585.18	572.33
RAPP Transmission Company Limited	460.14	456.80
Purulia & Kharagpur Transmission Company Limited	755.98	746.24
Patran Transmission Company Limited	301.48	153.05
NRSS XXIX Transmission Limited #	4,831.69	-
Odisha Generation Phase-II Transmission Limited @	1,260.29	-
East-North Interconnection Company Limited	33.22	
Total	**12,427.13**	**6,655.70**

Revenue from contracts with customers comprises of revenue from power transmission services rendered in India to Long Term Transmission Customers (LTTCs) pursuant to the respective Transmission Services Agreements (TSAs) executed by the Group with LTTCs. The TSAs are executed for a period of 35 / 25 years and have fixed tariff charges as approved by CERC (except some escalable portion and some incentives/penalties relating to transmission assets availabilities). Under the TSAs, the Group's performance obligation is to provide power transmission services. The Group is required to ensure that the transmission assets meet the minimum availability criteria under the respective TSAs failing which could result in certain disincentives/penalties. The performance obligation is satisfied over-time as the customers receive and consume the benefits provided by the Group's performance as the Group performs. The payment is generally due within 60 days upon receipt of monthly invoice by the customer.

The Group receives payments as per the pooling arrangements specified under the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 ('Pooling Regulations'). In the Point of Connection (PoC) mechanism, the transmission charges to be recovered from the entire system are allocated between users based on their location in the grid. Under the PoC mechanism, all the charges collected by the Central Transmission Utility (i.e. Power Grid Corporation of India Limited) from LTTCs are disbursed pro-rata to all Transmission Service Providers from the pool in proportion of the respective billed amount.

Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation related disclosures since the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date.

18.2: Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price

	31 March 2020	31 March 2019
Revenue as per contracted price	11,977.54	6,477.26
Adjustments:		
Incentives earned for higher asset availabilities	355.17	195.92
Surcharges received for late payments	144.24	34.98
Rebates given for early payments	(49.82)	(52.46)
Total revenue from contracts with customers	**12,427.13**	**6,655.70**

* Central Electricity Regulatory Commission ('CERC') vide its order dated 25 June 2018 approved an increase in non scalable tariff revenue by 0.69% per annum on quoted non- scalable tariff of Bhopal Dhule Transmission Company Limited ('BDTCL') from the commercial operation dates ('COD') of respective elements of the BDTCL project on account of changes in laws. In earlier year, BDTCL recognised revenue based on revised non scalable charges prospectively from 01 April 2018 instead of the COD of respective elements.

During the current year, BDTCL received arrears of Rs. 50.20 million pertaining to period from the COD of the respective elements up to 31 March 2018 which is recognised as revenue from contracts with customers in the financial year ended 31 March 2020.

On 8 June 2019, the Jabalpur-Bina transmission line ('JB Line') of Jabalpur Transmission Company Limited ('JTCL') was rendered inoperable due to a storm which damaged certain towers of the transmission line. JTCL has claimed this event as a force majeure event under the Transmission Services Agreement ('TSA'). As permitted by the TSA, JTCL has recognised tariff revenue from 8 June 2019 till 21 August 2019 pertaining to the JB Line as per the CERC approved tariff. Western Regional Power Committee has accepted the above event as force majeure from 08 June 2019 to 28 July 2019.

$ The Central Electricity Regulatory Commission ('CERC') vide its order dated 11 March 2019 approved an increase in non escalable tariff revenue by 0.32% per annum on quoted non-escalable tariff of Maheshwaram Transmission Limited ('MTL') from the commercial operation date ('COD') of the project on account of change in law. MTL has started recognizing revised non-escalable charges prospectively during the current year from 01 July 2019.

Central Electricity Regulatory Commission ('CERC') vide its order dated 17 December 2018 approved an increase in non escalable tariff revenue by 3.24% per annum on quoted non- escalable tariff of NRSS XXIX Transmission Limited ('NTL') from the commercial operation dates ('COD') of respective elements of NTL project on account increase in project cost due to changes in laws. During the current year, NTL received arrears of Rs. 108.87 million pertaining to period from the COD of the respective elements to 01 July 2019 which is recognised as revenue from contracts with customers for the financial year ended 31 March 2020.

@ Central Electricity Regulatory Commission ('CERC') vide its order dated 17 December 2018 approved an increase in non escalable tariff revenue by 0.46% per annum on quoted non- escalable tariff of Odisha Generation Phase-II Transmission Limited ('OGPTL') from the commercial operation dates ('COD') of respective elements of the OGPTL project on account increase in project cost due to changes in laws. OGPTL has started recognizing revised non-escalable charges prospectively during the current year from 01 January 2020.

Note 19: Other income

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Recovery of income tax balance written off	21.56	-
Sale of scrap	21.20	-
Reversal of provision for doubtful custom deposit *	12.79	-
Liabilities no long required written back	-	2.37
Lease rental income	-	2.48
Profit on sale of property, plant and equipment	-	7.00
Miscellaneous income	9.96	0.23
Total	**65.51**	**12.08**

* Indemnification of Rs. 12.79 million (31 March 2019: Rs. Nil million) received from Sterlite Power Grid Ventures Limited.

Note 20: Finance Cost

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Interest on financial liabilities measured at amortised cost	4,039.42	2,275.25
Other bank and finance charges	113.96	20.58
Total	**4,153.38**	**2,295.83**

Note 21: Earnings per unit (EPU)

Basic EPU amounts are calculated by dividing the consolidated profit for the year attributable to unit holders by the weighted average number of units outstanding during the year.

Diluted EPU amounts are calculated by dividing the consolidated profit attributable to unit holders by the weighted average number of units outstanding during the year plus the weighted average number of units that would be issued on conversion of all the dilutive potential units into unit capital.

The following reflects in the profit and unit data used in the basic and diluted EPU computation

	31 March 2020	31 March 2019
Profit after tax for calculating basic and diluted EPU (Rs. In million)	5,057.20	1,539.14
Weighted average number of units in calculating basic and diluted EPU (No. in million)	554.01	283.80
Effect of dilution:		
Estimated units to be issued to sponsor/project manager* (No. in million)	-	5.40
Weighted average number of equity shares in calculating diluted EPS (No. in million)	554.01	289.20
Earnings Per Unit		
Basic (Rupees/unit)	9.13	5.42
Diluted (Rupees/unit)	9.13	5.32

* units which were issuable pursuant to the Project Implementation and Management Agreement dated November 10, 2016 as amended, towards the additional transmission charges as approved by CERC for the change in tax rates which resulted in increase in non escalable tariff revenue for BDTCL.

Note 22: Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

i. Applicability of Appendix C - Service Concession Arrangements of Ind AS 115 Revenue from contracts with customers

The Group through its subsidiaries acts as a transmission licensee under the Electricity Act, 2003 holding valid licenses for 25 years. The subsidiaries have entered into Transmission Services Agreements ("TSA") with Long Term Transmission Customers ("LTTC") through a tariff based bidding process to Build, Own, Operate and Maintain ("BOOM") the transmission infrastructure for a period of 25-35 years. The management of the Company is of the view that the grantor as defined under Appendix C of Ind AS 115 ("Appendix C") requires transmission licensee to obtain various approvals under the regulatory framework to conduct its operations both during the period of the license as well as at the end of the license period. However, in the view of management, the grantor's involvement and approvals are to protect public interest and are not intended to control, through ownership, beneficial entitlement or otherwise, any significant residual interest in the transmission infrastructure at the end of the term of the arrangement. Accordingly, management is of the view that Appendix C to Ind AS 115 is not applicable to the Group.

ii. Classification of Unitholders' funds

Under the provisions of the InvIT Regulations, IndiGrid is required to distribute to Unitholders not less than ninety percent of the net distributable cash flows of IndiGrid for each financial year. Accordingly, a portion of the unitholders' funds contains a contractual obligation of the Trust to pay to its Unitholders cash distributions. The Unitholders' funds could therefore have been classified as compound financial instrument which contain both equity and liability components in accordance with Ind AS 32 - Financial Instruments: Presentation. However, in accordance with SEBI Circulars (No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016) issued under the InvIT Regulations, the unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated 20-Oct-2016 dealing with the minimum disclosures for key financial statements. In line with the above, the dividend payable to unit holders is recognised as liability when the same is approved by the Investment Manager.

iii. Acquisition of Transmission SPVs classified as asset acquisitions

The Group acquires operational transmission SPVs from the Sponsor or from third party. The purchase consideration primarily pertains to the fair value of the transmission assets. All such assets are operational assets with fixed tariff revenues under the Transmission Services Agreements (TSAs) for 35 years. The only key activity for these SPVs is the maintenance of the transmission assets which is outsourced to third parties. There are no employees in these entities and no other significant processes are performed for earning tariff revenues.

Based on evaluation of the above fact pattern vis-a-vis the guidance on definition of business under Ind AS and also keeping in view the relevant guidance on similar fact pattern available under accounting standards applicable in other jurisdictions, the management has classified the acquisition of transmission SPVs as asset acquisition.

iv. Consolidation of East North Connection Company Limited ('ENICL') as a subsidiary

The Group entered into share purchase agreement dated 23 March 2020 ("the Agreement") with Sterlite Power Transmission Limited and Sterlite Power Grid Ventures Limited ("the Selling shareholders") for acquisition of equity stake in East North Interconnection Company Limited. ("ENICL"). Pursuant to the agreement, the Group has finalized purchase consideration for entire equity stake of the selling shareholders and has paid purchase consideration for acquisition of 49% paid up equity capital in the ENICL.
Based on the contractual terms of the agreement, the Group has following rights:

- Right to nominate all directors on the board of directors of the ENICL;
- Right to direct the selling shareholders to vote according to its instructions in the AGM/EGM or any other meeting of shareholders of ENICL;
- Non-disposal undertaking from the selling shareholders for the remaining 51% equity stake in ENICL;

Considering the requirements under Ind AS 110, the Group has assessed whether it controls ENICL on the basis the above rights under the agreement and the fact that the Group has entered into irrevocable binding agreement with the selling shareholders to acquire remaining 51% paid up equity capital in ENICL. Based on the assessment, management has concluded that the Group controls ENICL in spite of the fact that it has acquired only 49% of the paid up capital of ENICL. Further, based on the legal opinion ENICL is considered as Special Purpose Vehicle as per requirements of Securities Exchange Board of India's Invite Regulations

Accordingly, the Group has consolidated ENICL assuming 100% equity ownership and no non-controlling interest (NCI) has been recognised in the consolidated Ind AS financial statements. Remaining purchase consideration payable to the selling shareholders is recognized as financial liability in the consolidated Ind AS financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

i. Impairment of non-financial assets

Non-financial assets of the Group primarily comprise of transmission assets (property, plant and equipment). Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amounts for the transmission assets are based on value in use of the projects. The value in use calculation is based on a DCF model. The cash flows are derived from the budgets/forecasts over the life of the projects. The key assumptions used to determine the recoverable amount for the assets are disclosed and further explained in Note 31.

The provision for impairment/(reversal) of impairment of property, plant and equipment is made based on the difference between carrying amounts and the recoverable amounts.

ii. Fair valuation and disclosures

SEBI Circulars issued under the InvIT Regulations require disclosures relating to net assets at fair value and total returns at fair value (refer Statement of net assets at fair value and Statement of total returns at fair value). In estimating the fair value of transmission projects (which constitutes substantial portion of the total assets), the Group engages independent qualified external valuers to perform the valuation. The management works closely with the valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the valuation report and findings to the Board of the Investment Manager half yearly to explain the cause of fluctuations in the fair value of the transmission projects. The inputs to the valuation models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as WACC, Tax rates, Inflation rates, etc. Changes in assumptions about these factors could affect the fair value. (refer Note 25A for details)

Note 23: List of subsidiaries which are included in consolidation and IndiGrid's effective holding therein are as under:

Name of the Company	Country of Incorporation	Effective Ownership as at 31 March 2020	Effective Ownership as at 31 March 2019
Directly held by the Trust			
Sterlite Grid 1 Limited	India	100%	100%
Sterlite Grid 2 Limited#	India	100%	-
Sterlite Grid 3 Limited *	India	100%	-
Patran Transmission Company Limited**	India	74%	74%
East-North Interconnection Company Limited^	India	49%	-
Indirectly held by the Trust (through subsidiaries):			
Bhopal Dhule Transmission Company Limited	India	100%	100%
Jabalpur Transmission Company Limited	India	100%	100%
Purulia & Kharagpur Transmission Company Limited	India	100%	100%
RAPP Transmission Company Limited	India	100%	74%
Maheshwaram Transmission Limited	India	100%	49%
NRSS XXIX Transmission Limited #	India	100%	-
Odisha Generation Phase-II Transmission Limited *	India	100%	-

** Pursuant to Share Purchase agreement/Shareholders' Agreement ('SPA') dated 19 February 2018 executed for the acquisition of Patran Transmission Company Limited, the Group holds 74% equity stake in the SPV and on the remaining 26%, the Group has beneficial interest based on the rights available to it under the SPA.

The Group has acquired Sterlite Grid 2 Limited (SGL2), which is the holding company of NRSS XXIX Transmission Limited ('NTL') from Sterlite Power Grid Ventures Limited ('SPGVL') pursuant to share purchase agreements dated April 30, 2019 on 04 June 2019. 100% equity share capital of SGL2 is acquired by the Group as per the share purchase agreement dated 30 April 2019.

* The Group has acquired Sterlite Grid 3 Limited which is the holding company of Odisha Generation Phase-II Transmission Limited ('OGPTL') from Sterlite Power Grid Ventures Limited ('SPGVL') pursuant to share purchase agreements dated 30 April 2019 on 28 June 2019 respectively. 100% equity share capital of SGL3 is acquired by the Group as per the share purchase agreement dated 30 April 2019.

^ The Group has acquired East-North Interconnection Company Limited ('ENICL') from Sterlite Power Grid Ventures Limited ('SPGVL') pursuant to share purchase agreements on 23 March 2020. 49% equity share capital of ENICL is acquired by the Group as per the share purchase agreement. The Group has acquired remaining 51% equity stake in ENICL on 26 May 2020 (refer note 22).

Note 24: Capital and other Commitments

(a) The Group has entered into a Framework agreement on 30 April 2019 with Sterlite Grid Ventures Limited ('SPGVL') for acquisition of Gurgaon-Palwal Transmission Limited ('GPTL'), NER II Transmission Limited ('NER') and Khargone Transmission Limited ('KTL'). The board of directors of Sterlite Investment Managers Limited and unitholders of India Grid Trust have approved acquisition of GPTL on 08 April 2020 and 09 May 2020 respectively.

(b) The Group has entered into transmission services agreement (TSA) with long term transmission customers pursuant to which the Group has to transmit power of contracted capacity and ensure minimum availability of transmission line over the period of the TSA. The TSA contains provision for disincentives and penalties in case of certain defaults.

(c) Refer note 32 of consolidated financial statements for lease related commitments

Note 25A : Fair value measurements

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(Rs. in million)

Particulars	Carrying value		Fair value	
	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Financial assets				
Investments	-	75.72	-	75.72
Total	**-**	**75.72**	**-**	**75.72**
Financial liabilities				
Derivative instruments	23.00	169.71	23.00	169.71
Total	**23.00**	**169.71**	**23.00**	**169.71**

The management has assessed that the financial assets and financial liabilities as at year end other than above are reasonable approximations of their fair values.

The fair value of the quoted mutual fund is based on the price quotations at reporting date.

The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Foreign exchange forward contracts, interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spread between the respective currencies, interest rate curves etc. The changes in counterparty credit risk had no material effect on financial instruments recognised at fair value through profit and loss.

The Group is required to present the Statement of total assets at fair value and Statement of total returns at fair value as per SEBI Circular No. CIR/IMD/DF/114/2016 dated October 20, 2016 as a part of these consolidated financial statements - Refer Statement of Net assets at fair value and Statement of Total Returns at fair value.

The inputs to the valuation models for computation of fair value of transmission assets for the above mentioned statements are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as WACC, Tax rates, Inflation rates, etc.

The significant unobservable inputs used in the fair value measurement required for disclosures as above categorised within Level 3 of the fair value hierarchy as above together with a quantitative sensitivity analysis as at 31 March 2020 are as shown below :

Rs in million

Significant unobservable inputs	Range for 31 March 2020	Range for 31 March 2019	Sensitivity of input to the fair value	Increase/ (decrease) in fair value 31 March 2020	31 March 2019
WACC	8.44% to 9.09%	8.12% to 8.40%	+ 0.5% - 0.5%	(4,769.00) 5,655.00	(2,445.95) 2,726.84
Tax rate (normal tax and MAT)	Normal Tax - 25.168% MAT - Nil	Normal Tax - 29.12% MAT - 21.55%	+ 2% - 2%	(1,277.63) 1,311.93	(306.91) 260.35
Inflation rate	Revenue: 5.00% Expenses: 2.72% to 4.56%	Revenue: 5.73% Expenses: 3.20% to 4.35%	+ 1% - 1%	(788.38) 529.45	(432.64) 360.78
Additional tariff (applicable only for BDTCL)	NA	2.39%	+ 1% - 1%	NA	210.48 (210.48)

The independent valuer has considered effect of COVID-19 on the significant unobservable inputs used in fair valuation as referred above.

Note 25B: Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2020 and 31 March 2019:

(Rs. in million)

		Fair value measurement using		
	Date of valuation	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets for which fair values are disclosed:				
Property, plant and equipment*	31 March 2020	-	-	1,17,343.54
	31 March 2019	-	-	50,184.48
Assets measured at fair value through profit and loss				
Investments in mutual funds (Asset)	31 March 2020	-	-	-
	31 March 2019	75.72	-	-
Liabilities measured at fair value through profit and loss				
Derivative instruments (Liability)	31 March 2020	-	23.00	-
	31 March 2019	-	169.71	-

There have been no transfers among Level 1, Level 2 and Level 3.

* Statement of net assets at fair value and Statement of total returns at fair value require disclosures regarding fair value of assets (liabilities are considered at book values). Since the fair value of assets other than PP&E approximate their book values, hence only PP&E has been disclosed above.

Note 26: Related party disclosures

(A) Name of related party and nature of its relationship:

I. List of related parties as per the requirements of Ind-AS 24 - Related Party Disclosures

(a) Entity with significant influence over the Trust
Sterlite Power Grid Ventures Limited (SPGVL)
Esoteric II Pte. Ltd. (from 04 May 2019)

II. List of related parties as per Regulation 2(1)(zv) of the InvIT Regulations

(a) Parties to IndiGrid
Sterlite Power Grid Ventures Limited (SPGVL) - Sponsor and Project Manager of IndiGrid (refer note 1 below)
Sterlite Investment Managers Limited (SIML) - Investment Manager of IndiGrid (refer note 2 below)
Axis Trustee Services Limited (ATSL) - Trustee of IndiGrid

(b) Promoters of the parties to IndiGrid specified in (A) above
Sterlite Power Transmission Limited- Promoter of SIML (refer note 2 below)
Sterlite Power Transmission Limited- Promoter of SPGVL
Axis Trustee Limited- Promoter of ATSL
Electron IM Pte. Ltd.- Promoter of SIML

(c) Directors of the parties to IndiGrid specified in (A) above

(i) Directors of SPGVL:
Pravin Agarwal
Pratik Agarwal
A. R. Narayanaswamy
Avaantika Kakkar
Ved Mani Tiwari
Arun Todarwal Lalchand (from 22 July 2019)
Zhao Haixia (from 11 September 2019)

(ii) Directors of SIML:
Pratik Agarwal
Kuldip Kumar Kaura (till 07 June 2019)
Tarun Kataria
Shashikant Bhojani
Rahul Asthana
Harsh Shah (whole time director)
Sanjay Omprakash Nayar (from 07 June .2019)

(iii) Directors of ATSL:
Srinivasan Varadarajan (till 20 December 2018)
Ram Bharoseylal Vaish (till 08 November 2019)
Sidharth Rath (till 01 June 2018)
Rajaraman Viswanathan (till 10 October 2018)
Raghuraman Mahalingam (till 30 September 2018)
Rajesh Kumar Dahiya (from 11 July 2018)
Sajnay Sinha (from 10 October 2018)
Ganesh Sankaran (from 18 April 2019)

(iv) Relative of directors mentioned above:
Sonakshi Agarwal
Jyoti Agarwal
Sujata Asthana

(v) Firm in which director of sponsor is partner:
Cyril Amarchand Mangaldas

(C) The transactions with related parties during the year are as follows:-

(Rs. in millions)

Particulars	Relation	2019-20	2018-19
1. Purchase of equity shares of SGL2			
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	12,626.66	-
2. Purchase of equity shares of SGL3			
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	518.31	-
3. Purchase of loan to SGL3			
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	2,289.49	-
4. Purchase of equity shares of ENICL			
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	1,259.46	-
Sterlite Power Transmission Limited	Promoters of the parties to IndiGrid	29.09	-
5. Purchase of loan to ENICL			
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	587.00	-
6. Received towards indemnification of liabilities			
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	46.36	53.47
7. Issue of unit capital			
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	2,300.13	-
Esoteric II Pte. Ltd	Entity with significant influence over the Trust	11,412.04	-
8. Purchase of projected assets in earlier years			
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	-	252.80
9. Project Manager Fees			
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	63.66	39.54
10. Investment Manager Fees			
Sterlite Investment Managers Limited	Investment Manager	238.79	130.53
11. Distribution to unit holders			
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	968.32	709.20
Esoteric II Pte. Ltd	Entity with significant influence over the Trust	1,224.32	-
Pravin Agarwal	Director of Sponsor	3.06	11.60
Pratik Agarwal	Director of Sponsor and Investment Manager	4.41	1.22
Harsh Shah	Whole time director of Investment Manager	0.12	0.06
Sonakshi Agarwal	Relative of director	0.18	-
Jyoti Agarwal	Relative of director	0.24	-
Sujata Asthana	Relative of director	0.67	-
Arun Todarwal	Director of Sponsor	0.06	-
A. R. Narayanaswamy	Director of Sponsor	0.15	-
12. Purchase of project stores			
Sterlite Power Transmission Limited	Promoter of project manager and investment manager	5.67	7.91
13. Sale of plant and machinery			
Sterlite Power Transmission Limited	Promoter of project manager and investment manager	-	9.44
14. Trustee Fee			
Axis Trustee Services Limited (ATSL)	Trustee	2.36	2.16
15. Rent			
Sterlite Power Transmission Limited	Promoter of project manager and investment manager	1.18	-
16. Legal and professional services taken			
Cyril Amarchand Mangaldas	Firm in which director of sponsor is partner	26.62	-

(D) The outstanding balances of related parties are as follows:-

(Rs in Million)

Particulars	**Relation**	**31 March 2020**	**31 March 2019**
1. Project Manager fees payable			
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	29.39	18.25
2. Investment Manager fees payable			
Sterlite Investment Managers Limited	Investment Manager	125.13	61.42
3. Purchase of project stores			
Sterlite Power Transmission Limited	Promoter of project manager and investment manager	-	0.69
4. Sale of plant and machinery			
Sterlite Power Transmission Limited	Promoter of project manager and investment manager	-	7.44
5. Payable towards project acquired			
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	1,925.09	-
6. Management fees payable			
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	2.52	-
7. Payable for purchase of property, plant and equipment			
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	23.83	-
8. Legal and professional services taken			
Cyril Amarchand Mangaldas	Firm in which director of sponsor is partner	5.18	-

Note 1: Sterlite Power Grid Ventures Limited ('SPGVL) has entered into "Inter-se sponsor agreement" dated 30 April 2019 ("the Agreement") with Esoteric II Pte. Ltd. to designate Esoteric II Pte. Ltd as a "Sponsor" of the Trust subject to approval from SEBI in terms of SEBI InvIT Regulations.

Note 2: Pursuant to "Share Subscription and Purchase Agreement" ('the agreement') executed between Electron IM Pte. Ltd. and Sterlite Power Transmission Limited ['SPTL', the holding company of Sterlite Investment Managers Limited ('SIML'), the Investment Managers of the Trust] on 30 April 2019, SPTL shall sell 74% of its stake in SIML as specified in the agreement.

Details in respect of related party transactions involving acquisition of InvIT assets as required by Para 4.4(b)(iv) of Section A of Annexure A to SEBI Circular dated 20 October 2016 are as follows:

For the financial year ended 31 March 2020: Refer disclosure below:

For the financial year ended 31 March 2019: No acquisition of InvIT assets from related parties during the year.

(A) Summary of the valuation reports (issued by the independent valuer appointed under the InvIT Regulations):

(Rs in million)

Particulars	NTL	OGPTL	ENICL
Enterprise value	41,626	12,840	11,355
Method of valuation	Discounted Cash Flow		
Discounting rate (WACC):	8.12%	8.42%	8.77%

(B) Material conditions or obligations in relation to the transactions:

Acquisition of NRSS XXIX Transmission Limited (NTL) (through acquisition of Sterlite Grid 2 Limited):

Pursuant to the share purchase agreements dated 30 April 2019 ("SPA") executed among Sterlite Power Grid Ventures Limited, Axis Trustee Services Limited, Sterlite Investment Managers Limited, Sterlite Grid 2 Limited and NRSS XXIX Transmission Limited for acquisition of equity stake in NTL. The Group has acquired 100% of equity in Sterlite Grid 2 Limited which is the holding company of NTL.

The acquisition of NTL and SG2L was financed by money raised through Qualified Institutional Placement (QIP) at India Grid of Rs. 25,140 million and from issue of Non-Convertible Debentures at IndiGrid Level of Rs. 21,000 million (rate of interest- 8.60% to 9.10%). No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Acquisition of Odisha Generation Phase-II Transmission Limited (OGPTL) (through acquisition of Sterlite Grid 3 Limited):

Pursuant to the share purchase agreements dated 30 April 2019 as amended on June 28, 2019 ("SPA") executed among Sterlite Power Grid Ventures Limited, Axis Trustee Services Limited, Sterlite Investment Managers Limited, Sterlite Grid 3 Limited and Odisha Generation Phase-II Transmission Limited for acquisition of equity stake in OGPTL. The Group has acquired 100% of equity in Sterlite Grid 3 Limited which is the holding company of OGPTL.

The acquisition of OGPTL and SG3L were financed by issue of Non-Convertible Debentures at IndiGrid Level of Rs. 21,000 million (rate of interest- 8.60% to 9.10%). No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Acquisition of East-North Interconnection Company Limited (ENICL) :

Pursuant to the share purchase agreements dated 23 March 2020 ("SPA") executed among Sterlite Power Grid Ventures Limited, Axis Trustee Services Limited, Sterlite Investment Managers Limited, Sterlite Power Transmission Limited and East-North Interconnection Limited ('ENICL') for acquisition of equity stake in ENICL. The Group has acquired 49% of equity in ENICL.

The acquisition of ENICL was financed by money raised through Qualified Institutional Placement (QIP) at India Grid Trust of Rs. 25,140 million, from issue of Non-Convertible Debentures at IndiGrid Level of Rs. 22,750 million (rate of interest- 8.40% to 9.10%) and from internal accruals during the year. No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Note 27: Derivative instruments

The Group has entered into the following derivative instruments:

(a) The following are the outstanding Forward Exchange Contracts entered into by the Group, for hedge purpose.

Year ended	Currency type	Foreign currency (In million)	Amount (Rs. million)	Buy/Sell	No. of contracts (Quantity)
Hedge of foreign currency loan from financial institution					
31 March 2020	US $	33.40	2,498.20	Buy	4
31 March 2019	US $	35.81	2,453.19	Buy	4

(b) Cross currency interest rate swap contracts outstanding as at year end to hedge against exposure to variable interest outflow on loans/foreign currency fluctuations:

Particulars	31 March 2020	31 March 2019
Currency type	US $	US $
No. of contracts	1.00	1.00
Amount (USD 'million)	7.28	7.28
Period of Contract	31 Dec 2015 to 31 Mar 2021	31 Dec 2015 to 31 Mar 2021
Floating rate	USD 6 Month Libor + 2.10% to 3.80%	USD 6 Month Libor + 2.10% to 3.80%
Fixed rate	6.71% on INR principal	6.71% on INR principal

The Group has entered into cross currency interest rate swap contract on the foreign currency loan, whereby the foreign exchange rate for principal and interest payments has been fixed at INR 65.05 / USD and the interest rate fixed at 6.71% on the loan amount converted in INR at the fixed USD rate. As a result of the contract, the Company would pay interest in INR at 6.71% on the foreign currency loan converted to INR at INR 65.05/USD and receive interest at USD 6m LIBOR + 2.10% to 3.80% on the foreign currency loan amount.

Note 28: Contingent liability

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Entry tax demand*	411.24	410.20
Sales tax demand*	24.66	104.34
Total	**435.90**	**514.54**

* The total contingent liability is recoverable from SPGVL as per the share purchase agreements.

Entry tax cases includes disputes pertaining to demand of entry tax on movement of capital goods in the state of Madhya Pradesh. Out of the total demand Rs. 138.75 million (31 March 2019: Rs. 138.70 million) pertains to Jabalpur Transmission Company Limited (‘JTCL’), Rs. 165.81 million (31 March 2019: Rs. 165.80 million) pertains to Bhopal Dhule Transmission Company Limited ('BDTCL') and Rs. 13.30 million (31 March 2019: Rs. 13.30 million) pertains to RAPP Transmission Company Limited ('RTCL') which is pending with High Court, Jabalpur.

Entry tax cases includes disputes pertaining to demand of entry tax on movement of capital goods in the state of Madhya Pradesh. The total demand Rs. 1.33 million (31 March 2019: Rs. Nil million) pertains to Bhopal Dhule Transmission Company Limited ('BDTCL') which is pending with Commissioner (Appeals).

Entry tax cases includes disputes pertaining to demand of entry tax on movement of capital goods in the state of Chhattisgarh. The total demand Rs. 92.05 million (31 March 2019: Rs. 92.04 million) pertains to Jabalpur Transmission Company Limited (‘JTCL’) out of which Rs. 51.55 is pending with the Chhattisgarh High Court and Rs.40.50 is pending with Chairman Chhattisgarh Commercial tax Tribunal, Raipur (C.G.).

Sales tax demand of Rs 24.66 million (31 March 2019: Rs. Nil million) for Sterlite Grid 1 Limited (SG1L) pertains to demand under Delhi VAT Act, 2004 for non-submission of C Forms for the year 2014-15. The Group has filed an objection against the order with Assistant Commissioner of Delhi VAT Authorities.

The Group has not provided for disputed liabilities disclosed above arising from entry tax demands which are pending with different authorities mentioned above for its decision. The Group is contesting the demands and the Group management, including its legal advisors, believe that its position will likely be upheld in the appellate process. No liability has been accrued in the consolidated financial statements for the demands raised. The Group management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Group's financial position

Others:

During the year, one of the vendor involved in construction of power transmission infrastructure has filed arbitration proceedings against East-North Interconnection Company Limited (‘ENICL’) in relation to turnkey construction contract executed by it earlier years which is pending before Arbitral Tribunal. Pursuant to share purchase agreement dated 23 March 2020, the Group has obtained corporate guarantee of INR 500 million from SPGVL in respect of said arbitration. Further, all cost, expenses, liabilities and taxes with respect to the arbitration will be to the sole account of SPGVL. The Group management doesn't expect the claim to succeed and accordingly no provision for the contingent liability has been recognised in the consolidated financial statements.

Note 29: Segment reporting

The Group's activities comprise of transmission of electricity in certain states in India. Based on the guiding principles given in Ind AS - 108 "Operating Segments", this activity falls within a single operating segment and accordingly the disclosures of Ind AS -108 have not separately been given.

Under Point of Connection (PoC) mechanism, Power Grid Corporation of India Limited ('PGCIL') is designated as central transmission utility with the responsibility for billing and collecting of usage charges from Inter-State Transmission Services (ISTS) users. Hence the entire amount of trade receivables pertaining to transmission charges is receivable from PGCIL.

Note 30: Details of Dues to Micro and Small Enterprises as defined under MSMED Act, 2006

Particulars	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
(i) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.		
Principal amount due to micro and small enterprises	105.32	54.10
Interest due on above	-	-
(ii) The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(v) 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 Micro Small and Medium Enterprise Development Act, 2006	-	-

Interest payable as per section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 is Rs. Nil million (31 March 2019: Rs. Nil million). Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of intimations received from the "suppliers" / information available with the Company regarding their status under the Micro, Small and Medium Enterprises Act, 2006.

Note 31: Financial risk management objectives and policies

The Group's principal financial liabilities comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, cash and short-term deposits and other financial assets that derive directly from its operations.

The Group is exposed to credit risk, liquidity risk and market risk. The Investment Manager of the IndiGrid oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The management reviews and agrees policies for managing each of these risks, which are summarised below.

The Risk Management policies of the Group are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Management has overall responsibility for the establishment and oversight of the Group's risk management framework.

(A) Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

The Group through its subsidiaries is engaged in transmission business under BOOM (Build, Own, Operate and Maintain) model and currently derive its revenue primarily from BOOM contracts with long term transmission customers ('LTTC'). Being transmission licensee, the Group receives payments as per the pooling arrangements specified under the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 ('Pooling Regulations'). In the PoC method, the transmission charges to be recovered from the entire system are allocated between users based on their location in the grid. Under the PoC mechanism, all the charges collected by the Central Transmission Utility ('CTU') from LTTC's are disbursed pro-rata to all Transmission Service Providers ('TSPs') from the pool in proportion of the respective billed amount. Due to this, the TSPs are shielded against any potential default by a particular customer. If a particular customer delays or defaults, the delay or shortfall is prorated amongst all the TSPs. Based on past history of payments, payments due have always been paid and there have been no write-off's for due amounts. Due to the payment mechanism explained above as well as due to no history of any write-off's of payments which were due, the Group has not considered any expected credit loss on the financial assets in the nature of trade receivables. During the various periods presented, there has been no change in the credit risk of trade receivables. However, this assessment may need a review if there is any change in the Pooling Regulations.

Credit risk from balances deposited/invested with banks and financial institutions as well as investments made in mutual funds, is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within limits assigned to each counterparty. Counterparty limits are reviewed by the top management on an annual basis, and may be updated throughout the year subject to approval of the Board of Directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. Based on this policy, the Group does not foresee any risk on account of credit losses, either in the bank deposits which are made with AAA rated banks and also in regard to mutual funds which is primarily debt oriented funds. No loss allowances have been provided for any trade receivables, or other receivables from financing activities like cash and bank deposits, mutual funds and other similar deposits. Also, there have been no modifications in contractual cash flows on financial assets.

The Group's maximum exposure to credit risk for the components of the balance sheet as at 31 March 2020 is the carrying amounts of trade and other receivables, cash and cash equivalents and other assets as disclosed in Note 5, 6, 7 and 8 respectively. However, the credit risk is low due to reasons mentioned above.

(B) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral obligations. The Group requires funds both for short term operational needs as well as for long term investment programs mainly in projects. The Group closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, liquid investments and sufficient committed fund facilities, will provide liquidity.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 30 days. The other payables are with short term durations. The carrying amounts are assumed to be reasonable approximation of fair value. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Particulars	Payable on demand	Less than 3 months	3 months to 12 months	1 to 5 years	More than 5 years	Total
31 March 2020						
Borrowings*	-	-	-	39,891.20	22,699.93	62,591.13
Trade payables	-	332.91	-	-	-	332.91
Other financial liabilities* (excluding derivative instruments)	-	943.92	2,643.21	-	-	3,587.13
Derivatives #	-	73.45	155.39	833.44	1,458.93	2,521.21
Total	**-**	**1,350.28**	**2,798.60**	**40,724.64**	**24,158.86**	**69,032.38**

Particulars	Payable on demand	Less than 3 months	3 months to 12 months	1 to 5 years	More than 5 years	Total
31 March 2019						
Borrowings*	-	-	-	7,651.68	18,250.32	25,902.00
Trade payables	-	161.96	-	-	-	161.96
Other financial liabilities* (excluding derivative instruments)	-	271.05	178.94	-	-	449.99
Derivatives #	-	209.82	126.53	831.70	1,454.84	2,622.89
Total	**-**	**642.83**	**305.47**	**8,483.38**	**19,705.16**	**29,136.84**

* Excludes lease liability of Rs. 53.34 million(31 March 2019: Rs. Nil million). Refer note 32 for maturity analysis of lease liability included in borrowings and financial liabilities.

Based on gross undiscounted cash flows. The MTM as on 31 March 2020 recognised in the books of accounts is Rs 23.00 million (31 March 2019: Rs. 169.71 million)

(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: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings, bank deposits, Investments in short-term mutual funds, and derivative financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rate primarily relates to the Group's long term debt obligations with floating interest rates. To manage this, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. As at 31 March 2020, 3.66% ((31 March 2019: 9.39%) of total borrowings of the Group are at floating interest rates

Interest rate sensitivity

The Group has taken cross currency interest rate swap to hedge its borrowings at floating interest rates. The swap contract is valid till 31 March 2021 (refer note 27 for details). Hence the disclosures regarding interest rate sensitivity have not been given.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's foreign currency borrowings and payables in foreign currency (if any).

The Group hedges its exposure to fluctuations on the translation into INR of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps and forwards.

At 31 March 2020 and 31 March 2019, the Group hedged 100% of its foreign currency borrowings. This foreign currency risk is hedged by using foreign currency forward contracts and cross currency interest rate swap.

NOTE 32: LEASES

The Group has lease contract for office building used in its operations which have lease term of 5 years with lock-in-period of 3 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The cash outflows relating to leases have not yet commenced. The lease liability has been measured by using the incremental borrowing rate.

Maturity analysis of lease liabilities:

(Rs. in million)

Particulars	Less than 3 months	3 months to 12 months	1 to 5 years	More than 5 years	Total
31 March 2020					
Lease liability	0.95	6.52	45.87	-	53.34
Total	**0.95**	**6.52**	**45.87**	**-**	**53.34**
31 March 2019					
Lease liability	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

Note 33: Corporate social responsibility

The Group management is evaluating the best possible alternative for CSR activities related to one of it's subsidiaries hence the amount has not been spent till 31 March 2020.

Note 34: Impact of COVID-19

The management has evaluated the impact of COVID 19 pandemic & lock down imposed by the Government of India on the Group. The subsidiaries of the Group which are engaged in construction and operation & maintenance of power transmission lines and substations ('power transmission infrastructure') are governed by Section 63 of The Electricity Act 2003 where in as per the Transmission Service Agreements ('TSAs') tariff revenue is accrued based on availability of power transmission infrastructure. Further, the Government of India has declared power transmission as an essential service therefore the Group is able to ensure availability of power transmission infrastructure and carry out maintenance activities during the lock down period.

The management believes that as the tariff revenues are linked to availability, irrespective of the quantum of power transmitted through the power transmission infrastructure and considering the Point of Connection ('PoC') mechanism the risk of non-collection of transmission charges receivables as of March 31, 2020 is minimum, however there could be delays in collection of trade receivables and unbilled revenue.

Further, in assessing the recoverability of receivables including unbilled receivables, the Group has considered internal and external information up to the date of approval of these consolidated financial statements including communication from regulatory agencies and LTTCs. Central Electricity Regulatory Commission ('CERC') has reduced Late Payment Charges (LPS) to 1.0% per month from 1.5% earlier or any delay in payment by the LTTCs between 24 March 2020 and 30 June 2020 which is not expected to have material impact on the financial statements of the Group. Further, the management does not see any risks in the Group's ability to continue as a going concern and meeting its liabilities as and when they fall due.

The management will continue to monitor and assess impact of economic conditions arising due to COVID 19. The impact of COVID 19 may differ from that expected at the date of approval of these consolidated financial statements.

Note 35: Capital management

For the purpose of the Group's capital management, capital includes issued Unit capital and all other reserves attributable to the unit holders of the Trust. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to unitholders, return capital to unitholders or issue new units (subject to the provisions of InvIT regulations which require distribution of at least 90% of the net distributable cash flows of the Trust to unit holders). The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio optimum. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents, other bank balances and short term investments.

Particulars	**31 March 2020 (Rs. in million)**	**31 March 2019 (Rs. in million)**
Borrowings	62,637.00	25,902.00
Trade payables	332.91	161.96
Other financial liabilities	3,617.60	619.70
Less: Cash and cash equivalents, other bank balances and short term investments	(5,388.15)	(1,699.03)
Net debt (A)	**61,199.36**	**24,984.63**
Unit capital	53,145.69	28,380.00
Other equity	(2,659.44)	(1,613.89)
Total capital (B)	**50,486.25**	**26,766.11**
Capital and net debt (C= A+B)	**1,11,685.61**	**51,750.74**
Gearing ratio (C/A)	**54.80%**	**48.28%**

Financial Covenants

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

Note 36: Details of Project Manager and Investment Manager Fees

Details of fees paid to Project Manager and Investment Manager as required pursuant to SEBI Circular No. CIR/IMD/DF/127/2016, dated November 29, 2016:

(i) Project management fees

Pursuant to the Project Implementation and Management Agreement dated 10 November 2016 as amended, Project Manager is entitled to fees @ 10% of gross expenditure incurred by each SPV in relation to operation and maintenance costs, per annum. Consolidated Statement of Profit and Loss for the period ended 31 March 2020 includes amount of Rs. 63.66 million (31 March 2019: Rs 39.54 million) towards Project Manager fees. There are no changes during the year in the methodology for computation of fees paid to Project Manager.

(ii) Investment management fees

Pursuant to the Investment Management Agreement dated 10 November 2016 as amended, Investment Manager is entitled to fees @ 1.75% of difference between revenue from operations and operating expenses (other than fees of the Investment Manager) of each SPV, per annum. For this purpose, operating expenses would not include depreciation, finance costs and income tax expense. Consolidated statement of Profit and Loss for the period ended 31 March 2020 includes amount of Rs. 238.79 million (31 March 2019: Rs 130.53 million) towards Investment Manager Fees. There are no changes during the year in the methodology for computation of fees paid to Investment Manager.

Note 37: Subsequent event

On 27 May 2020, the Board of directors of the Investment Manager approved a dividend of Rs. 3 per unit for the period 1 January 2020 to 31 March 2020 to be paid on or before 15 days from the date of declaration.

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

per Arvind Sethi
Partner
Membership Number : 089802
Place : Pune
Date : 27 May 2020

For and on behalf of the Board of Directors of
Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 27 May 2020

Swapnil Patil
Company Secretary

Place : Mumbai
Date : 27 May 2020

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of India Grid Trust

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of India Grid Trust (hereinafter referred to as "the InvIT") and its subsidiaries (the InvIT and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2019, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Statement of Changes in Unit Holders' Equity and the consolidated Statement of Cash Flow for the year then ended and the consolidated Statement of Net Assets at fair value as at March 31, 2019, the consolidated Statement of Total Returns at fair value and the Statement of Net Distributable Cash Flows ('NDCFs') of the InvIT, the underlying Holding Company ("HoldCo") and each of its subsidiaries for the year then ended, and a summary of significant accounting policies and other explanatory notes (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 as amended including any guidelines and circulars issued thereunder (together referred to as the "InvIT Regulations") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, its consolidated profit including other comprehensive income, its consolidated cash movements and its consolidated movement of the unit holders' funds for the year ended March 31, 2019, its consolidated net assets as at March 31, 2019, its consolidated total returns and the net distributable cash flows of the InvIT, the underlying HoldCo and each of its subsidiaries for the year ended March 31, 2019.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of the InvIT Regulations, 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 audit opinion on the consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Applicability of Appendix C of Ind AS 115 'Service Concession Arrangement"
(as described in note 20 of the consolidated Ind AS financial statements)</td></tr>
<tr><td>The Group through its subsidiaries acts as a transmission licensee under the Electricity Act, 2003 holding valid licenses for 25 years. The subsidiaries have entered into Transmission Services Agreements ("TSA") with Long Term Transmission Customers ("LTTC") through a tariff based bidding process to Build, Own, Operate and Maintain ("BOOM") the transmission infrastructure for a period of 35 years. The management of the Company is of the view that the grantor as defined under Appendix C of Ind AS 115 ("Appendix C") requires transmission licensee to obtain various approvals under the regulatory framework to conduct its operations both during the period of the license as well as at the end of the license period. In the view of management, the grantor’s involvement and approvals are to protect public interest and are not intended to control, through ownership, beneficial entitlement or otherwise, any significant residual interest in the transmission infrastructure at the end of the term of the arrangement. Accordingly, management is of the view that Appendix C is not applicable to the Group.

Significant management judgement is involved in determining the grantor’s involvement and whether the grantor controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the transmission infrastructure at the end of the term of the arrangement. Accordingly, it is considered as a key audit matter.</td><td>Our audit procedures included the following:

• Evaluating terms of the TSAs to understand roles and responsibilities of the grantor;

• Evaluating terms of the TSAs to assess whether the grantor controls significant residual interest in the infrastructure at the end of the term of the arrangement through ownership, beneficial ownership or otherwise.

• Discussed with management regarding the extent of grantor’s involvement in the transmission assets and grantor’s intention not to control the significant residual interest through ownership, beneficial entitlement or otherwise.

• Assessed the positions taken by other entities in India with similar projects/TSAs as to the extent of involvement of the grantor and the consequent evaluation of the applicability of Appendix C for such entities.

• Assessed the disclosures in the consolidated Ind AS financial statements for compliance with the relevant accounting standards requirements.</td></tr>
<tr><td colspan="2">Impairment of property, plant and equipment
(as described in note 21 of the consolidated Ind AS financial statements)</td></tr>
<tr><td>The group owns and operates power transmission assets which are constructed on Build, Own, Operate and Maintain Basis ("BOOM"). The carrying value of the power transmission assets as at March 31, 2019 is INR 50,284.58 million (before impairment provision)

During the current year, impairment indicators were identified by the management. As a result, an impairment assessment was required to be performed by the management under Ind AS 36 – Impairment of Assets by comparing the carrying value of the Property, Plant & Equipment to their recoverable amount to determine whether an impairment needs to be recognized.</td><td>Our audit procedures included the following:

• Assessed the appropriateness of the management’s valuation methodology applied in determining the recoverable amounts. In making this assessment, we also evaluated the objectivity and independence of the Group’s independent valuer involved in the process;

• Together with valuation specialists, we assessed the valuation reports issued by the independent valuer engaged by the management.

• We tested that the tariff revenues considered in the respective valuation models are in agreement with TSAs / tariff orders;</td></tr>
</table>

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>For the purpose of the above impairment testing, value in use has been determined by forecasting and discounting future cash flows. Furthermore, the value in use is highly sensitive to changes in the inputs used e.g. the discounting rate (WACC), inflation rates, tax rates, etc. and involves significant judgement.

Accordingly, the impairment assessment of the transmission assets was determined to be a key audit matter in our audit of the consolidated Ind AS financial statements.</td><td>• We assessed the assumptions around the key drivers of the cash flow forecasts, discount rates and residual values;

• We also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used;

• We discussed changes in key drivers as compared to previous year / actual performance with management in order to evaluate whether the inputs and assumptions used in the valuation models were appropriate;

• We tested the arithmetical accuracy of the models;

• We read/assessed the disclosures in the consolidated Ind AS financial statements for compliance with the relevant accounting standards requirements.</td></tr>
<tr><td colspan="2">Classification of unit holders funds as equity
(as described in note 21 of the consolidated Ind AS financial statements)</td></tr>
<tr><td>The InvIT is required to distribute to Unitholders not less than ninety percent of its net distributable cash flows for each financial year. Accordingly, a portion of the unitholders’ funds contains a contractual obligation of the Trust to pay to its Unitholders cash distributions. The Unitholders’ funds could therefore have been classified as compound financial instrument which contain both equity and liability components in accordance with Ind AS 32 - Financial Instruments: Presentation. However, in accordance with SEBI Circulars No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 ("SEBI Circulars") issued under the InvIT Regulations, the unitholders’ funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated October 20,2016 dealing with the minimum disclosures for key financial statements.

Based on the above, the classification of unit holders funds as equity involved considerable management judgement. Accordingly, it is considered as a key audit matter.</td><td>Our audit procedures included evaluating the requirements for classification of financial liability and equity under Ind AS 32 and evaluating the provisions of SEBI Circulars for classification/presentation of unit holders funds in the financial statements of an Infrastructure Investment Trust.

We assessed the disclosures in the consolidated Ind AS financial statements for compliance with the relevant requirements of InvIT regulations.</td></tr>
<tr><td colspan="2">Acquisition of Transmission SPVs classified as asset acquisitions
(as described in note 21 of the consolidated Ind AS financial statements)</td></tr>
<tr><td>The Group acquires operational transmission SPVs from the Sponsor or from third party. The purchase consideration primarily pertains to the fair value of</td><td>Our audit procedures included the following:</td></tr>
</table>

Key audit matters	How our audit addressed the key audit matter
the transmission assets. All such assets are operational assets with fixed tariff revenues under the Transmission Services Agreements (TSAs) for 35 years. The only key activity for these SPVs is the maintenance of the transmission assets which is outsourced to third parties. There are no employees in these entities and no other significant processes are performed for earning tariff revenues. Based on evaluation of the above fact pattern vis-a-vis the guidance on definition of business under Ind AS and also keeping in view the relevant guidance on similar fact pattern available under accounting standards applicable in other jurisdictions, the management has classified the acquisition of transmission SPVs as asset acquisition. Significant management judgement is involved in determining if the operations of transmission SPVs constitute business or asset. Accordingly, it is considered as a key audit matter.	• Read the relevant guidance under Ind AS on determining if the acquired SPV constitutes a business; • Assessed the activities of the transmission SPVs and noted that the tariff revenues for the SPVs are fixed for 35 years. We also noted that these SPVs do not have any employees and the only key process is maintenance of the transmission assets which is outsourced. Other than this, there are administrative processes which are not considered as processes for creating outputs; • Noted that the SPVs are not involved in any other business activity and the purchase consideration paid for acquisition of transmission assets is substantially towards the fair value of the transmission assets; • Assessed the disclosures in the Ind AS financial statements for compliance with the relevant accounting standards requirements.
Disclosures relating to Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value as per InvIT regulations *(as described in note 21 of the consolidated Ind AS financial statements)*	
Pursuant to SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations, India Grid Trust is required to disclose Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value which requires fair valuation of the assets. Such fair valuation has been carried out by the independent valuer appointed by the InvIT. For the purpose of the above, fair value is determined by forecasting and discounting future cash flows. The determination of fair value involves judgment due to inherent uncertainty in the underlying assumptions and it is highly sensitive to changes in some of the inputs used e.g. the discounting rate (WACC), inflation rates, tax rates, etc. The determination of the fair values involved judgment due to inherent uncertainty in the assumptions supporting the fair values. Accordingly, the disclosure of fair values as per InvIT regulations was determined to be a key audit matter in our audit of the consolidated Ind AS financial statements.	Our audit procedures included the following: • Read the requirements of InvIT regulations for disclosure relating to Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value. • Assessed the appropriateness of the management's valuation methodology in determining the fair values. In making this assessment, we also evaluated the objectivity and independence of Group's independent valuer involved in the process. • Tested controls implemented by the management to determine inputs for fair valuation as well as assumptions used in the fair valuation. • Together with valuation specialists, we assessed the valuation reports issued by the independent valuer engaged by the management. • Tested that the tariff revenues considered in the respective valuation models are in agreement with TSAs / tariff orders;

Key audit matters	How our audit addressed the key audit matter
	• Assessed the assumptions around the key drivers of the cash flow forecasts, discount rates and residual values; • Also assessed the headroom by performing sensitivity testing of key assumptions used; • Discussed changes in key drivers as compared to previous year / actual performance with management in order to evaluate whether the inputs and assumptions used in the valuation models were appropriate; • Tested the arithmetical accuracy of the models; • Read / Assessed the disclosures in the consolidated Ind AS financial statements for compliance with the relevant requirements of InvIT regulations.

Other Information

Management of Sterlite Investment Managers Limited ("Investment Manager") is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

Management of the Investment Manager is responsible for the preparation and presentation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position as at March 31, 2019, consolidated financial performance including other comprehensive income, consolidated cash movements and the consolidated movement of the unit holders' funds for the year ended March 31, 2019, the consolidated net assets as at March 31, 2019, the consolidated total returns of the InvIT and the net distributable cash flows of the InvIT, the underlying HoldCo and each of its subsidiaries in conformity with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) and/or any addendum thereto as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended read with the InvIT Regulations. This responsibility includes the design, implementation and maintenance of adequate controls for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. The Board of Directors of the Investment Manager and the respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records for safeguarding of the assets of the Group 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 the design, implementation and maintenance of adequate controls, for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Management of the Investment Manager, as aforesaid.

In preparing the consolidated financial statements, the Board of Directors of Sterlite Investment Managers Limited, the Investment Manager and respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Management of the Investment Manager and respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS 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 consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

We communicate with Management of Sterlite Investment Managers Limited, the Investment Manager and the board of directors of such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors 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 the Management of Sterlite Investment Managers Limited, the Investment Manager 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 the Management of Sterlite Investment Managers Limited, the Investment Manager, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we report that:

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

(b) The Consolidated Balance Sheet and the Consolidated Statement of Profit and Loss are in agreement with the books of account;

(c) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards (Ind AS) and/or any addendum thereto as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended;

For S R B C & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Amyn Jassani

Partner

Membership Number: 046447

Place: Mumbai

Date: April 24, 2019

INDIA GRID TRUST
CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2019
(All amounts in Rs. million unless otherwise stated)

	Note	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
ASSETS			
Non-current assets			
Property, plant and equipment	3	49,827.62	50,264.53
Financial assets			
i. Other non-current financial assets	4	3.57	12.79
Other non current assets	5	192.25	150.21
		50,023.44	**50,427.53**
Current assets			
Financial assets			
i. Investments	6	75.72	-
ii. Trade receivables	7	1,140.61	1,061.89
iii. Cash and cash equivalents	8A	1,603.66	1,672.92
iv. Bank balances other than (iii) above	8B	19.66	10.50
v. Other financial assets	4	553.26	498.85
Other current assets	5	45.91	115.25
		3,438.82	**3,359.41**
Total assets		**53,462.26**	**53,786.94**
EQUITY AND LIABILITIES			
Equity			
Unit capital	9	28,380.00	28,380.00
Other equity			
Retained earnings / (Accumulated deficit)		(1,613.89)	252.56
Total Unitholders' Equity		**26,766.11**	**28,632.56**
Non-Current liabilities			
Financial liabilities			
i. Borrowings	10	25,902.00	19,112.50
ii. Other financial liabilities	12	156.72	579.50
		26,058.72	**19,692.00**
Current liabilities			
Financial liabilities			
i. Borrowings	11	-	4,230.00
ii. Trade payables	13	161.96	130.17
iii. Other financial liabilities	12	462.98	1,088.51
Other current liabilities	14	12.42	13.70
Provision	15	0.07	-
		637.43	**5,462.38**
Total equity and liabilities		**53,462.26**	**53,786.94**
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S R B C & Co LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

per Amyn Jassani
Partner
Membership Number : 046447

Place: Mumbai
Date: 24 April 2019

For and on behalf of the Board of Directors of Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

Pratik Agarwal
Director
DIN: 03040062

Harsh Shah
CEO & Whole Time Director
DIN: 02496122

Swapnil Patil
Company Secretary

Place: Mumbai
Date: 24 April 2019

INDIA GRID TRUST
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019
(All amounts in Rs. million unless otherwise stated)

	Note	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Income			
Revenue from contract with customers	16	6,655.70	4,475.69
Dividend income on investment in mutual fund		48.64	49.94
Interest income on investment in fixed deposit		22.63	0.86
Other income	17	12.08	78.51
Total income (I)		**6,739.05**	**4,605.00**
Expenses			
Transmission infrastructure maintenance charges		175.57	107.58
Insurance expenses		87.00	65.92
Legal and professional fees		82.34	41.55
Rates and taxes		34.68	33.43
Investment Manager fees (refer note 33)		130.53	87.54
Project Manager fees (refer note 33)		39.54	26.44
Vehicle hire charges		7.26	5.20
Valuation expenses		3.70	4.06
Trustee Fee		2.16	2.94
Payment to auditors (including for subsidiaries)			
- Statutory Audit		4.74	3.48
- Other services (including certification)		4.78	1.21
Other expenses		59.24	19.99
Depreciation expense	3	1,809.22	1,157.41
Impairment of property, plant and equipment	21	456.96	-
Finance costs	18	2,295.83	1,012.57
Total expenses (II)		**5,193.55**	**2,569.33**
Profit before tax (I-II)		**1,545.50**	**2,035.68**
Tax expense			
- Current tax		6.08	-
- Deferred tax		-	-
- Income tax for earlier years	19	0.28	(67.82)
Profit for the year		**1,539.14**	**2,103.50**
<u>Other comprehensive income</u>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Total Comprehensive income		**1,539.14**	**2,103.50**
Earnings per unit (Computed on the basis of profit for the year)	20		
- Basic		5.42	7.41
- Diluted		5.32	7.25
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S R B C & Co LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

per Amyn Jassani
Partner
Membership Number : 046447

Place: Mumbai
Date: 24 April 2019

For and on behalf of the Board of Directors of Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

Pratik Agarwal
Director
DIN: 03040062

Harsh Shah
CEO & Whole Time Director
DIN: 02496122

Swapnil Patil
Company Secretary

Place: Mumbai
Date: 24 April 2019

INDIA GRID TRUST
CONSOLIDATED STATEMENT OF CHANGES IN UNIT HOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2019
(All amounts in Rs. million unless otherwise stated)

A. Unit Capital

	Nos. in million	Rs. in million
As at April 01, 2017	**-**	**-**
Units issued during the year	283.80	28,380.00
As at 31 March 2018	**283.80**	**28,380.00**
Units issued during the year	-	-
As at 31 March 2019	**283.80**	**28,380.00**

B. Other equity **(Rs. in million)**

	Retained Earnings/(Accumulated deficit)
As at April 01, 2017	-
Profit for the year	2,103.50
Other comprehensive income	-
Less: Distribution during the year*	(1,850.94)
As at 31 March 2018	**252.56**
Profit for the year	1,539.14
Other comprehensive income	-
Less: Distribution during the year*	(3,405.59)
As at 31 March 2019	**(1,613.89)**

* Pertains to the distributions made during the financial year along with the distribution related to the last quarter of FY 2017-18 and does not include the distribution relating to the last quarter of FY 2018-19 which will be paid after March 31, 2019.

The distributions made by IndiGrid to its unitholders are based on the Net Distributable Cash flows (NDCF) of IndiGrid under the InvIT Regulations and hence part of the same includes repayment of capital as well.

As per our report of even date

For S R B C & Co LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

per Amyn Jassani
Partner
Membership Number : 046447

Place: Mumbai
Date: 24 April 2019

For and on behalf of the Board of Directors of Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

Pratik Agarwal
Director
DIN: 03040062

Harsh Shah
CEO & Whole Time Director
DIN: 02496122

Swapnil Patil
Company Secretary

Place: Mumbai
Date: 24 April 2019

INDIA GRID TRUST
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
A. Cash flow from operating activities		
Net profit as per statement of profit and loss	**1,539.14**	**2,103.50**
Adjustment for taxation	6.36	(67.82)
Profit before tax	**1,545.50**	**2,035.68**
Non-cash adjustment to reconcile profit before tax to net cash flows		
-Depreciation expenses	1,809.22	1,157.41
-Impairment on property, plant and equipment	456.96	-
-Reversal of prepayment charges	(2.37)	(63.85)
Finance cost	2,295.83	1,012.57
Dividend income on mutual fund investments	(48.64)	(49.94)
Interest income on investment in fixed deposit	(22.63)	(0.86)
Gain on Sale of Property, plant and equipment	(7.00)	-
Operating profit before working capital changes	**6,026.87**	**4,091.01**
Movements in working capital :		
- Increase/(Decrease) in trade payables	31.83	106.32
- Increase/(Decrease) in other current financial liabilities	5.10	72.99
- Increase/(Decrease) in other current liabilities	(9.41)	13.71
- Decrease/(Increase) in trade receivables	(236.38)	101.45
- Decrease/(Increase) in other non current financial asset	9.45	(7.90)
- Decrease/(Increase) in other current financial asset	(50.54)	(49.40)
- Decrease/(Increase) in other non-current assets	6.79	-
- Decrease/(Increase) in other current assets	22.73	4.37
Change in working capital	**(220.43)**	**241.54**
Cash generated from operations	**5,806.44**	**4,332.55**
Direct taxes paid (net of refunds)	(6.29)	-
Net cash flow from operating activities (A)	**5,800.15**	**4,332.54**
B. Cash flow from investing activities		
Acquisition of property, plant and equipment	(2,252.05)	(44,740.74)
Acquisition of other assets (net of other liabilities)	(51.69)	(1,551.21)
Acquisition of mutual fund investments	-	(7,904.77)
Purchase of mutual fund investments	(11,309.26)	(11,636.16)
Redemption of mutual fund investments	11,233.54	19,540.93
Proceeds from sale of property, plant and equipment	8.40	-
Interest income on fixed deposits	18.76	3.27
Dividend income on current investment	48.64	49.94
Net cash flow used in investing activities (B)	**(2,303.67)**	**(46,238.74)**
C. Cash flow from financing activities		
Proceeds from issue of unit capital	-	22500.00
Proceeds from issue of debentures/ long term borrowings	6,850.00	14,230.00
Acquisition of borrowings	1,675.00	42,345.56
Repayment of borrowings	(6,520.21)	(32,546.46)
Finance costs	(2,170.70)	(1,099.05)
Distribution to unit holders	(3,399.84)	(1,850.94)
Net cash flow from / (used in) financing activities (C)	**(3,565.75)**	**43,579.11**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(69.26)	1,672.92
Cash and cash equivalents as at beginning of year	1,672.92	-
Cash and cash equivalents as at year end	**1,603.66**	**1,672.92**

INDIA GRID TRUST
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

Components of Cash and cash equivalents:

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Balances with banks:		
- On current accounts^	519.10	1,672.92
- Deposits with original maturity of less than three months	1,084.56	-
Total cash and cash equivalents (refer note 8A)	**1,603.66**	**1,672.92**

Reconciliation between opening and closing balances for liabilities arising from financing activities

Particulars	Long term borrowings	Short term borrowings
01 April 2017	-	-
Cash flow		
- Interest	(866.57)	(232.48)
-Proceeds/ (repayments)	19,852.94	4,230.00
Accrual for the year	780.09	232.48
31 March 2018	**19,766.46**	**4,230.00**
Cash Flow		
-Interest	(2,043.62)	(127.07)
-Proceeds/ (repayments)	6,280.68	(4,230.00)
Accrual for the year	2,168.76	127.07
31 March 2019	**26,172.27**	-

Summary of significant accounting policies 2.2

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

per Amyn Jassani
Partner
Membership Number: 105754
Place: Mumbai
Date: 24 April 2019

For and on behalf of the Board of Directors of Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

Pratik Agarwal
Director
DIN: 03040062

Harsh Shah
CEO & Whole Time Director
DIN: 02496122

Swapnil Patil
Company Secretary

Place: Mumbai
Date: 24 April 2019

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

A. CONSOLIDATED STATEMENT OF NET ASSETS AT FAIR VALUE AS AT:

(Rs. in million)

Particulars	31 March 2019		31 March 2018	
	Book value	Fair value	Book value	Fair value
A. Assets	53,462.26	54,097.07	53,786.94	54,064.90
B. Liabilities (at book value)	26,696.16	26,696.16	25,154.38	25,154.38
C. Net assets (A-B)	26,766.10	27,400.92	28,632.56	28,910.52
D. Number of units	283.80	283.80	283.80	283.80
E. NAV (C/D)	94.31	96.55	100.89	101.87

Project wise breakup of fair value of assets as at **(Rs. in million)**

Project	31 March 2019	31 March 2018
Bhopal Dhule Transmission Company Limited	19,621.32	20,632.61
Jabalpur Transmission Company Limited	14,760.69	15,706.90
RAPP Transmission Company Limited	4,113.56	4,285.14
Purulia & Kharagpur Transmission Limited	6,490.78	6,653.60
Maheshwaram Transmission Limited	5,342.48	5,578.96
Patran Transmission Company Limited	2,444.73	-
Subtotal	**52,773.56**	**52,857.20**
Assets (in IndiGrid and Sterlite Grid 1 Limited)	1,323.51	1,207.70
Total assets	**54,097.07**	**54,064.90**

B. CONSOLIDATED STATEMENT OF TOTAL RETURNS AT FAIR VALUE FOR THE YEAR ENDED

(Rs. in million)

Particulars	31 March 2019	31 March 2018
Total Comprehensive Income (As per the Statement of Profit and Loss)	1,539.14	2,103.50
Add/(less): Other changes in fair value (e.g., in investment property, property, plant & equipment (if cost model is followed)) not recognized in Total Comprehensive Income	356.86	277.96
Total Return	**1,896.00**	**2,381.46**

Note:

1.Fair value of assets and other changes in fair value for the year then ended as disclosed in the above tables are derived based on the fair valuation reports issued by the independent valuer appointed under the InvIT Regulations.

2. Sensitivity analysis with respect to significant unobservable inputs used in the fair value measurement has been disclosed in Note 27.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)

A) Statement of Net Distributable Cash Flows (NDCFs) of India Grid Trust

(Rs in million)

Description	Year ended March 31, 2019	Year ended March 31, 2018
Cash flows received from the Portfolio Assets in the form of interest	**4,447.45**	**2,758.65**
Cash flows received from the Portfolio Assets in the form of dividend	-	-
Any other income accruing at IndiGrid level and not captured above, including but not limited to interest/return on surplus cash invested by IndiGrid	27.47	12.54
Cash flows received from the Portfolio Assets towards the repayment of the debt issued to the Portfolio Assets by IndiGrid (refer note i)	303.37	335.88
Proceeds from the Portfolio Assets for a capital reduction by way of a buy back or any other means as permitted, subject to applicable law	-	-
Proceeds from sale of assets of the Portfolio Asset not distributed pursuant to an earlier plan to re-invest, or if such proceeds are not intended to be invested subsequently	-	-
Total cash inflow at the IndiGrid level (A)	**4,778.29**	**3,107.07**
Less: Any payment of fees, interest and expense incurred at IndiGrid level, including but not limited to the fees of the Investment Manager and Trustee (refer note ii)	(1,158.18)	(313.90)
Less: Costs/retention associated with sale of assets of the Portfolio Assets:	-	-
-related debts settled or due to be settled from sale proceeds of Portfolio Assets;	-	-
-transaction costs paid on sale of the assets of the Portfolio Assets; and	-	-
-capital gains taxes on sale of assets/ shares in Portfolio Assets/ other investments.	-	-
Less: Proceeds reinvested or planned to be reinvested in accordance with Regulation 18(7)(a) of the InvIT Regulations	-	-
Less: Repayment of external debt at the IndiGrid level and at the level of any of the underlying portfolio assets/special purpose vehicles (Excluding refinancing)	-	-
Less: Income tax (if applicable) at the standalone IndiGrid level	(6.24)	-
Less: Amount invested in any of the Portfolio Assets for service of debt or interest	(261.80)	-
Less: Repair work in relation to the projects undertaken by any of the Portfolio Assets	-	-
Total cash outflows / retention at IndiGrid level (B)	**(1,426.22)**	**(313.90)**
Net Distributable Cash Flows (C) = (A+B) (refer note iii)	**3,352.07**	**2,793.17**

Notes to the Statement of Net Distributable Cash Flows of IndiGrid

i. FY 17-18, excludes Rs. 1,395.39 million of debt repayment by JTCL to IndiGrid out of the proceeds of total external debt of Rs 4,230 million raised by JTCL during financial year 17-18

ii. Includes amount of Rs 45.13 million towards creation of interest service reserve account in respect of the external debt raised during the year

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)

B) Statement of Net Distributable Cash Flows (NDCFs) of underlying Holdcos and SPVs

(i) Sterlite Grid 1 Limited (SGL1) (Holdco)

(Rs in million)

Description	Year ended March 31, 2019	May 30, 2017* to March 31, 2018
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	**(454.51)**	**93.99**
Add: Depreciation, impairment and amortisation	5.89	7.29
Add/Less: Decrease/(increase) in working capital	(155.55)	(10.10)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	639.14	473.60
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
-related debts settled or due to be settled from sale proceeds;	-	-
-directly attributable transaction costs;	-	-
-directly attributable transaction costs;	-	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	-	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
-deferred tax;	(185.97)	(163.99)
- Unwinding of Interest cost on Non convertible debentures issued at interest rate lower than market rate of interest	-	0.30
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-	-
Amortization of Upfront fees	-	-
Loss on account of MTM of F/W & ECB	-	-
Non Cash item - Reversal of impairment of investment in subsidiary	-	(429.22)
Non Cash item - Provision for TDS receivable	-	21.52
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-	-
Total Adjustments (B)	**303.51**	**(100.60)**
Net Distributable Cash Flows (C)=(A+B)	**(151.00)**	**(6.61)**

* Being the date of acquisition of SGL1 by IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)

(ii) Bhopal Dhule Transmission Company Limited (BDTCL) (SPV)

(Rs in million)

Description	Year ended March 31, 2019	May 30, 2017* to March 31, 2018
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	**(571.14)**	**(369.97)**
Add: Depreciation, impairment and amortisation	708.48	593.20
Add/Less: Decrease/(increase) in working capital	(9.33)	86.72
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	1,298.27	1,014.26
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
-related debts settled or due to be settled from sale proceeds;	-	-
-directly attributable transaction costs;	-	-
-directly attributable transaction costs;	-	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	(0.09)	(2.93)
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items),	-	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
-deferred tax;	-	-
-unwinding of Interest cost on interest free loan or other debentures;	-	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-	-
Amortization of Upfront fees	4.37	-
Loss on account of MTM of F/W & ECB	113.78	51.35
Non Cash Income - Reversal of Prepayment penalty	-	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	(622.10)	(143.66)
Total Adjustments (B)	**1,493.38**	**1,598.94**
Net Distributable Cash Flows (C)=(A+B)	**922.24**	**1,228.98**

* Being the date of acquisition of BDTCL by IndiGrid.
Note: During the year, an amount of Rs. 832.26 million (being at least 90%) has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)

(iii) Jabalpur Transmission Company Limited (JTCL) (SPV)

(Rs in million)

Description	Year ended March 31, 2019	May 30, 2017* to March 31, 2018
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	**(1,147.58)**	**(21.60)**
Add: Depreciation, impairment and amortisation	899.69	473.80
Add/Less: Decrease/(increase) in working capital	(95.22)	5.05
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	1,905.14	1,561.34
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
-related debts settled or due to be settled from sale proceeds;	-	-
-directly attributable transaction costs;	-	-
-directly attributable transaction costs;	-	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	-	(9.23)
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-	(4.39)
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
-deferred tax;	-	-
-unwinding of Interest cost on interest free loan or other debentures;	-	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-	-
Amortization of Upfront fees	-	-
Loss on account of MTM of F/W & ECB	-	-
Non Cash Income - Reversal provision - Prepayment penalty	-	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-	-
Total Adjustments (B)	**2,709.61**	**2,026.57**
Net Distributable Cash Flows (C)=(A+B)	**1,562.03**	**2,004.97**

* Being the date of acquisition of JTCL by IndiGrid.
Note: During the year, an amount of Rs. 1,405.75 million (being at least 90%) has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)

(iv) RAPP Transmission Company Limited ('RTCL')

(Rs in million)

Description	Year ended March 31, 2019	February 15, 2018* to March 31, 2018
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	**(7.29)**	**(20.96)**
Add: Depreciation, impairment and amortisation	85.67	10.26
Add/Less: Decrease/(increase) in working capital	184.30	16.98
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	381.90	47.16
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
-related debts settled or due to be settled from sale proceeds;	-	-
-directly attributable transaction costs;	-	-
-directly attributable transaction costs;	-	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	-	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
-deferred tax;	-	-
-unwinding of Interest cost on interest free loan or other debentures;	-	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-	-
Amortization of Upfront fees	-	-
Loss on account of MTM of F/W & ECB	-	-
Non Cash Income - Reversal provision - Prepayment penalty	-	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-	-
Total Adjustments (B)	**651.87**	**74.40**
Net Distributable Cash Flows (C)=(A+B)	**644.58**	**53.44**

* Being the date of acquisition of RTCL by IndiGrid.
Note: During the year, an amount of Rs. 580.23 million (being at least 90%) has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)

(v) Purulia & Kharagpur Transmission Company Limited (PKTCL)(SPV)

(Rs in million)

Description	Year ended March 31, 2019	February 15, 2018* to March 31, 2018
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	**(36.47)**	**(34.28)**
Add: Depreciation, impairment and amortisation	142.91	17.11
Add/Less: Decrease/(increase) in working capital	(72.02)	36.84
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	598.15	73.74
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
-related debts settled or due to be settled from sale proceeds;	-	-
-directly attributable transaction costs;	-	-
-directly attributable transaction costs;	-	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	-	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
-deferred tax;	-	-
-unwinding of Interest cost on interest free loan or other debentures;	-	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-	-
Amortization of Upfront fees	-	-
Loss on account of MTM of F/W & ECB	-	-
Non Cash Income - Reversal provision - Prepayment penalty	-	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-	(19.00)
Total Adjustments (B)	**669.04**	**108.69**
Net Distributable Cash Flows (C)=(A+B)	**632.57**	**74.42**

* Being the date of acquisition of PKTCL by IndiGrid.
Note: During the year, an amount of Rs. 569.31 million (being at least 90%) has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)

(vi) Maheshwaram Transmission Limited (MTL)(SPV)

(Rs in million)

Description	Year ended March 31, 2019	February 15, 2018* to March 31, 2018
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	**(155.22)**	**(19.28)**
Add: Depreciation, impairment and amortisation	121.78	15.00
Add/Less: Decrease/(increase) in working capital	(15.12)	11.71
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	562.52	69.17
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
-related debts settled or due to be settled from sale proceeds;	-	-
-directly attributable transaction costs;	-	-
-directly attributable transaction costs;	-	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	-	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
-deferred tax;	-	-
-unwinding of Interest cost on interest free loan or other debentures;	-	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-	-
Amortization of Upfront fees	-	-
Loss on account of MTM of F/W & ECB	-	-
Non Cash Income - Reversal provision - Prepayment penalty	-	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-	-
Total Adjustments (B)	**669.18**	**95.88**
Net Distributable Cash Flows (C)=(A+B)	**513.96**	**76.60**

* Being the date of acquisition of MTL by IndiGrid.
Note: During the year, an amount of Rs. 462.57 million (being at least 90%) has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)

(vii) Patran Transmission Limited (PTCL)(SPV)

(Rs in million)

Description	Year ended March 31, 2019	August 30, 2018* to September 30, 2018
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	**(183.29)**	**(5.91)**
Add: Depreciation, impairment and amortisation	184.36	3.11
Add/Less: Decrease/(increase) in working capital	5.55	6.94
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	139.97	21.41
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
-related debts settled or due to be settled from sale proceeds;	-	-
-directly attributable transaction costs;	-	-
-directly attributable transaction costs;	-	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	-	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-	(2.37)
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
-deferred tax;	-	-
-unwinding of Interest cost on interest free loan or other debentures;	-	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-	-
Amortization of Upfront fees	-	-
Loss on account of MTM of F/W & ECB	-	-
Non Cash Income - Reversal provision - Prepayment penalty	-	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-	-
Total Adjustments (B)	**329.88**	**29.09**
Net Distributable Cash Flows (C)=(A+B)	**146.59**	**23.18**

* Being the date of acquisition of PTCL by IndiGrid.
Note: During the year, an amount of Rs. 131.93 million (being at least 90%) has already been distributed to IndiGrid.

1. Group information

The consolidated financial statements comprise financial statements of India Grid Trust ("the Trust" or "IndiGrid") and its subsidiaries (collectively, the Group) for the year ended March 31, 2019. IndiGrid is an irrevocable trust settled by Sterlite Power Grid Ventures Limited (the "Sponsor") on October 21, 2016 pursuant to the Trust Deed under the provisions of the Indian Trusts Act, 1882 and registered with Securities Exchange Board of India ("SEBI") under the SEBI (Infrastructure Investment Trust) Regulations, 2014 as an Infrastructure Investment Trust on November 28, 2016 having registration number IN/InvIT/16-17/0005. The Trustee of IndiGrid is Axis Trustee Services Limited (the "Trustee"). The Investment manager for IndiGrid is Sterlite Investment Managers Limited (the "Investment Manager" or the "Management").

The objectives of IndiGrid are to undertake activities as an infrastructure investment trust in accordance with the provisions of the InvIT Regulations and the Trust Deed. The principal activity of IndiGrid is to own and invest in power transmission assets in India with the objective of producing stable and sustainable distributions to unitholders.

As at March 31,2019, IndiGrid has following project entities which are transmission infrastructure projects developed on Build, Own, Operate and Maintain ('BOOM') basis:

1. Bhopal Dhule Transmission Limited ('BDTCL')
2. Jabalpur Transmission Company Limited ('JTCL')
3. RAPP Transmission Company Limited ('RTCL')
4. Purulia & Kharagpur Transmission Company Limited ('PKTCL')
5. Maheshwaram Transmission Limited ('MTL')
6. Patran Transmission Company Limited ('PTCL')

These SPVs have executed Transmission Services Agreements ("TSAs") with Long term transmission customers under which the SPVs have to maintain the transmission infrastructure for 35 years post commissioning.

The address of the registered office of the Investment Manager is Maker Maxity, 5 North Avenue, Level 5, Bandra Kurla Complex, Bandra East Mumbai Maharashtra, India 400 051. The consolidated financial statements were authorised for issue in accordance with resolution passed by the Board of Directors of the Investment Manager on April 24, 2018.

2. Significant Accounting Policies

2.1 Basis of preparation

The consolidated financial statements comprise of the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Unit Holders' Equity for the year then ended and the Consolidated Statement of Net Assets at fair value as at March 31, 2019 and the Consolidated Statement of Total Returns at fair value and the Statement of Net Distributable Cash Flows ('NDCFs') of the Trust, the underlying holding company ("HoldCo") and each of its subsidiaries for the year then ended and a summary of significant accounting policies and other explanatory notes prepared in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015(as amended), prescribed under Section 133 of the Companies Act, 2013 ("Ind AS") read with SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended and the circulars issued thereunder ("InvIT Regulations").

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets measured at fair value (e.g. Liquid mutual funds)

The consolidated financial statements are presented in Indian Rupees Millions, except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries as at 31 March 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

Consolidation procedure:

(a). Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b). Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c). Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 *Income Taxes* applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the unit holders of the Trust and to the non-controlling interests (if any), even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss

- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Summary of significant accounting policies

The following is the summary of significant accounting policies applied by the Group in preparing its consolidated financial statements:

a) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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 the 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 the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

The Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group has identified twelve months as its operating cycle.

b) Foreign currencies

The Group's consolidated financial statements are presented in INR, which is its functional currency. The Group does not have any foreign operation.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

c) Fair value measurement

The Group measures financial instruments such as mutual funds at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

In estimating the fair value of transmission assets/projects, the Group engages independent qualified external valuers to perform the valuation. The management works closely with the external valuers to establish the appropriate valuation techniques and inputs to the model. The management in conjunction with the external valuers also compares the change in fair value with relevant external sources to determine whether the change is reasonable. The management reports the valuation report and findings to the Board of the Investment Manager half yearly to explain the cause of fluctuations in the fair value of the transmission projects.

At each reporting date, the management analyses the movement of assets and liabilities which are required to be re-measured or reassessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (Note 29)
- Disclosures for valuation methods, significant estimates and assumptions (Note 21, Note 29)
- Financial instruments (including those carried at amortised cost) (Note 29, Note 30)

d) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Power transmission services

Revenue from contracts with customers comprises of revenue from power transmission services rendered in India to Long Term Transmission Customers (LTTCs) pursuant to the respective Transmission Services Agreements (TSAs) executed by the Group with LTTCs for periods of 35 years. The Group is required to ensure that the transmission assets meet the minimum availability criteria under the respective TSAs. The Group's performance obligation under the TSAs is to provide power transmission services. The performance obligation is satisfied over time as the customers receive and consume the benefits provided by the Group's performance as the Group performs. Accordingly, the revenue from power transmission services is recognised over time based on the transmission asset availabilities and the tariff charges approved under the respective CERC tariff orders and includes unbilled revenues accrued up to the end of the accounting period. The payment is generally due within 60 days upon receipt of monthly invoice by the customer.

Contract balances

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Amounts which have been billed to the customers are disclosed as Trade receivables and amounts which are to be billed to the customers (and not conditional on the group's future performance) are disclosed under Other financial assets. Refer accounting policies for financial assets in Financial instruments – initial recognition and subsequent measurement.

e) Interest income/Dividend income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Income from dividend on investments is accrued in the year in which it is declared, whereby the Group's right to receive is established.

Taxation

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales/value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the balance sheet.

f) Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required to complete the sale/distribution should indicate that it is unlikely that significant changes to the sale/distribution will be made or that the decision to sell/distribute will be withdrawn. Management must be committed to the sale/ distribution expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale/distribution classification is regarded met only when the assets or disposal group is available for immediate sale/ distribution in its present condition, subject only to terms that are usual and customary for sales/ distribution of such assets (or disposal groups), its sale/ distribution is highly probable; and it will genuinely be sold, not abandoned. The group treats sale/distribution of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active program to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet.

g) Property, plant and equipment

Capital work in progress, property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred. No decommissioning liabilities are expected or be incurred on the assets of plant and equipment.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the construction costs to the extent the expenditure can be attributable to construction activity or is incidental there to. Income earned during the construction period is deducted from the total of the indirect expenditure.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Asset Category	Useful Life considered	Useful life (Schedule II#)
Leasehold improvements	Lease Period*	30
Buildings (substation)	25	30
Substations	25-35	40
Transmission lines (including components)	25-35	40
Plant and machinery	2-5	15
Data Processing Equipments (Computers)	5	3-6
Furniture and Fittings	5	10
Office Equipments	5	3

Schedule II to the Companies Act, 2013 which is applicable to the subsidiary companies.
*Leasehold improvements are depreciated over the useful life of the asset or the lease period, whichever is lower

The Group, based on technical assessments made by technical experts and management estimates, depreciates buildings (substation) and certain items of plant and equipment, data processing equipments, furniture and fittings, office equipments and vehicles over estimated useful lives which are different from the useful lives prescribed in Schedule II to the Companies Act, 2013 which is applicable to the subsidiary companies. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

h) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

i) Leases

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

Group as lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Operating lease payments are recognised as an expense in the consolidated statement of profit and loss on a straight-line basis over the lease term.

Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee.

j) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculations on detailed budget and forecast calculations. These budgets are prepared for the entire project life.

Impairment losses of continuing operations are recognised in the statement of profit and loss

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

k) Provisions

Provisions are recognised when the Group 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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

l) 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

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 that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

i. Debt instruments at amortised cost
ii. Debt instruments at fair value through other comprehensive income (FVTOCI)
iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

Debt instrument at FVTOCI
A 'debt instrument' is classified as FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, interest income, impairment losses and reversals and foreign exchange gain or loss are recognised in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. The Group does not have any financial assets which are subsequently measured at FVTOCI.

Debt instrument at FVTPL
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

Equity investments
All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
Majority of the financial assets of the Group which are not reflected at fair value pertain to trade and other receivables. Considering the nature of business, the Group does not foresee any credit risk on its trade and other receivables which may cause an impairment. Also, the Group does not have any history of impairment of trade and other receivables.

For the financial assets which are reflected at fair value, no further impairment allowance is necessary as they reflect the fair value of the relevant financial asset itself.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include borrowings and related costs, trade and other payables and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified

as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to borrowings. For more information refer Note 10.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial 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 in the respective carrying amounts is recognised in the statement of profit or loss.

Embedded derivatives
An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Reclassification of financial assets
The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in statement of profit or loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to statement of profit or loss at the reclassification date.

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.

m) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Since the Group does not meet the strict criteria for hedge accounting, it has not applied hedge accounting in respect of its derivative contracts.

n) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (if any) as they are considered an integral part of the Group's cash management.

o) Cash distribution to unit holders

The Group recognises a liability to make cash distributions to unit holders when the distribution is authorised and a legal obligation has been created. As per the InvIT Regulations, a distribution is authorised when it is approved by the Board of Directors of the Investment Manager. A corresponding amount is recognised directly in equity.

p) Earnings per unit

Basic earnings per unit is calculated by dividing the net profit or loss attributable to unit holders of the Trust (after deducting preference dividends and attributable taxes if any) by the weighted average number of units outstanding during the period. The weighted average number of units outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, split, and reverse split (consolidation of units) that have changed the number of units outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per unit, the net profit or loss for the period attributable to unit holders of the Trust and the weighted average number of units outstanding during the period are adjusted for the effects of all dilutive potential units.

2.4 Standards issued but not yet effective

Ind AS 116 Leases was notified on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. Lessor accounting under Ind AS 116 is substantially unchanged from the current accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Group intends to adopt this standard, if applicable, when it becomes effective. As the Group does not have any material leases, therefore the adoption of this standard is not likely to have a material impact on its Consolidated Financial Statements.

INDIA GRID TRUST
Notes to financial statements for the year ended 31 March 2019

Note 3: Property, plant and equipment

Particulars	Freehold land	Lease hold land	Building - office (Leasehold improvements)	Building - Substations	Substations	Transmission lines	Plant and machinery	Data processing equipments	Furniture and fitting	Office equipment	Roads	Motor Vehicles	Total
Gross Block													
At April 1, 2017	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions on account of acquisition (refer note 21)	24.94	89.86	0.59	57.14	6,311.64	44,916.83	14.33	1.34	1.24	1.71	-	-	51,419.62
Other Additions during the year	-	-	-	-	-	9.21	2.93	0.03	-	-	-	-	12.17
Disposal	-	-	-	-	-	(9.85)	-	-	-	-			(9.85)
At March 31, 2018	**24.94**	**89.86**	**0.59**	**57.14**	**6,311.64**	**44,916.19**	**17.26**	**1.37**	**1.24**	**1.71**	**-**	**-**	**51,421.94**
Additions on account of acquisition (refer note 21)	87.34	-	-	62.69	2,096.00	-	-	-	-	-	5.57	0.45	2,252.05
Other Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments (refer note 12)	-	-	-	-	(422.78)	-	-	-	-	-	-	-	(422.78)
Disposal	-	-	-	-	-	-	(11.31)	-	-	-	-	-	(11.31)
At March 31, 2019	**112.28**	**89.86**	**0.59**	**119.83**	**7,984.86**	**44,916.19**	**5.95**	**1.37**	**1.24**	**1.71**	**5.57**	**0.45**	**53,239.90**
Depreciation													
At April 1, 2017	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	2.93	0.04	2.00	260.00	884.15	7.23	0.48	0.18	0.40			1,157.41
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2018	**-**	**2.93**	**0.04**	**2.00**	**260.00**	**884.15**	**7.23**	**0.48**	**0.18**	**0.40**	**-**	**-**	**1,157.41**
Charge for the year	-	3.51	0.02	5.96	293.52	1,496.89	5.98	0.44	0.35	0.55	1.85	0.15	1,809.22
Impairment	-	-	-	-	-	456.96	-	-	-	-	-	-	456.96
Disposal	-	-	-	-	-	-	(11.31)	-	-	-	-	-	(11.31)
At March 31, 2019	**-**	**6.44**	**0.06**	**7.96**	**553.52**	**2,838.00**	**1.90**	**0.92**	**0.53**	**0.95**	**1.85**	**0.15**	**3,412.28**
Net Block													
At March 31, 2018	**24.94**	**86.94**	**0.55**	**55.14**	**6,051.64**	**44,032.04**	**10.03**	**0.89**	**1.06**	**1.32**	**-**	**-**	**50,264.53**
At March 31, 2019	**112.28**	**83.42**	**0.53**	**111.87**	**7,431.34**	**42,078.19**	**4.05**	**0.45**	**0.71**	**0.76**	**3.72**	**0.30**	**49,827.62**

Note 4: Other financial assets

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Non Current		
Security deposits	3.45	3.46
Other bank balances (refer note 8B)	0.12	9.33
Total	**3.57**	**12.79**
Current		
Unbilled revenue*	548.84	497.26
Interest accrued on deposits	4.41	0.53
Security deposits	0.01	-
Advances receivable in cash	-	1.06
Total	**553.26**	**498.85**

* Unbilled revenue is the transmission charges for the month of March 2019 amounting to Rs. 548.84 million (31 March 2018 - Rs. 497.26 million) billed to transmission customers in the month of April 2019.

Note 5: Other assets

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Non-Current		
Deposits paid under dispute (refer note 25)	143.14	150.21
Advance income tax, including TDS (net of provisions)	48.84	-
Others	0.27	-
Total	**192.25**	**150.21**
Current		
Advance income tax, including TDS (net of provisions)	-	48.74
Prepaid expenses	38.54	47.44
Others	7.37	6.28
Custom deposit	12.79	12.79
Less: Provision for non recovery of deposit	(12.79)	-
Total	**45.91**	**115.25**

Note 6: Current investments

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Investment in mutual funds (valued at fair value through profit or loss)		
Quoted		
75,474 units (31 March 2018- Nil) of SBI Liquid Fund - Direct Plan - Daily Dividend*	75.72	-
Total	**75.72**	**-**

* Amount of Rs. 75.72 million is kept in Debt Service Reserve Account ('DSRA') as per borrowing agreements with lenders.

Note 7: Trade receivables

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Trade receivable (Unsecured, considered good)	1,140.61	1,061.89
Total	**1,140.61**	**1,061.89**

Trade receivables are non-interest bearing and are generally on terms of 60 days
See Note 31 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

Note 8A: Cash and cash equivalents

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Balances with banks		
- On current accounts^	519.10	1,672.92
- Deposits with original maturity of less than three months*	1,084.56	-
Total	**1,603.66**	**1,672.92**

* Includes amount of Rs. 429.67 million (March 31, 2018: Rs. 270.17 million) is kept in Interest Service Reserve Account ('ISRA')/Debt Service Reserve Account ('DSRA') as per borrowing agreements with lenders.

^ Out of total amount, Rs. 5.75 million (March 31, 2018: Rs. 0.04 million) pertains to unclaimed dividend to unit holders.

Note 8B: Other bank balances

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Non-current		
Deposits with original maturity of more than 12 months	0.12	9.33
Less: Disclosed under other non-current financial assets (refer note 4)	(0.12)	(9.33)
Total	**-**	**-**
Current		
Deposit with original maturity for more than 3 months but less than 12 months	19.66*	10.50
Total	**19.66**	**10.50**

* Includes amount of Rs. 19.32 held as lien by bank against bank guarantees.

Note 9: Unit capital

	Number of units (in million)	Unit Capital (Rs. in million)
As at 01 April 2017	**-**	**-**
Issued during the year	283.80	28,380.00
As at 31 March 2018	283.80	28,380.00
Issued during the year	-	-
As at 31 March 2019	**283.80**	**28,380.00**

Terms/rights attached to unit capital

The Trust has only one class of units. Each Unit represents an undivided beneficial interest in the Trust. Each holder of unit is entitled to one vote per unit. The Unitholders have the right to receive at least 90% of the Net Distributable Cash Flows of the Trust at least once in every six months in each financial year in accordance with the InvIT Regulations. The Investment Manager approves dividend distributions. The distribution will be in proportion to the number of units held by the unitholders. The Trust declares and pays dividends in Indian rupees.

A Unitholder has no equitable or proprietary interest in the projects of IndiGrid and is not entitled to any share in the transfer of the projects (or any part thereof) or any interest in the projects (or any part thereof) of IndiGrid. A Unitholder's right is limited to the right to require due administration of IndiGrid in accordance with the provisions of the Trust Deed and the Investment Management Agreement.

(THIS SPACE IS INTENTIONALLY KEPT BLANK)

Note 10: Long term borrowings (secured)

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Non-current		
Debentures		
7.85% Non-convertible debentures of Rs 1,000,000 each	6,820.00	6,870.00
8.60% Non-convertible debentures of Rs 1,000,000 each	2,500.00	-
8.992% Non-convertible debentures of Rs 1,000,000 each	4,350.00	-
Term Loans		
Indian rupee term loan from bank	9,945.46	9,941.47
Foreign currency loan from financial institution	2,286.54	2,301.03
Total	**25,902.00**	**19,112.50**
Current maturities		
7.85% Non-convertible debentures of Rs 1,000,000 each	50.00	480.00
Foreign currency loan from financial institution	166.65	139.58
Interest accrued but not due on loans	53.62	34.38
	270.27	**653.96**
Less :Amount disclosed under the head ''Other current financial liabilities'' (note 12)	(270.27)	(653.96)
Net borrowings	-	-

India Grid Trust

A Non- Convertible Debentures

During the year, the India Grid Trust ('IGT') has issued 2,500 Non Convertible Debentures ('NCDs') of Rs 1,000,000/- each on private placement basis which carries an interest at the rate of 8.60%. The interest is payable quarterly. Entire amount of NCD shall be repayable as a bullet repayment at the end of 10th year from the date of disbursement. All the NCDs together with interest, additional interest, liquidated damages, premium on prepayment, cost and charges, expenses and all other monies and all other amounts stipulated and payable to the debenture holders and NCD are secured by: (i) first pari passu charge on entire current assets including loans and advances, any receivables accrued/realised from those loans and advances extended by the Trust to its subsidiaries (direct or indirect) including loans to all project SPVs and future SPVs; (ii) First pari-passu charge on Escrow account of the Trust (iii) negative lien on immovable assets, movable assets, current assets and cash flows of specified project SPVs; (iv) Pledge over 51% of the share capital of specified SPVs. The trust is in process of creation of security charge on the above debentures as at 31 March 2019.

During the year, the India Grid Trust ('IGT') has issued 4,350 Non Convertible Debentures ('NCDs') of Rs 1,000,000/- each on private placement basis which carries an interest at the rate of 8.9922%. The interest is payable quarterly. Entire amount of NCD shall be repayable as a bullet repayment at the end of 10th year from the date of disbursement. All the NCDs together with interest, additional interest, liquidated damages, premium on prepayment, cost and charges, expenses and all other monies and all other amounts stipulated and payable to the debenture holders and NCD are secured by: (i) first pari passu charge on entire current assets including loans and advances, any receivables accrued/realised from those loans and advances extended by the Trust to its subsidiaries (direct or indirect) including loans to all project SPVs and future SPVs; (ii) First pari-passu charge on Escrow account of the Trust; (iii) negative lien on immovable assets, movable assets, current assets and cash flows of specified project SPVs; (iv) Pledge over 51% of the share capital of specified SPVs. The trust is in process of creation of security charge on the above debentures as at 31 March 2019.

B Term loans from bank and financial institutions

The Indian rupee term loan from bank carries interest at the rate of 8.25% p.a. payable monthly. Entire loan amount shall be repayable as a bullet repayment at the end of 10 years from the date of disbursement. The term loan is secured by (i) first pari passu charge on entire current assets including loans and advances, any receivables accrued/realised from those loans and advances extended by the Trust to its subsidiaries (direct or indirect) including loans to all project SPVs and future SPVs; (ii) negative lien on immovable assets, movable assets, current assets and cash flows of specified project SPVs; (iii) First pari-passu charge on Escrow account of the India Grid Trust.

Bhopal Dhule Transmission Company Limited

A Non- Convertible Debentures

Bhopal Dhule Transmission Company Limited ('BDTCL') had issued 7,350 Non Convertible Debentures ('NCDs') of Rs 1,000,000/- each on private placement basis which carries an interest at the rate of 7.85%. The interest is payable quarterly at the end of each quarter. 11% of the total debentures are redeemable in structured instalments in accordance with the redemption schedule. The balance 89% shall be repayable as a bullet repayment on 4th April 2022. All the NCDs together with interest, additional interest, liquidated damages, premium on prepayment, cost and charges, expenses and all other monies and all other amounts stipulated and payable to the debenture holders are secured by:

1) First and exclusive charge on all movable assets and immovable assets of issuers including but not limited to movable plant and machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, intangible, goodwill, uncalled capital, right of way/land, civil structures, tower and cables, office buildings. present and future if any for the project.

2)First charge by way of:

a)Assignment/hypothecation or creation of security interest present and future of all rights, titles, interest, benefits, claims and demands whatsoever of BDTCL in the project, documents including but not limited to transmission supply agreements, transmission licenses, package/construction contracts, O&M related agreements if any, land lease agreements, service contracts etc. duly acknowledged, consented by relevant counter parties to such project documents all as amended, varied or supplemented from time to time;

b) All rights, title, interest, benefits, claims and demands whatsoever of the company in the permits, approvals and clearances pertaining to the projects, in the letter of credit, guarantee, performance bond, corporate guarantee, bank guarantees provided by any party to the project document;

c) All insurances proceeds (debenture trustee to be the loss payee in the insurance policy).

3) A First charge on letter of credit, Escrow account, debt service reserve account and other reserve and any other bank account of the issuer wherever maintained, present and future.

4)First charge on all book debts, operating cash flow, receivables, commissions, revenues of whatsoever nature and wherever arising, of BDTCL, present and future.

5) Pledge of 51% of the equity share capital of the BDTCL.

B Term loans from bank and financial institutions

Foreign currency loan from financial institution carries interest at the rate of 6m LIBOR + 2.10% to 3.80% spread. BDTCL has taken currency and interest rate swap to hedge 6m LIBOR to fixed rate [refer note 24(b)]. Amount of USD 15.62 million being 35% of the total loan amount shall be repayable as a bullet repayment in accordance with the repayment schedule such that average tenor of the facility shall be more than 8.51 years. Remaining amount of USD 28.99 million is being repaid in quarterly instalments till December 2026. The foreign currency loan is secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, current assets, all the accounts and intangible assets both present and future. Loans are also secured by assignment by way of security of all the right, title, interest benefits, claims and demands whatsoever of BDTCL in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time; all rights, title, interest and benefits of BDTCL into and under all clearances pertaining to the project (including transmission licence) to the extent same are assignable; all rights, title, interest, benefits, claims and demands whatsoever of BDTCL in any letter of credit, guarantee including contract guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the project document; all rights, title, interest, benefits, claims and demands whatsoever of the borrower in, to and under all insurance contracts and insurance proceeds pertaining to the project. Loans are also secured by non disposable undertaking from India Grid Trust directly/indirectly to hold at least 51% of equity share capital till final settlement date. Upon occurrence of event of default the negative lien shall be converted in pledge of 51% of the equity share capital of BDTCL.

Financial covenants

Loans from bank, financial institution contain certain debt covenants relating to limitation on interest service coverage ratio, debt service coverage ratio, total debt gearing, maintenance of specified security margin etc. The financial covenants are reviewed on availability of audited accounts of the respective borrower annually. For the financial year ended March 31, 2019, the Group has satisfied all debt covenants prescribed in the terms of loan from bank and financial institutions, where applicable.

Note 11: Short term borrowings (secured)

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Short term loan from bank	-	4,230.00
Total	**-**	**4,230.00**

Jabalpur Transmission Company Limited ('JTCL')

The Indian rupee term loan from bank carries interest at the rate of Kotak Bank MCLR + Spread, if any, as agreed between JTCL and bank, current interest rate being 8.5% p.a. payable monthly. Entire loan amount shall be repayable as a bullet repayment in 9 months from the date of disbursement. The short term loan is secured by first and exclusive charge on all current and future movable and immovable fixed assets and current assets of JTCL.

Note 12: Other financial liabilities

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Non-Current		
Payable towards project acquired*	156.72	579.50
Total	**156.72**	**579.50**
Current		
Derivative Instruments		
Foreign exchange forward contracts	157.58	164.42
Cross currency interest rate swap	12.13	39.29
	169.71	**203.71**
Other financial liabilities at amortised cost		
Current maturities of long-term borrowings (refer note 10)	216.65	619.58
Dividend payable	5.75	0.04
Payable towards project acquired^	-	221.70
Interest accrued but not due on loans	53.62	34.38
Other payables to related parties (refer note 26)	0.69	-
Others	16.57	9.10
	293.27	**884.80**
Total	**462.98**	**1,088.51**

Derivative instruments reflect the change in fair value of foreign exchange forward contracts and Currency / Interest rate swaps to hedge of interest rate and foreign exchange fluctuation risks on foreign currency loan in USD. These contracts are not designated in hedge relationships and are measured at fair value through profit or loss. Refer Note 31.

Other payables are non-interest bearing and have an average term of three to six months.

*Bhopal Dhule Transmission Company Limited ('BDTCL'), subsidiary of the Trust, had filed petition dated October 15, 2016 with CERC for grant of incremental tariff to compensate for additional expenditure incurred on BDTCL project. Pursuant to the Project Implementation and Management Agreement dated November 10, 2016 as amended ("PIMA"), the Trust was required to issue additional units to Sterlite Power Grid Ventures Limited ("SPGVL") in case any additional tariff is approved by CERC. The units to be issued would be to the extent of 80% of the additional capital expenditure as approved by CERC in respect of the pending petition. Accordingly, the Trust had estimated and recorded an amount of Rs. 579.50 million in previous year towards the units issuable to SPGVL in accordance with PIMA as payable for asset acquisition.

During the year, CERC approved a part of the claim, for additional expenditure due to change in tax rates of Rs. 195.91 million which resulted in increase in non esaclable tariff revenue by 0.69%. However certain portion of the claim is still pending with CERC. The period for such one time payment to SPGVL in respect of the claim which is still pending with CERC expired on December 6, 2018 (being 18 months from the date of listing of IndiGrid). Accordingly, the Trust has reversed the liability of Rs. 422.77 million with corresponding effect to property, plant and equipment in the consolidated financial statements.

^CERC vide its order dated September 21, 2016 ('Order') confirmed that the RAPP Transmission Company Limited ('RTCL'), subsidiary of the Trust, was eligible to receive certain transmission charges from the scheduled commercial operation date i.e. 01 March 2016 ('SCOD'). The aggrieved party filed an appeal with Appellate Tribunal for Electricity ('APTEL') against the Order. The amount of transmission charges involved is Rs. 221.70 million which were recognised as receivable in the financial statement of RTCL. Under the share purchase agreement dated February 14, 2018, in case there is any recovery on account of the above receivable on disposal of the appeal, the same shall be paid as additional consideration to Sterlite Grid 2 Limited (subsidiary of SPGVL). Accordingly, the management recognised a liability of Rs 221.70 million payable in respect of the above arrangement in earlier year. During the year, the APTEL disposed the appeal in favour of the Company vide its order dated January 18, 2019.

As a result, RTCL has received an amount of Rs. 252.80 million towards transmission charges as per the APTEL order dated January 18,2019 which is paid as an additional consideration to Sterlite Grid 2 Limited pursuant to share purchase agreement dated February 14,2018.

Note 13: Trade payables

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Trade payables		
- total outstanding dues of micro enterprises and small enterprises (refer note 28)	54.10	29.65
- total outstanding dues of creditors other than micro enterprises and small enterprises	28.19	36.09
Trade payables to related party (refer note 26)	79.67	64.43
Total	**161.96**	**130.17**

Trade payables are non-interest bearing and are normally settled on 30-90 days terms.

For explanation on the Group's risk management policies, refer note 31.

Note 14: Other current liabilities

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
GST payable	0.81	2.13
Withholding taxes (TDS) payable	11.61	11.57
Total	**12.42**	**13.70**

Note 15: Provisions

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Provision for income tax	0.07	-
Total	**0.07**	**-**

Note 16: Revenue from contracts with customers

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
16.1: Disaggregated revenue information		
Type of service		
Power transmission services	6,655.70	4,475.69
Total	**6,655.70**	**4,475.69**
Project wise break up of Revenue from contracts with Customers		
Bhopal Dhule Transmission Company Limited	2,577.49	2,179.80
Jabalpur Transmission Company Limited	2,149.79	2,118.34
Maheshwaram Transmission Company Limited	572.33	72.06
RAPP Transmission Company Limited	456.80	40.72
Purulia & Kharagpur Transmission Company Limited	746.24	64.77
Patran Transmission Company Limited	153.05	-
Total	**6,655.70**	**4,475.69**

Revenue from contracts with customers comprises of revenue from power transmission services rendered in India to Long Term Transmission Customers (LTTCs) pursuant to the respective Transmission Services Agreements (TSAs) executed by the Group with LTTCs. The TSAs are executed for a period of 35 years and have fixed tariff charges as approved by CERC (except some escalable portion and some incentives/penalties relating to transmission assets availabilities). Under the TSAs, the Group's performance obligation is to provide power transmission services. The Group is required to ensure that the transmission assets meet the minimum availability criteria under the respective TSAs failing which could result in certain disincentives/penalties. The performance obligation is satisfied over-time as the customers receive and consume the benefits provided by the Group's performance as the Group performs. The payment is generally due within 60 days upon receipt of monthly invoice by the customer.

The Group receives payments as per the pooling arrangements specified under the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 ('Pooling Regulations'). In the Point of Connection (PoC) mechanism, the transmission charges to be recovered from the entire system are allocated between users based on their location in the grid. Under the PoC mechanism, all the charges collected by the Central Transmission Utility (i.e. Power Grid Corporation of India Limited) from LTTCs are disbursed pro-rata to all Transmission Service Providers from the pool in proportion of the respective billed amount.

16.2: Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price

	31 March 2019	31 March 2018
Revenue as per contracted price	6,477.26	4,315.35
Adjustments:		
Incentives earned for higher asset availabilities	195.92	176.01
Surcharges received for late payments	34.98	20.48
Rebates given for early payments	(52.46)	(36.14)
Total revenue from contracts with customers	**6,655.70**	**4,475.69**

Note 17: Other income

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Lease rental income	2.48	14.66
Profit on sale of property, plant and equipment	7.00	-
Liabilities no longer required written back	2.37	63.85
Other Income	0.23	-
Total	**12.08**	**78.51**

Note 18: Finance costs

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Interest on financial liabilities measured at amortised cost	2,275.25	954.24
Bank charges	20.58	58.33
Total	**2,295.83**	**1,012.57**

Note 19: Deferred tax liabilities (net)

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Deferred tax liability		
Property, plant and equipment : Impact of difference between tax depreciation and depreciation for financial reporting	5,212.59	4,468.02
Gross deferred tax liability (A)	**5,212.59**	**4,468.02**
Deferred tax assets		
Tax Losses (DTA recognised only to the extent of DTL)	5,212.59	4,468.02
Gross deferred tax asset (B)	**5,212.59**	**4,468.02**
Net deferred tax assets	-	-

As at March 31, 2019, based on the expected future profitability of the SPVs, the management has recognised deferred tax assets on the unabsorbed tax depreciation carried forward only to the extent of deferred tax liability.

The Group has Rs. 5,149.34 million (31 March 2018: Rs. 2,853.22 million) of tax losses carried forward on which deferred tax asset has not been recognised. If the Group was able to recognise all unrecognised deferred tax assets, profit after tax would have increased and equity would have increased by Rs. 1,567.63 million (31 March 2018: Rs. 987.50 million).

Further, for the calculation of deferred tax assets/liabilities, the Group has not considered tax holiday available under the Income Tax Act for some of the project SPVs for the computation of deferred tax assets/liabilities. The management based on estimated cash flow workings for these project, believes that since there will be losses in the initial years of these project, no benefit under the Income tax Act would accrue to these projects in respect of the tax holiday. Management will re-assess this position at each balance sheet date.

The major components of income tax expense for the years ended 31 March 2019 and 31 March 2018 are:

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
- Current tax	6.08	-
- Deferred tax	-	-
- Income tax for earlier years *	0.28	(67.82)

* In previous year, Income tax for earlier year relates to tax provisions made in the books of JTCL which was reversed post acquisition by the Trust.

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2019 and 31 March 2018:

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Accounting profit before income tax	1,545.50	2,035.68
At India's statutory income tax rate of 34.61%	534.90	704.55
Impact of exemption u/s 10(23FC) of the Income Tax Act, 1961 available to the Trust	(528.82)	(704.55)
Charge/(reversal) of excess provision of tax created in previous year in subsidiary	0.28	(67.82)
At effective tax rate	6.35	(67.82)
Income tax expense reported in the statement of profit and loss	6.35	(67.82)

Note 20: Earnings per unit (EPU)

Basic EPU amounts are calculated by dividing the profit/loss for the year attributable to Unit holders by the weighted average number of units outstanding during the year.

Diluted EPU amounts are calculated by dividing the profit/loss attributable to unit holders by the weighted average number of units outstanding during the year plus the weighted average number of units that would be issued on conversion of all the dilutive potential units into unit capital.

The following reflects the profit and unit data used in the basic and diluted EPU computation:

	31 March 2019	31 March 2018
Profit after tax for calculating basic and diluted EPU	1,539.14	2,103.50
Weighted average number of units in calculating basic EPU (No. million)	283.80	283.80
Effect of dilution:		
Estimated units to be issued to Sponsor/Project manager*	5.40	6.14
Weighted average number of units in calculating basic and diluted EPU (No. million)	289.20	289.94
Earnings Per Unit		
Basic (Rupees/unit)	5.42	7.41
Diluted (Rupees/unit)	5.32	7.25

* units issuable pursuant to the Project Implementation and Management Agreement dated November 10, 2016 as amended, towards the additional transmission charges as approved by CERC for the change in tax rates which resulted in increase in non escalable tariff revenue for BDTCL.

Note 21: Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

i. Applicability of Appendix C (Service Concession Arrangements) of Ind AS 115 - Revenue from contracts with customers

The Group through its subsidiaries acts as a transmission licensee under the Electricity Act, 2003 holding valid licenses for 25 years. The subsidiaries have entered into Transmission Services Agreements ("TSA") with Long Term Transmission Customers ("LTTC") through a tariff based bidding process to Build, Own, Operate and Maintain ("BOOM") the transmission infrastructure for a period of 35 years. The management of the Company is of the view that the grantor as defined under Appendix C of Ind AS 115 ("Appendix C") requires transmission licensee to obtain various approvals under the regulatory framework to conduct its operations both during the period of the license as well as at the end of the license period. However, in the view of management, the grantor's involvement and approvals are to protect public interest and are not intended to control, through ownership, beneficial entitlement or otherwise, any significant residual interest in the transmission infrastructure at the end of the term of the arrangement. Accordingly, management is of the view that Appendix C to Ind AS 115 is not applicable to the Group.

ii. Classification of Unitholders' funds

Under the provisions of the InvIT Regulations, IndiGrid is required to distribute to Unitholders not less than ninety percent of the net distributable cash flows of IndiGrid for each financial year. Accordingly, a portion of the unitholders' funds contains a contractual obligation of the Trust to pay to its Unitholders cash distributions. The Unitholders' funds could therefore have been classified as compound financial instrument which contain both equity and liability components in accordance with Ind AS 32 - Financial Instruments: Presentation. However, in accordance with SEBI Circulars (No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016) issued under the InvIT Regulations, the unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated 20-Oct-2016 dealing with the minimum disclosures for key financial statements. In line with the above, the dividend payable to unit holders is recognised as liability when the same is approved by the Investment Manager.

iii. Acquisition of Transmission SPVs classified as asset acquisitions

The Group acquires operational transmission SPVs from the Sponsor or from third party. The purchase consideration primarily pertains to the fair value of the transmission assets. All such assets are operational assets with fixed tariff revenues under the Transmission Services Agreements (TSAs) for 35 years. The only key activity for these SPVs is the maintenance of the transmission assets which is outsourced to third parties. There are no employees in these entities and no other significant processes are performed for earning tariff revenues.

Based on evaluation of the above fact pattern vis-a-vis the guidance on definition of business under Ind AS and also keeping in view the relevant guidance on similar fact pattern available under accounting standards applicable in other jurisdictions, the management has classified the acquisition of transmission SPVs as asset acquisition.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

i. Impairment of non-financial assets

Non-financial assets of the Group primarily comprise of transmission assets (property, plant and equipment). Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amounts for the transmission assets are based on value in use of the projects. The value in use calculation is based on a DCF model. The cash flows are derived from the budgets/forecasts over the life of the projects. The key assumptions used to determine the recoverable amount for the assets are disclosed and further explained in Note 29.

ii. Fair valuation and disclosures

SEBI Circulars issued under the InvIT Regulations require disclosures relating to net assets at fair value and total returns at fair value (refer Statement of net assets at fair value and Statement of total returns at fair value). In estimating the fair value of transmission projects (which constitutes substantial portion of the total assets), the Group engages independent qualified external valuers to perform the valuation. The management works closely with the valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the valuation report and findings to the Board of the Investment Manager half yearly to explain the cause of fluctuations in the fair value of the transmission projects. The inputs to the valuation models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as WACC, Tax rates, Inflation rates, etc. Changes in assumptions about these factors could affect the fair value. (refer Note 29 for details)

Note 22: List of subsidiaries which are included in consolidation and IndiGrid's effective holding therein are as under:

Name of the Company	Country of Incorporation	Effective Ownership as at 31 March 2019	Effective Ownership as at 31 March 2018
Directly held by India Grid Trust			
Sterlite Grid 1 Limited^	India	100%	100%
Patran Transmission Company Limited**	India	100%$	-
Indirectly held by the Trust (through SGL1):			
Bhopal Dhule Transmission Company Limited^	India	100%	100%
Jabalpur Transmission Company Limited^	India	100%	100%
Purulia & Kharagpur Transmission Company Limited #	India	100%	100%
RAPP Transmission Company Limited#	India	100% *	100%*
Maheshwaram Transmission Limited#	India	100% *	100%*

^ Acquired on 30 May 2017. (refer note 26)
# Acquired on 15 February 2018. (refer note 26)
** Acquired on 30 August 2018.

* The Group entered into share purchase agreements and shareholders' agreements dated February 14, 2018 with Sterlite Grid 2 Limited and Sterlite Grid 3 Limited for acquisition of equity stake in RAPP Transmission Company Limited and Maheshwaram Transmission Company Limited. Pursuant to the Agreements, the Group acquired 49% of equity in the above SPVs and for acquisition of the remaining 51% equity stake, the Group has paid full consideration in advance on a non-refundable basis. The remaining stake will be acquired from the Selling Shareholders on expiry of the respective mandatory shareholding periods in the SPVs. Subsequent to the acquisition, the group has increased its stake in RTCL to 74%.

Further during the current year, pursuant to Share Purchase agreement/Shareholders' Agreement ('SPA') dated February 19,2018, the group acquired Patran Transmission Company Limited (PTCL) from Techno Power Grid Company Limited and Techno Electric and Engineering Company Limited. The group holds 74% equity stake in PTCL and on the remaining 26%, the group has beneficial interest based on the rights available to it under the Share Purchase agreemnt/Shareholder's agreement.

Under the above agreements, the Group has the following rights on the above SPVs:

a. Right to nominate all directors on the Board of directors of the SPVs;
b. Right to direct the Selling Shareholders to vote according to its instructions in the AGM/EGM or any other meeting of shareholders of the SPVs;
c. Irrevocable and unconditional call option to acquire the remaining 51% equity stake in the SPVs at later dates;
d. Pledge on the remaining equity stake in the SPVs;
e. Non-disposal undertaking from the Selling Shareholders for the remaining equity stake in the SPVs.

Basis the above rights and the fact that full non-refundable consideration has been paid in advance by the Group to the Selling Shareholders, the Group has consolidated the SPVs assuming 100% equity ownership and accordingly no non-controlling interest (NCI) has been recognised in the consolidated financial statements.

Note 23: Capital and other Commitments

The Group has entered into transmission services agreement (TSA) with long term transmission customers pursuant to which the Group has to transmit power of contracted capacity and ensure minimum availability of transmission line over the period of the TSA. The TSA contains provision for disincentives and penalties in case of certain defaults.

Note 24: Derivative instruments

The Group has entered into the following derivative instruments:

(a) The following are the outstanding Forward Exchange Contracts entered into by the Group, for hedge purpose, as on 31 March 2019:

Year ended	Currency Type	Foreign Currency (In million)	Amount (Rs' million)	Buy/Sell	Number (Quantity)
Hedge of foreign currency loan from financial institution					
31 March 2019	US $	35.81	2,453.19	Buy	4
31 March 2018	US $	37.95	2,440.62	Buy	4

(b) Cross currency interest rate swap contracts outstanding as at year end to hedge against exposure to variable interest outflow on loans/foreign currency fluctuations:

Particulars	31 March 2019	31 March 2018
Currency type	US $	US $
No. of contracts	1.00	1.00
Amount (USD 'million)	7.28	7.28
Period of Contract	31 Dec 2015 to 31 Mar 2021	31 Dec 2015 to 31 Mar 2021
Floating rate	USD 6 Month Libor + 2.10% to 3.80%	USD 6 Month Libor + 2.10% to 3.80%
Fixed rate	6.71% on INR principal	6.71% on INR principal

The Group has entered into cross currency interest rate swap contract on the foreign currency loan, whereby the foreign exchange rate for principal and interest payments has been fixed at INR 65.05 / USD and the interest rate fixed at 6.71% on the loan amount converted in INR at the fixed USD rate. As a result of the contract, the Company would pay interest in INR at 6.71% on the foreign currency loan converted to INR at INR 65.05/USD and receive interest at USD 6m LIBOR + 2.10% to 3.80% on the foreign currency loan amount.

Note 25: Contingent liabilities

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
- Entry tax demand*	410.20	369.35
- VAT demand*	104.34	104.34
Total	**514.54**	**473.69**

* The total contingent liability is recoverable from SPGVL as per the share purchase agreements.

Entry tax demand of Rs 165.80 million for Bhopal Dhule Transmission Company Limited (BDTCL) and Rs 138.70 million for Jabalpur Transmission Company Limited (JTCL) pertains to demands under the Entry tax act read with Madhya Pradesh Vat Act, 2002 for payment of entry tax upon completion of assessment by tax authorities for the year 2012-13, 2013-14, 2014-15 and 2015-16. BDTCL and JTCL have preferred an appeal against the demand before High Court, Jabalpur (Madhya Pradesh). Both the subsidiaries are contesting the demand and the management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demands raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the consolidated financial position and results of the operations. BDTCL and JTCL have deposited Rs. 58.37 million and Rs 49.12 million respectively with the tax authorities against the said demands to comply the order of hon'ble High court of Madhya Pradesh. The Hon'ble high court has accepted the plea of subsidiaries and has given stay on entire demand after deposit of specified amount till the disposal of case.

Entry tax demand of Rs 92.04 million for JTCL pertains to demand under Entry Tax Act read with Chhattisgarh Value Added Tax Act, 2005 for payment of entry tax upon completion of assessment by tax authorities for the year 2012-13, 2013-14 and 2014-15. JTCL has preferred an appeal against the demand before the Chairman Chhattisgarh Commercial tax Tribunal, Raipur (C.G.). The management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the consolidated financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on consolidated financial position and results of the operations. JTCL has deposited Rs. 57.62 million with the tax authorities against the said demand as per the provision of Chhattisgarh Value Added Tax Act, 2005 for filing of appeal.

Entry tax demand of Rs 13.30 million for RAPP Transmission Company Limited ('RTCL') pertains to demands under the Entry tax act read with Madhya Pradesh Vat Act, 2002 for payment of entry tax upon completion of assessment by tax authorities for the year 2014-15 and year 2015-16. RTCL has appealed against the demand before High Court, Jabalpur (Madhya Pradesh). The management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the consolidated financial statements for the tax demands raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the financial position and results of the operations of RTCL. RTCL has deposited Rs 4.70 million with the tax authorities against the said demands to comply the order of hon'ble High court of the Madhya Pradesh. The Hon'ble high court has accepted the plea of RTCL and has given stay on entire demand after deposit of specified amount till the disposal of case.

VAT demand of Rs 104.34 million for Purulia & Kharagpur Transmission Company Limited (PKTCL) pertains to demand under Jharkhand Value Added Tax (Amendment) Act, 2005 for payment of VAT for the year 2015-16. The Group has preferred an appeal against the demand before Jharkhand High Court. The management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Group's financial position and results of the operations. PKTCL has deposited Rs 26.09 million with the tax authorities against the said demand.

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INDIA GRID TRUST
Notes to Consolidated Financial Statements for the year ended 31 March 2019

Note 26: Statement of Related Party Transactions:

I. List of related parties as per the requirements of Ind-AS 24 - Related Party Disclosures

(a) Entity with significant influence over the Trust
Sterlite Power Grid Ventures Limited (SPGVL)

II. List of related parties as per Regulation 2(1)(zv) of the InvIT Regulations

(a) Parties to IndiGrid
Sterlite Power Grid Ventures Limited (SPGVL) - Sponsor and Project Manager of IndiGrid
Sterlite Investment Managers Limited (SIML) - Investment Manager of IndiGrid
Axis Trustee Services Limited (ATSL) - Trustee of IndiGrid

(b) Promoters of the parties to IndiGrid specified in (A) above
Sterlite Power Transmission Limited- Promoter of SPGVL and SIML
Axis Trustee Limited- Promoter of ATSL

(c) Directors of the parties to IndiGrid specified in (A) above

(i) Directors of SPGVL:
Pravin Agarwal
Pratik Agarwal
A. R. Narayanaswamy
Avaantika Kakkar
Ved Mani Tiwari
Anand Agarwal (till 10.10.2017)
Udai Dhawan (till 22.01.2018)

(ii) Directors of SIML:
Pratik Agarwal
Kuldip Kumar Kaura
Tarun Kataria
Shashikant Bhojani
Rahul Asthana
Harsh Shah (from 15.01.2018)

(iii) Directors of ATSL:
Srinivasan Varadarajan (till 20.12.2018)
Ram Bharoseylal Vaish
Sidharth Rath (till 01.06.2018)
Rajaraman Viswanathan (till 10.10.2018)
Rajesh Kumar Dahiya (from 11.07.2018)
Raghuraman Mahalingam (till 30.09.2018)
Sanjay Sinha (from 10.10.2018)

III. Transactions with related parties during the period

(Rs in million)

Sr. No.	Particulars	Relation	April 01, 2018 to March 31, 2019	April 01, 2017 to March 31, 2018
1	**Purchase of non convertible debentures of SGL1**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	-	5,880.36
2	**Purchase of equity shares of SGL1**			
	Sterlite Power Grid Ventures Limited **	Sponsor and Project Manager/Entity with significant influence	-	-
3	**Received towards indemnification of liabilities**			
	Sterlite Power Grid Ventures Limited ##	Sponsor and Project Manager/Entity with significant influence	53.47	-
4	**Issue of unit capital**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	-	5,880.36
	Pravin Agarwal	Director of Sponsor	-	91.34
5	**Purchase of equity shares of RAPP Transmission Company Limited and Purulia & Kharagpur Transmission Company Limited**			
	Sterlite Grid 2 Limited #	Subsidiary of Sponsor	-	2,870.52
6	**Purchase of equity shares of Maheshwaram Transmission Limited**			
	Sterlite Grid 3 Limited #	Subsidiary of Sponsor	-	961.84
7	**Payment towards RTCL tariff charges (refer note 12)**			
	Sterlite Grid 2 Limited #	Subsidiary of Sponsor	252.80	-
8	**Repayment of existing NCDs / loans in the SPVs acquired**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	-	7,121.03
	Sterlite Grid 2 Limited #	Subsidiary of Sponsor	-	732.09
	Sterlite Grid 3 Limited #	Subsidiary of Sponsor	-	849.02
9	**Project Manager Fees**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	39.54	26.44
10	**Investment Manager Fees**			
	Sterlite Investment Managers Limited	Investment Manager	130.53	87.54

(Rs in million)

Sr. No.	Particulars	Relation	April 01, 2018 to March 31, 2019	April 01, 2017 to March 31, 2018
11	**Distribution to unit holders**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	709.20	373.47
	Pravin Agarwal	Director of Sponsor	11.60	5.99
	Pratik Agarwal	Director of Sponsor and Investment Manager	1.22	-
	Harsh Shah	Director of Investment Manager	0.06	-
12	**Repayment of dues paid**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	-	397.80
	Sterlite Investment Managers Limited	Investment Manager	-	15.56
	Sterlite Grid 3 Limited #	Subsidiary of Sponsor	-	18.32
13	**Reimbursement of expenses received**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	-	17.01
14	**Purchase of project stores**			
	Sterlite Power Transmission Limited	Promoter of project manager and investment manager	7.91	-
15	**Sale of plant and machinery**			
	Sterlite Power Transmission Limited	Promoter of project manager and investment manager	9.44	-
16	**Trustee fee**			
	Axis Trustee Services Limited (ATSL)	Trustee	2.16	2.94

IV. Outstanding balances

Sr. No.	Particulars	Relation	As at March 31, 2019	As at March 31, 2018
1	**Project Manager fees payable**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	18.25	14.92
2	**Investment Manager fees payable**			
	Sterlite Investment Managers Limited	Investment Manager	61.42	49.51
3	**Purchase of project stores**			
	Sterlite Power Transmission Limited	Promoter of project manager and investment manager	0.69	-
4	**Sale of plant and machinery**			
	Sterlite Power Transmission Limited	Promoter of project manager and investment manager	7.44	-
5	**Trustee fee**			
	Axis Trustee Services Limited (ATSL)	Trustee	-	0.54

** During financial year 2017-18, IndiGrid had acquired NCDs and Equity Shares of SGL1 in exchange of its units amounting to Rs. 5,880.36 million. Since the nominal value of NCDs was Rs. 6,658.24 million. Hence the entire consideration was allocated to NCDs.

These transactions have been disclosed, since these are with wholly owned subsidiaries of sponsor.

During the year, Sponsor has paid to IndiGrid towards deposits paid by IndiGrid's subsidiaries for tax litigations for which the Sponsor is liable.

INDIA GRID TRUST
Notes to Consolidated Financial Statements for the year ended 31 March 2019

Details in respect of related party transactions involving acquisition of InvIT assets as required by Para 4.4(b)(iv) of Section A of Annexure A to SEBI Circular dated October

For the financial year ended March 31, 2019: No acquisition of InvIT assets from related parties during the year

For the financial year ended March 31, 2018: Refer disclosures below:

(A) Summary of the valuation reports (issued by the independent valuer appointed under the InvIT Regulations):

(Rs in Million)

Particulars	BDTCL	JTCL	PKTCL	RTCL	MTL
Enterprise value					
- Base case (based on tariff as per TSA)	20,406	14,949	6,512	3,935	5,218
- Incremental revenue (based on additional tariff claimed under petition with CERC)	1,135	1,176	-	-	-
Total Enterprise value	**21,541**	**16,125**	**6,512**	**3,935**	**5,218**
Method of valuation	Discounted Cash Flow				
Discounting rate (WACC):					
- Base case (based on tariff as per TSA)	8.19%	8.14%	7.98%	8.05%	7.54%
- Incremental revenue (based on additional tariff claimed under petition with CERC)	8.69%	8.64%	-	-	-

(B) **Material conditions or obligations in relation to the transactions:**
Acquisition of BDTCL and JTCL (through acquisition of SGL1):

Pursuant to the Project Implementation and Management Agreement dated November 10, 2016 as amended on April 25, 2017 ("PIMA") executed among SIML, ATSL, SPGVL, SGL1, BDTCL and JTCL, IndiGrid would issue additional units to SPGVL in the event CERC approves additional tariff for BDTCL and/or JTCL in respect of cost escalations in those projects for which petitions were filed with CERC. The units to be issued to SPGVL shall be equivalent to 80% of the Cost Escalation for each of BDTCL and JTCL as approved by CERC.

SPGVL will be entitled to additional units only if the cost escalation and the resultant revision in levelised transmission charges is received during the period commencing from the date of the PIMA and until the date which is 18 months of listing of units of IndiGrid (being the date of receipt of final listing and trading approvals for the units).

No external financing has been obtained for the acquisition of BDTCL and JTCL and no fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Acquisition of RTCL and MTL:
Pursuant to the share purchase agreements and shareholders' agreements dated February 14, 2018 ("the Agreements") executed with Sterlite Grid 2 Limited and Sterlite Grid 3 Limited ("the Selling shareholders") for acquisition of equity stake in RTCL, and MTL (together "the SPVs"), SGL1 acquired 49% of equity in the SPVs and for acquisition of the remaining 51% equity stake, SGL1 paid full consideration in advance on a non-refundable basis. The remaining stake will be acquired from the Selling Shareholders on expiry of the respective mandatory shareholding periods applicable for the SPVs. Under the Agreements, SGL1 has the following rights:

a. Right to nominate all directors on the Board of directors of the SPVs;
b. Right to direct the Selling Shareholders to vote according to its instructions in the AGM/EGM or any other meeting of shareholders of the SPVs;
c. Irrevocable and unconditional call option to acquire the remaining 51% equity stake in the SPVs at later dates (on expiry of the respective mandatory shareholding periods);
d. Pledge on the remaining 51% equity stake in the SPVs;
e. Non-disposal undertaking from the Selling Shareholders for the remaining 51% equity stake in the SPVs.

The acquisition of RTCL, PKTCL and MTL was financed by long term debt raised at IndiGrid Level of Rs. 10,000 million (rate of interest - 8.25%) and short term debt at JTCL level of Rs 4,230 million (rate of interest - 8.50%). No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Note 27: Segment reporting

The Group's activities comprise of transmission of electricity in certain states in India. Based on the guiding principles given in Ind AS - 108 "Operating Segments", this activity falls within a single operating segment and accordingly the disclosures of Ind AS -108 have not separately been given.

Under Point of Connection (PoC) mechanism, Power Grid Corporation of India Limited ('PGCIL') is designated as central transmission utility with the responsibility for billing and collecting of usage charges from Inter-State Transmission Services (ISTS) users. Hence the entire amount of trade receivables pertaining to transmission charges is receivable from PGCIL.

Note 28: Details of Dues to Micro and Small Enterprises as defined under MSMED Act, 2006

Particulars	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
(i) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.		
Principal amount due to micro and small enterprises	54.10	29.65
Interest due on above	-	-
(ii) The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(v) 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 Micro Small and Medium Enterprise Development Act, 2006	-	-

Interest payable as per section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 is Rs. Nil million (31 March 2018: Rs. Nil million). Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of intimations received from the "suppliers" / information available with the Company regarding their status under the Micro, Small and Medium Enterprises Act, 2006.

Note 29: Fair value measurements

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Rs. in million

Particulars	Carrying value		Fair value	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Financial assets				
Investments	75.72	-	75.72	-
Total	**75.72**	**-**	**75.72**	**-**
Financial liabilities				
Derivative instruments	169.71	203.71	169.71	203.71
Total	**169.71**	**203.71**	**169.71**	**203.71**

The management has assessed that the financial assets and financial liabilities as at year end other than above are reasonable approximations of their fair values.

The fair values of the quoted mutual funds are based on price quotations at the reporting date.

'The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Foreign exchange forward contracts, interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spread between the respective currencies, interest rate curves etc. The changes in counterparty credit risk had no material effect on financial instruments recognised at fair value through profit and loss.

The Group is required to present the Statement of total assets at fair value and Statement of total returns at fair value as per SEBI Circular No. CIR/IMD/DF/114/2016 dated October 20, 2016 as a part of these consolidated financial statements - Refer Statement of Net assets at fair value and Statement of Total Returns at fair value.

The inputs to the valuation models for computation of fair value of transmission assets for the above mentioned statements are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as WACC, Tax rates, Inflation rates, etc.

The significant unobservable inputs used in the fair value measurement required for disclosures as above categorised within Level 3 of the fair value hierarchy as above together with a quantitative sensitivity analysis as at 31 March 2019 are as shown below :

Rs in million

Significant unobservable inputs	Range for 31 March 2019	Range for 31 March 2018	Sensitivity of input to the fair value	Increase/ (decrease) in fair value 31 March 2019	Increase/ (decrease) in fair value 31 March 2018
WACC	8.12% to 8.40%	7.86% to 8.08%	+ 0.5%	(2,445.95)	(2,479.63)
			- 0.5%	2,726.84	2,768.61
Tax rate (normal tax and MAT)	Normal Tax - 29.12% MAT - 21.55%	Normal Tax - 29.12% MAT - 21.55%	+ 2%	(306.91)	(325.90)
			- 2%	260.35	296.36
Inflation rate	Revenue: 5.73% Expenses: 3.20% to 4.35%	Revenue: 5.95% Expenses: 3.67% to 5.24%	+ 1%	(432.64)	(444.44)
			- 1%	360.78	366.13
Additional tariff (applicable only for BDTCL)	2.39%	2.58%	+ 1%	210.48	154.00
			- 1%	(210.48)	(154.00)

Note 30: Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at :

	Date of valuation	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:				
Property, plant and equipment*	31 March 2019	-	-	50,184.48
	31 March 2018	-	-	50,542.47
Assets measured at fair value through profit and loss				
Investment in mutual funds	31 March 2019	75.72	-	-
	31 March 2018	-	-	-
Liabilities measured at fair value through profit and loss				
Derivative instruments (Liability)	31 March 2019	-	169.71	-
	31 March 2018	-	203.71	-

There have been no transfers among Level 1, Level 2 and Level 3.

* Statement of net assets at fair value and Statement of total returns at fair value require disclosures regarding fair value of assets (liabilities are considered at book values). Since the fair value of assets other than PP&E approximate their book values, hence only PP&E has been disclosed above.

Note 31: Financial risk management objectives and policies

The Group's principal financial liabilities comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, cash and short-term deposits and other financial assets that derive directly from its operations.

The Group is exposed to credit risk, liquidity risk and market risk. The Investment Manager of the IndiGrid oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The management reviews and agrees policies for managing each of these risks, which are summarised below.

The Risk Management policies of the Group are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Management has overall responsibility for the establishment and oversight of the Group's risk management framework.

(A) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

The Group through its subsidiaries is engaged in transmission business under BOOM (Build, Own, Operate and Maintain) model and currently derive its revenue primarily from BOOM contracts with long term transmission customers ('LTTC'). Being transmission licensee, the Group receives payments as per the pooling arrangements specified under the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 ('Pooling Regulations'). In the PoC method, the transmission charges to be recovered from the entire system are allocated between users based on their location in the grid. Under the PoC mechanism, all the charges collected by the Central Transmission Utility ('CTU') from LTTC's are disbursed pro-rata to all Transmission Service Providers ('TSPs') from the pool in proportion of the respective billed amount. Due to this, the TSPs are shielded against any potential default by a particular customer. If a particular customer delays or defaults, the delay or shortfall is prorated amongst all the TSPs. Based on past history of payments, payments due have always been paid and there have been no write-off's for due amounts. Due to the payment mechanism explained above as well as due to no history of any write-off's of payments which were due, the Group has not considered any expected credit loss on the financial assets in the nature of trade receivables. During the various periods presented, there has been no change in the credit risk of trade receivables. However, this assessment may need a review if there is any change in the Pooling Regulations.

Credit risk from balances deposited/invested with banks and financial institutions as well as investments made in mutual funds, is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within limits assigned to each counterparty. Counterparty limits are reviewed by the top management on an annual basis, and may be updated throughout the year subject to approval of the Board of Directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. Based on this policy, the Group does not foresee any risk on account of credit losses, either in the bank deposits which are made with AAA rated banks and also in regard to mutual funds which is primarily debt oriented funds. No loss allowances have been provided for any trade receivables, or other receivables from financing activities like cash and bank deposits, mutual funds and other similar deposits. Also, there have been no modifications in contractual cash flows on financial assets.

The Group's maximum exposure to credit risk for the components of the balance sheet as at March 31, 2019 is the carrying amounts of trade and other receivables, cash and cash equivalents and other assets as disclosed in Note 4, 5, 6, 7 and 8 respectively. However, the credit risk is low due to reasons mentioned above.

(B) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral obligations. The Group requires funds both for short term operational needs as well as for long term investment programs mainly in projects. The Group closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, liquid investments and sufficient committed fund facilities, will provide liquidity.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 30 days. The other payables are with short term durations. The carrying amounts are assumed to be reasonable approximation of fair value. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Rs in million

Particulars	Less than 3 months	3 months to 12 months	1 to 5 years	More than 5 years	Total
31 March 2019					
Borrowings	-	-	7,651.68	18,250.32	25,902.00
Trade payables	161.96	-	-	-	161.96
Other financial liabilities (excluding derivative instruments)*	271.05	178.95	-	-	450.00
Derivatives #	209.82	126.53	831.70	1,454.84	2,622.89
Total	**642.83**	**305.48**	**8,483.38**	**19,705.16**	**29,136.85**
31 March 2018					
Borrowings	-	4,230.00	7,742.54	11,369.96	23,342.50
Trade payables	130.17	-	-	-	130.17
Other financial liabilities (excluding derivative instruments)*	197.47	1,266.83	-	-	1,464.30
Derivatives #	-	301.82	2,622.71		2,924.53
Total	**327.64**	**5,798.65**	**10,365.25**	**11,369.96**	**27,861.50**

* Includes amount of Rs. 156.73 million (March 31, 2018: Rs 579.50 million) being payable towards project acquired which will be settled by issue of units.
# Based on gross undiscounted cash flows. The MTM as on March 31, 2019 recognised in the books of accounts is Rs 169.70 million (March 31, 2018: Rs 203.71 million).

(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: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings, bank deposits, Investments in short-term mutual funds, and derivative financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rate primarily relates to the Group's long term debt obligations with floating interest rates. To manage this, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. As at 31 March 2019, 9.39% ((March 31, 2018:10.18%) of total borrowings of the Group are at floating interest rates

Interest rate sensitivity

The Group has taken cross currency interest rate swap to hedge its borrowings at floating interest rates. The swap contract is valid till 31 March 2021 (refer note 24 for details). Hence the disclosures regarding interest rate sensitivity have not been given.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's foreign currency borrowings and payables in foreign currency (if any).

The Group hedges its exposure to fluctuations on the translation into INR of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps and forwards.

At 31 March 2019 and 31 March 2018, the Group hedged 100% of its foreign currency borrowings. This foreign currency risk is hedged by using foreign currency forward contracts and cross currency interest rate swap.

Note 32: Capital management

For the purpose of the Group’s capital management, capital includes issued Unit capital and all other reserves attributable to the unit holders of the Trust. The primary objective of the Group’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to unitholders, return capital to unitholders or issue new units (subject to the provisions of InvIT regulations which require distribution of at least 90% of the net distributable cash flows of the Trust to unit holders). The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group’s policy is to keep the gearing ratio optimum. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents, other bank balances and short term investments.

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Borrowings	25,902.00	23,342.50
Trade payable	161.96	130.17
Other financial liabilities	619.71	1,668.01
Less: Cash and cash equivalents, other bank balances and short term investments	(1,699.03)	(1,683.42)
Net debt (A)	**24,984.64**	**23,457.25**
Unit capital	28,380.00	28,380.00
Other equity	(1,613.89)	252.56
Total capital (B)	**26,766.11**	**28,632.56**
Capital and Net debt [(C) = (A) + (B)]	**51,750.75**	**52,089.81**
Gearing ratio (C) / (A)	48.28%	45.03%

Financial Covenants
In order to achieve this overall objective, the Group’s capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

Note 33: Details of Project Manager and Investment Manager Fees

Details of fees paid to Project Manager and Investment Manager as required pursuant to SEBI Circular No. CIR/IMD/DF/127/2016, dated November 29, 2016:

(i) Project management fees

Pursuant to the Project Implementation and Management Agreement dated November 10, 2016 as amended, Project Manager is entitled to fees @ 10% of gross expenditure incurred by each SPV in relation to operation and maintenance costs, per annum. Consolidated Statement of Profit and Loss for the period ended March 31, 2019 includes amount of Rs. 39.54 million (March 31, 2018: Rs 26.44 million) towards Project Manager fees. There are no changes during the year in the methodology for computation of fees paid to Project Manager.

(ii) Investment management fees

Pursuant to the Investment Management Agreement dated November 10, 2016 as amended, Investment Manager is entitled to fees @ 1.75% of difference between revenue from operations and operating expenses (other than fees of the Investment Manager) of each SPV, per annum. For this purpose, operating expenses would not include depreciation, finance costs and income tax expense. Consolidated statement of Profit and Loss for the period ended March 31, 2019 includes amount of Rs. 130.53 million (March 31, 2018: Rs 87.54 million) towards Investment Manager Fees. There are no changes during the year in the methodology for computation of fees paid to Investment Manager.

Note 34: Subsequent event

On April 24, 2019, the Board of directors of the Investment Manager approved a dividend of Rs. 3 per unit for the period January 1 , 2019 to March 31, 2019 to be paid on or before 15 days from the date of declaration.

As per our report of even date

For S R B C & Co LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

per Amyn Jassani
Partner
Membership Number : 046447

Place: Mumbai
Date: 24 April 2019

For and on behalf of the Board of Directors of Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

Pratik Agarwal
Director
DIN: 03040062

Harsh Shah
CEO & Whole Time Director
DIN: 02496122

Swapnil Patil
Company Secretary

Place: Mumbai
Date: 24 April 2019

INDEPENDENT AUDITOR'S REPORT
To the Unit holders of India Grid Trust

Report on the Consolidated Ind AS Financial Statements
We have audited the accompanying consolidated Ind AS financial statements of India Grid Trust ("the InvIT") and its subsidiaries (InvIT and its subsidiaries together referred to as "the Group") which comprise the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Statement of Changes in Unit Holders' Equity and the consolidated Statement of Cash Flow for the year then ended and the consolidated Statement of Net Assets at fair value as at March 31, 2018, the consolidated Statement of Total Returns at fair value and the Statement of Net Distributable Cash Flows ('NDCFs') of the InvIT, the underlying Holding Company ("HoldCo") and each of its subsidiaries for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Ind AS Financial Statements
The Management of Sterlite Investment Managers Limited, the Investment Manager of the Trust (the "Management") is responsible for the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position as at March 31, 2018, consolidated financial performance including other comprehensive income, consolidated cash movements and the consolidated movement of the unit holders' funds for the year ended March 31, 2018, the consolidated net assets as at March 31, 2018, the consolidated total returns of the InvIT and the net distributable cash flows of the InvIT, the underlying HoldCo and each of its subsidiaries in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) and/or any addendum thereto as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended read with the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 as amended from time to time including any guidelines and circulars issued thereunder (together referred to as the "InvIT Regulations"). This responsibility includes the design, implementation and maintenance of adequate controls for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. We have taken into account the provisions of the InvIT Regulations, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the InvIT Regulations. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the InvIT's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the InvIT has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the InvIT Regulations in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, its consolidated profit including other comprehensive income, its consolidated cash movements and its consolidated movement of the unit holders' funds for the year ended March 31, 2018, its consolidated net assets as at March 31, 2018, its

consolidated total returns and the net distributable cash flows of the InvIT, the underlying HoldCo and each of its subsidiaries for the year ended March 31, 2018.

Report on Other Legal and Regulatory Requirements

Based on our audit, we report that:

(a) we have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) the consolidated Balance Sheet and the consolidated Statement of Profit and Loss are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(c) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards (Ind AS) and/or any addendum thereto as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754
Place of Signature: Princeton, USA
Date: April 24, 2018

INDIA GRID TRUST
CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2018
(All amounts in Rs. million unless otherwise stated)

	Note	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (refer note - 34)
ASSETS			
Non-current assets			
Property, plant and equipment	3	50,264.53	-
Financial assets			
-Other non-current financial assets	4	12.79	-
Other non current assets	5	150.21	-
		50,427.53	**-**
Current assets			
Financial assets			
i. Trade receivables	6	1,061.89	-
ii. Cash and cash equivalents	7	1,672.92	-
iii. Bank balances other than (ii) above	8	10.50	-
iv. Other financial assets	4	498.85	-
Other current assets	5	115.25	-
		3,359.41	**-**
Total assets		**53,786.94**	**-**
EQUITY AND LIABILITIES			
Equity			
Unit capital	9	28,380.00	-
Other equity			
Retained Earnings		252.56	-
Total Unitholders' Equity		**28,632.56**	**-**
Non-Current liabilities			
Financial liabilities			
- Borrowings	10	19,112.50	-
- Other financial Liabilities	13	579.50	-
		19,692.00	**-**
Current liabilities			
Financial liabilities			
i. Borrowings	11	4,230.00	-
ii. Trade payables	12	130.17	-
iii. Other financial liabilities	13	1,088.51	-
Other current liabilities	14	13.70	-
		5,462.38	**-**
Total equity and liabilities		**53,786.94**	**-**
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S R B C & Co LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

per Paul Alvares
Partner
Membership Number: 105754

Place: Princeton, USA
Date: 24 April 2018

For and on behalf of the Board of Directors of
Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

Pratik Agarwal
CEO & Whole Time Director
DIN: 03040062

Harsh Shah
CFO & Whole Time Director
DIN: 02496122

Swapnil Patil
Company Secretary

Place: Mumbai
Date: 24 April 2018

INDIA GRID TRUST
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. million unless otherwise stated)

	Note	April 01, 2017 to March 31, 2018 (Rs. in million)	October 21, 2016 to March 31, 2017 (Rs. in million) (refer note - 34)
Income			
Revenue from operations	15	4,475.69	-
Dividend income on investment in mutual fund		49.94	-
Interest income on investment in fixed deposit		0.86	-
Other income	16	78.51	
Total income (I)		**4,605.00**	**-**
Expenses			
Transmission infrastructure maintenance charges		107.58	-
Insurance expenses		65.92	-
Legal and professional fees		41.55	-
Rates and taxes		33.43	-
Investment Manager fees (refer note 31)		87.54	-
Project Manager fees (refer note 31)		26.44	-
Travelling and conveyance expenses		5.20	-
Valuation expenses		4.06	-
Trustee Fee		2.94	-
Payment to auditors (including for subsidiaries)			
- Statutory Audit		3.48	-
- Other services (including certification)		1.21	-
Other expenses		19.99	-
Depreciation expense	3	1,157.41	-
Finance costs	17	1,012.57	-
Total expenses		**2,569.33**	
Profit before tax		**2,035.68**	**-**
Tax expense			
- Current tax		-	-
- Deferred tax		-	-
- Income tax for earlier years	18	(67.82)	-
Profit for the year		**2,103.50**	**-**
<u>Other comprehensive income</u>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Total Comprehensive income		**2,103.50**	**-**
Earnings per unit (Computed on the basis of profit for the year)	19		
- Basic		7.41	-
- Diluted		7.25	-
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

For S R B C & Co LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

per Paul Alvares
Partner
Membership Number: 105754

Place: Princeton, USA
Date: 24 April 2018

For and on behalf of the Board of Directors of
Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

Pratik Agarwal
CEO & Whole Time Director
DIN: 03040062

Harsh Shah
CFO & Whole Time Director
DIN: 02496122

Swapnil Patil
Company Secretary

Place: Mumbai
Date: 24 April 2018

INDIA GRID TRUST
CONSOLIDATED STATEMENT OF CHANGES IN UNIT HOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. million unless otherwise stated)

A. Unit Capital

	Nos. in million	Rs. in million
As at October 21, 2016 (refer Note 34)	-	-
As at April 01, 2017	-	-
Units issued during the year	283.80	28,380.00
Balance as at March 31, 2018	**283.80**	**28,380.00**

B. Other equity (Rs. in million)

	Retained Earnings
As at October 21, 2016 (refer Note 34)	-
Profit for the year	-
Other comprehensive income	-
As at 31 March 2017	**-**
Profit for the year	2,103.50
Other comprehensive income	-
	2,103.50
Less: Dividend distributed during the period*	(1,850.94)
As at 31 March 2018	**252.56**

* The dividend distribution relates to the distributions made during the financial year and does not include the distribution relating to the last quarter of FY 2017-18 which will be paid after March 31, 2018.

As per our report of even date

For S R B C & Co LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

per Paul Alvares
Partner
Membership Number: 105754

Place: Princeton, USA
Date: 24 April 2018

For and on behalf of the Board of Directors of
Sterlite Investment Managers Limited
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Pratik Agarwal
CEO & Whole Time Director
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Harsh Shah
CFO & Whole Time Director
DIN: 02496122

Swapnil Patil
Company Secretary

Place: Mumbai
Date: 24 April 2018

INDIA GRID TRUST
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	April 01, 2017 to March 31, 2018 (Rs. in million)	October 21, 2016 to March 31, 2017 (refer note - 34) (Rs. in million)
A. Cash flows from operating activities		
Profit before tax	2,035.68	-
Non-cash adjustment to reconcile profit before tax to net cash flows		
- Depreciation	1,157.41	-
- Reversal of prepayment charges	(63.85)	-
Finance cost	1,012.57	-
Interest income on investment in fixed deposit	(0.86)	-
Dividend income from mutual fund investments	(49.94)	-
Operating profit before working capital changes	**4,091.01**	**-**
Movements in working capital :		
- (Increase)/Decrease in Trade receivables	101.45	-
- (Increase)/Decrease in Other current financial assets	(49.40)	-
- (Increase)/Decrease in Other non-current assets	(7.90)	-
- (Increase)/Decrease in Other current assets	4.37	-
- Increase/(Decrease) in Trade Payables	106.32	-
- Increase/(Decrease) in Other current financial liabilities	72.99	-
- Increase/(Decrease) in Other current liabilities	13.71	-
Change in working capital	**241.54**	**-**
Cash generated from operations	**4,332.55**	**-**
Direct taxes paid (net of refunds)	-	-
Net cash flow from operating activities (A)	**4,332.55**	**-**
B. Cash flows from investing activities		
Acquisition of Property, plant and equipments #	(44,740.74)	-
Acquisition of Other Assets (net of other liabilities)#	(1,551.21)	-
Acquisition of mutual fund investments#	(7,904.77)	-
Purchase of mutual fund investments	(11,636.16)	
Redemption of mutual fund investments	19,540.93	-
Interest income on fixed deposits	3.27	-
Dividend income on current investment	49.94	-
Net cash flow used in investing activities (B)	**(46,238.74)**	**-**
Proceeds from issue of unit capital*	22,500.00	-
Proceeds of long term borrowings	14,230.00	-
Acquisition of borrowings #	42,345.56	
Repayment of borrowings	(32,546.46)	
Finance costs	(1,099.05)	-
Payment of dividend on unit capital	(1,850.94)	-
Net cash flow from financing activities (C)	**43,579.11**	**-**
Net Increase in cash and cash equivalents (A + B + C)	**1,672.92**	-
Cash and cash equivalents as at beginning of year	-	-
Cash and cash equivalents as at year end	**1,672.92**	-

* Trust has purchased for 17.67 million equity shares and 665.82 million non convertible debentures issued by Sterlite Grid 1 Limited in exchange of issue of its 58.80 million units. Hence the same has not been reflected in cash flow being a non-cash transaction.

Pertains to projects acquired during the year viz., BDTCL, JTCL, MTL, PKTCL and RTCL - refer note 32

INDIA GRID TRUST
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Breakup of cash and cash equivalents

	31 March 2018 (Rs. in millions)	31 March 2017 (Rs. in millions)
Balances with banks		
- On current account	1,672.92	-
Total cash and cash equivalents (refer note 7)	**1,672.92**	**-**

Summary of significant accounting policies 2.3

As per our report of even date

For S R B C & Co LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

per Paul Alvares
Partner
Membership Number : 105754

Place: Princeton, USA
Date: 24 April 2018

For and on behalf of the Board of Directors of
Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

Pratik Agarwal
CEO & Whole Time Director
DIN: 03040062

Harsh Shah
CFO & Whole Time Director
DIN: 02496122

Swapnil Patil
Company Secretary

Place: Mumbai
Date: 24 April 2018

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

A. CONSOLIDATED STATEMENT OF NET ASSETS AT FAIR VALUE AS AT 31 MARCH 2018

(Rupees in millions)

Particulars	Book value	Fair value
A. Assets	53,786.94	54,064.90
B. Liabilities (at book value)	25,154.38	25,154.38
C. Net Assets (A-B)	28,632.56	28,910.52
D. Number of units	283.80	283.80
E. NAV (C/D)	100.89	101.87

Project wise breakup of Fair Value of assets as at March 31, 2018:

Project	Fair Values* (Rs'Million)
Bhopal Dhule Transmission Company Limited	20,632.61
Jabalpur Transmission Company Limited	15,706.90
RAPP Transmission Company Limited	4,285.14
Purulia & Kharagpur Transmission Limited	6,653.60
Maheshwaram Transmission Limited	5,578.96
Subtotal	52,857.20
Assets (in IndiGrid and Sterlite Grid 1 Limited)	1,207.70
Total assets	**54,064.90**

B. CONSOLIDATED STATEMENT OF TOTAL RETURNS AT FAIR VALUE AS AT 31 MARCH 2018

(Rupees in millions)

Particulars	Year ended March 31, 2018
Total Comprehensive Income (As per the Statement of Profit and Loss)	2,103.50
Add/(less): Other Changes in Fair Value (e.g., in investment property, property, plant & equipment (if cost model is followed)) not recognized in Total Comprehensive Income	277.96
Total Return	**2,381.46**

Note:

1.Fair value of assets as at March 31, 2018 and Other changes in fair value for the year then ended as disclosed in the above tables are derived based on the fair valuation reports issued by the independent valuer appointed under the InvIT Regulations.

2. Sensitivity analysis with respect to significant unobservable inputs used in the fair value measurement has been disclosed in Note 27.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCFs)

A) Statement of Net Distributable Cash Flows (NDCFs) of India Grid Trust

(Rs in Millions)

Description	April 01, 2017 to March 31, 2018	October 21, 2016 to March 31, 2017 (refer note 34)
Cash flows received from the Portfolio Assets in the form of interest	2,758.65	-
Cash flows received from the Portfolio Assets in the form of dividend	-	-
Any other income accruing at IndiGrid level and not captured above, including but not limited to interest/return on surplus cash invested by IndiGrid	12.54	-
Cash flows received from the Portfolio Assets towards the repayment of the debt issued to the Portfolio Assets by IndiGrid (refer note 1)	335.88	-
Proceeds from the Portfolio Assets for a capital reduction by way of a buy back or any other means as permitted, subject to applicable law	-	-
Proceeds from sale of assets of the Portfolio Asset not distributed pursuant to an earlier plan to re-invest, or if such proceeds are not intended to be invested subsequently	-	-
Total cash inflow at the IndiGrid level (A)	**3,107.07**	**-**
Less: Any payment of fees, interest and expense incurred at IndiGrid level, including but not limited to the fees of the Investment Manager and Trustee (refer note 2)	(313.90)	-
Less: Costs/retention associated with sale of assets of the Portfolio Assets:	-	-
-related debts settled or due to be settled from sale proceeds of Portfolio Assets;	-	-
-transaction costs paid on sale of the assets of the Portfolio Assets; and	-	-
-capital gains taxes on sale of assets/ shares in Portfolio Assets/ other investments.	-	-
Less: Proceeds reinvested or planned to be reinvested in accordance with Regulation 18(7)(a) of the InvIT Regulations	-	-
Less: Repayment of external debt at the IndiGrid level and at the level of any of the underlying portfolio assets/special purpose vehicles (Excluding refinancing)	-	-
Less: Income tax (if applicable) at the standalone IndiGrid level	-	-
Less: Amount invested in any of the Portfolio Assets for service of debt or interest	-	-
Less: Repair work in relation to the projects undertaken by any of the Portfolio Assets	-	-
Total cash outflows / retention at IndiGrid level (B)	**(313.90)**	**-**
		-
Net Distributable Cash Flows (C) = (A+B) (refer note 3)	**2,793.17**	**-**

Notes to the Statement of Net Distributable Cash Flows of IndiGrid

1. Excludes Rs. 1,395.39 million of debt repayment by JTCL to IndiGrid out of the proceeds of total external debt of Rs 4,230 million raised by JTCL during the year.
2. Includes amount of Rs 207.95 million towards creation of interest service reserve account in respect of the external debt raised during the year.
3. The Net Distributable Cash Flows ("NDCF") as above is for the year ended March 31, 2018. Out of above NDCF, an amount of Rs. 1,850.94 million has already been distributed as dividends to unit holders.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCFs)

B) Statement of Net Distributable Cash Flows (NDCFs) of underlying Holdco and SPVs

(i) Sterlite Grid 1 Limited (SGL1) (Holdco)

(Rs in Millions)

Description	May 30, 2017* to March 31, 2018	October 21, 2016 to March 31, 2017 (refer note 34)
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	**93.99**	-
Add: Depreciation, impairment and amortisation	7.29	-
Add/Less: Decrease/(increase) in working capital	(10.10)	-
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	473.60	-
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
-related debts settled or due to be settled from sale proceeds;	-	-
-directly attributable transaction costs;	-	-
-directly attributable transaction costs;	-	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	-	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
-deferred tax;	(163.99)	-
- Unwinding of Interest cost on Non convertible debentures issued at interest rate lower than market rate of interest	0.30	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-	-
Non Cash item - Reversal of impairment of investment in subsidiary	(429.22)	-
Non Cash item - Provision for TDS receivable	21.52	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-	-
Total Adjustments (B)	**(100.60)**	**-**
Net Distributable Cash Flows (C)=(A+B)	**(6.61)**	**-**

* Being the date of acquisition of SGL1 by IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCFs)

(ii) Bhopal Dhule Transmission Company Limited (BDTCL) (SPV)

(Rs in Millions)

Description	May 30, 2017* to March 31, 2018	October 21, 2016 to March 31, 2017 (refer note 34)
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	**(369.97)**	
Add: Depreciation, impairment and amortisation	593.20	
Add/Less: Decrease/(increase) in working capital	86.72	
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	1,014.26	
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
-related debts settled or due to be settled from sale proceeds;	-	-
-directly attributable transaction costs;	-	-
-directly attributable transaction costs;	-	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	(2.93)	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items),	51.35	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
-deferred tax;	-	-
-unwinding of Interest cost on interest free loan or other debentures;	-	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	(143.66)	-
Total Adjustments (B)	**1,598.94**	**-**
Net Distributable Cash Flows (C)=(A+B)	**1,228.98**	**-**

* Being the date of acquisition of BDTCL by IndiGrid.

Note: The Net Distributable Cash Flows ("NDCF") as above is for the year ended March 31, 2018. Out of above NDCF, an amount of Rs. 1,106.08 million (being atleast 90%) has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCFs)

(iii) Jabalpur Transmission Company Limited (JTCL) (SPV)

(Rs in Millions)

Description	May 30, 2017* to March 31, 2018	October 21, 2016 to March 31, 2017 (refer note 34)
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	**(21.60)**	-
Add: Depreciation, impairment and amortisation	473.80	-
Add/Less: Decrease/(increase) in working capital	5.05	-
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	1,561.34	-
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
-related debts settled or due to be settled from sale proceeds;	-	-
-directly attributable transaction costs;	-	-
-directly attributable transaction costs;	-	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	(9.23)	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	(4.39)	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
-deferred tax;	-	-
-unwinding of Interest cost on interest free loan or other debentures;	-	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-	-
Total Adjustments (B)	**2,026.57**	**-** -
Net Distributable Cash Flows (C)=(A+B)	**2,004.97**	**-**

* Being the date of acquisition of JTCL by IndiGrid.

Note: The Net Distributable Cash Flows ("NDCF") as above is for the year ended March 31, 2018. Out of above NDCF, an amount of Rs. 1,804.47 million (being atleast 90%) has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCFs)

(iv) RAPP Transmission Company Limited (RTCL)(SPV)

(Rs in Millions)

Description	February 15, 2018* to March 31, 2018	October 21, 2016 to March 31, 2017 (refer note 34)
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	**(20.96)**	-
Add: Depreciation, impairment and amortisation	10.26	-
Add/Less: Decrease/(increase) in working capital	16.98	-
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	47.16	-
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
-related debts settled or due to be settled from sale proceeds;	-	-
-directly attributable transaction costs;	-	-
-directly attributable transaction costs;	-	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	-	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
-deferred tax;	-	-
-unwinding of Interest cost on interest free loan or other debentures;	-	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-	-
Total Adjustments (B)	**74.40**	-
		-
Net Distributable Cash Flows (C)=(A+B)	**53.44**	-

* Being the date of acquisition of RTCL by IndiGrid.

Note: The Net Distributable Cash Flows ("NDCF") as above is for the year ended March 31, 2018. Out of above NDCF, an amount of Rs. 48.10 million (being atleast 90%) has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCFs)

(v) Purulia & Kharagpur Transmission Company Limited (PKTCL)(SPV)

(Rs in Millions)

Description	February 15, 2018* to March 31, 2018	October 21, 2016 to March 31, 2017 (refer note 34)
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	**(34.28)**	-
Add: Depreciation, impairment and amortisation	17.11	-
Add/Less: Decrease/(increase) in working capital	36.84	-
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	73.74	-
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
-related debts settled or due to be settled from sale proceeds;	-	-
-directly attributable transaction costs;	-	-
-directly attributable transaction costs;	-	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	-	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
-deferred tax;	-	-
-unwinding of Interest cost on interest free loan or other debentures;	-	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	(19.00)	
Total Adjustments (B)	**108.69**	**-** -
Net Distributable Cash Flows (C)=(A+B)	**74.42**	-

* Being the date of acquisition of PKTCL by IndiGrid.

Note: The Net Distributable Cash Flows ("NDCF") as above is for the year ended March 31, 2018. Out of above NDCF, an amount of Rs. 66.98 million (being atleast 90%) has already been distributed to IndiGrid.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCFs)

(vi) Maheshwaram Transmission Limited (MTL)(SPV)

(Rs in Millions)

Description	February 15, 2018* to March 31, 2018	October 21, 2016 to March 31, 2017 (refer note 34)
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	**(19.28)**	-
Add: Depreciation, impairment and amortisation	15.00	-
Add/Less: Decrease/(increase) in working capital	11.71	-
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid or SGL1	69.17	-
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Proceeds from sale of infrastructure assets adjusted for the following:	-	-
-related debts settled or due to be settled from sale proceeds;	-	-
-directly attributable transaction costs;	-	-
-directly attributable transaction costs;	-	-
-proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Proceeds from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently, net of any profit / (loss) recognised in profit and loss account	-	-
Less: Capital expenditure, if any	-	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-	-
-any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
-interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
-deferred tax;	-	-
-unwinding of Interest cost on interest free loan or other debentures;	-	-
-portion reserve for major maintenance which has not been accounted for in profit and loss statement;	-	-
-reserve for debenture/ loan redemption (Excluding any reserve required by any law or as per lender's agreement)	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. (Excluding refinancing) / net cash set aside to comply with DSRA requirement under loan agreements	-	-
Total Adjustments (B)	**95.88**	**-**
Net Distributable Cash Flows (C)=(A+B)	**76.60**	**-**

* Being the date of acquisition of MTL by IndiGrid.

Note: The Net Distributable Cash Flows ("NDCF") as above is for the year ended March 31, 2018. Out of above NDCF, an amount of Rs. 68.90 million (being atleast 90%) has already been distributed to IndiGrid.

1. Group information

The consolidated financial statements comprise financial statements of India Grid Trust ("the Trust" or "IndiGrid") and its subsidiaries (collectively, the Group) for the year ended March 31, 2018. IndiGrid is an irrevocable trust settled by Sterlite Power Grid Ventures Limited (the "Sponsor") on October 21, 2016 pursuant to the Trust Deed under the provisions of the Indian Trusts Act, 1882 and registered with Securities Exchange Board of India ("SEBI") under the SEBI (Infrastructure Investment Trust) Regulations, 2014 as an Infrastructure Investment Trust on November 28, 2016 having registration number IN/InvIT/16-17/0005. The Trustee of IndiGrid is Axis Trustee Services Limited (the "Trustee"). The Investment manager for IndiGrid is Sterlite Investment Managers Limited (the "Investment Manager" or the "Management").

The objectives of IndiGrid are to undertake activities as an infrastructure investment trust in accordance with the provisions of the InvIT Regulations and the Trust Deed. The principal activity of IndiGrid is to own and invest in power transmission assets in India with the objective of producing stable and sustainable distributions to unitholders.

During the year ended March 31, 2018, IndiGrid has acquired the following projects from the Sponsor which are transmission infrastructure projects developed on Build Own Operate and Maintain ('BOOM') basis:

1. Bhopal Dhule Transmission Limited ('BDTCL')
2. Jabalpur Transmission Company Limited ('JTCL')
3. RAPP Transmission Company Limited ('RTCL')
4. Purulia & Kharagpur Transmission Company Limited ('PKTCL')
5. Maheshwaram Transmission Limited ('MTL')

These SPVs have executed Transmission Services Agreements ("TSAs") with Long term transmission customers under which the SPVs have to maintain the transmission infrastructure for 35 years post commissioning.

The address of the registered office of the Investment Manager is Malco Industries Limited, Sipcot Industrial Complex, Madurai Bye Pass road, Tuticorin, Thoothukudi, Tamil Nadu 628 002. The consolidated financial statements were authorised for issue in accordance with resolution passed by the Board of Directors of the Investment Manager on April 24, 2018.

2. Significant Accounting Policies

2.1 Basis of preparation

The consolidated financial statements comprise of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss including the statement of Other Comprehensive Income, the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Unit Holders' Equity for the year then ended and the Consolidated Statement of Net Assets at fair value as at March 31, 2018 and the Consolidated Statement of Total Returns at fair value and the Statement of Net Distributable Cash Flows ('NDCFs') of the Trust, the underlying holding company ("HoldCo") and each of its subsidiaries for the year then ended and a summary of significant accounting policies and other explanatory notes in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended, prescribed under Section 133 of the Companies Act, 2013 ("Ind AS") read with SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended and the circulars issued thereunder ("InvIT Regulations").

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets measured at fair value (e.g. Liquid mutual funds)

The consolidated financial statements are presented in Indian Rupees Millions, except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Trust and its subsidiaries as at 31 March 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

Consolidation procedure:

(a). Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b). Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c). Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 *Income Taxes* applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the unit holders of the Trust and to the non-controlling interests (if any), even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss

- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Summary of significant accounting policies

The following is the summary of significant accounting policies applied by the Group in preparing its consolidated financial statements:

a) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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 the 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 the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

The Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group has identified twelve months as its operating cycle.

b) Foreign currencies

The Group's consolidated financial statements are presented in INR, which is its functional currency. The Group does not have any foreign operation and has assessed the functional currency to be INR.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

c) Fair value measurement

The Group measures financial instruments such as mutual funds at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

In estimating the fair value of transmission assets/projects, the Group engages independent qualified external valuers to perform the valuation. The management works closely with the external valuers to establish the appropriate valuation techniques and inputs to the model. The management in conjunction with the external valuers also compares the change in fair value with relevant external sources to determine whether the change is reasonable. The management reports the valuation report and findings to the Board of the Investment Manager half yearly to explain the cause of fluctuations in the fair value of the transmission projects.

At each reporting date, the management analyses the movement of assets and liabilities which are required to be re-measured or reassessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (Note 27)
- Disclosures for valuation methods, significant estimates and assumptions (Note 20, Note 27)
- Financial instruments (including those carried at amortised cost) (Note 27, Note 28)

d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is reduced for estimated discounts and other similar allowances.

The specific recognition criteria described below must also be met before revenue is recognised.

Income from services:
Income from power transmission services is recognised on a pro-rata basis as and when services are rendered based on availability and the tariff charges approved under the respective CERC tariff orders and includes unbilled revenues accrued up to the end of the accounting period.

Interest income
For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividends
Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental income
Rental income arising from operating leases is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature.

e) Taxation

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales/value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the balance sheet.

f) Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale/ distribution will be made or that the decision to sell/ distribute will be withdrawn. Management must be committed to the sale/ distribution expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale/ distribution classification is regarded met only when the assets or disposal group is available for immediate sale/ distribution in its present condition, subject only to terms that are usual and customary for sales/ distribution of such assets (or disposal groups), its sale/ distribution is highly probable; and it will genuinely be sold, not abandoned. The group treats sale/ distribution of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active program to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification and

Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet. Refer note 10 for additional disclosures.

g) Property, plant and equipment

Capital work in progress, property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred. No decommissioning liabilities are expected or be incurred on the assets of plant and equipment.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the construction costs to the extent the expenditure can be attributable to construction activity or is incidental there to. Income earned during the construction period is deducted from the total of the indirect expenditure.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Asset Category	Useful Life considered	Useful life (Schedule II#)
Leasehold improvements	Lease Period*	30
Buildings (substation)	25	30
Substations	25-35	40
Transmission lines (including components)	25-35	40
Plant and machinery	2-5	15
Data Processing Equipments (Computers)	4	3-6
Furniture and Fittings	7.5	10
Office Equipments	4	3

Schedule II to the Companies Act, 2013 which is applicable to the subsidiary companies.
*Leasehold improvements are depreciated over the useful life of the asset or the lease period, whichever is lower

The Group, based on technical assessments made by technical experts and management estimates, depreciates buildings (substation) and certain items of plant and equipment, data processing equipments, furniture and fittings, office equipments and vehicles over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013 which is applicable to the subsidiary companies. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

h) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

i) Leases

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

Group as lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Operating lease payments are recognised as an expense in the consolidated statement of profit and loss on a straight-line basis over the lease term.

Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee.

j) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculations on detailed budget and forecast calculations. These budgets are prepared for the entire project life.

Impairment losses of continuing operations are recognised in the statement of profit and loss

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

k) Provisions

Provisions are recognised when the Group 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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

l) 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

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 that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

i. Debt instruments at amortised cost
ii. Debt instruments at fair value through other comprehensive income (FVTOCI)
iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

Debt instrument at FVTOCI
A 'debt instrument' is classified as FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. The Group does not have any financial assets which are subsequently measured at FVTOCI.

Debt instrument at FVTPL
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

Equity investments
All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
Majority of the financial assets of the Group which are not reflected at fair value pertain to trade and other receivables. Considering the nature of business, the Group does not foresee any credit risk on its trade and other receivables which may cause an impairment. Also, the Group does not have any history of impairment of trade and other receivables.

For the financial assets which are reflected at fair value, no further impairment allowance is necessary as they reflect the fair value of the relevant financial asset itself.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include borrowings and related costs, trade and other payables and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to borrowings. For more information refer Note 10.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial 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 in the respective carrying amounts is recognised in the statement of profit or loss.

Embedded derivatives
An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in statement of profit or loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to statement of profit or loss at the reclassification date.

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.

m) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Since the Group does not meet the strict criteria for hedge accounting, it has not applied hedge accounting in respect of its derivative contracts.

n) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

o) Cash dividend distribution to unit holders

The Group recognises a liability to make cash distributions to unit holders when the distribution is authorised and a legal obligation has been created. As per the InvIT Regulations, a distribution is authorised when it is approved by the Board of Directors of the Investment Manager. A corresponding amount is recognised directly in equity.

p) Earnings per unit

Basic earnings per unit is calculated by dividing the net profit or loss attributable to unit holders of the Trust (after deducting preference dividends and attributable taxes if any) by the weighted average number of units outstanding during the period. The weighted average number of units outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, split, and reverse split (consolidation of units) that have changed the number of units outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per unit, the net profit or loss for the period attributable to unit holders of the Trust and the weighted average number of units outstanding during the period are adjusted for the effects of all dilutive potential units.

2.4 Standards issued but not yet effective:

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standards:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Ind AS 115 is effective for the Group from April 1, 2018 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Group continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements. The Group's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Group has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

Other Amendments to standards, issued but not effective, which are either not applicable to the Group or the impact is not expected to be material:

a) Amendments to Ind 112 Disclosure of Interests in Other Entities:
The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

b) Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

c) Transfers of Investment Property - Amendments to Ind AS 40
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

d) Ind AS 28 Investments in Associates and Joint Ventures
The amendments clarify that:
- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

e) Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration
The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

INDIA GRID TRUST
Notes to Consolidated Financial Statements for the year ended 31 March 2018

Note 3: Property, Plant and Equipment:

(Rs. in million)

Particulars	Freehold land	Lease hold land	Building - office (Leasehold improvements)	Building - Substations	Substations	Transmission lines	Plant and machinery	Data processing equipments	Furniture and fittings	Office equipments	Total
Gross block											
At October 21, 2016	-	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2017	-	-	-	-	-	-	-	-	-	-	-
Additions on account of acquisition of projects (Refer note 20 and note 32)	24.94	89.86	0.59	57.14	6,311.64	44,916.83	14.33	1.34	1.24	1.71	**51,419.62**
Other Additions during the year	-	-	-	-	-	9.21	2.93	0.03	-	-	**12.17**
Disposals	-	-	-	-	-	(9.85)	-	-	-	-	**(9.85)**
At March 31, 2018	**24.94**	**89.86**	**0.59**	**57.14**	**6,311.64**	**44,916.19**	**17.26**	**1.37**	**1.24**	**1.71**	**51,421.94**
Depreciation											
At October 21, 2016	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2017	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	2.93	0.04	2.00	260.00	884.15	7.23	0.48	0.18	0.40	**1,157.41**
Disposals	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2018	-	**2.93**	**0.04**	**2.00**	**260.00**	**884.15**	**7.23**	**0.48**	**0.18**	**0.40**	**1,157.41**
Net Block											
At March 31, 2017	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2018	**24.94**	**86.94**	**0.55**	**55.14**	**6,051.64**	**44,032.04**	**10.03**	**0.89**	**1.06**	**1.32**	**50,264.53**

Note 4: Other financial assets

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (refer note - 34)
Non Current		
Security deposits	3.46	-
Other bank balances (refer note 8)	9.33	-
Total	**12.79**	**-**
Current		
Unbilled revenue*	497.26	-
Interest accrued on investments	0.53	-
Advances receivable in cash	1.06	-
Total	**498.85**	**-**

* Unbilled revenue is the transmission charges for the month of March 2018 amounting to Rs 497.26 million (31 March 2017 - Nil) billed to transmission customers in the month of April 2018.

Note 5: Other assets

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (refer note - 34)
Non-Current		
Deposits paid under dispute (refer note 24)	150.21	-
Total	**150.21**	**-**
Current		
Advance income tax, including TDS (net of provisions)	48.74	-
Prepaid expenses	47.44	-
Others	19.07	-
Total	**115.25**	**-**

Note 6: Trade receivables

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (refer note - 34)
Trade receivable (Unsecured, considered good)	1,061.89	-
Total	**1,061.89**	**-**

Trade receivables are non-interest bearing and are generally on terms of 60 days

See Note 29 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

Note 7: Cash and cash equivalents

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (refer note - 34)
Balances with banks		
- On current accounts	1,672.92	-
Total	**1,672.92**	**-**

Note 8: Other bank balances

	Non-Current		Current	
	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (refer note - 34)	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (refer note - 34)
- Deposits with original maturity of more than three months but less than 12 months	-	-	10.50 *	-
- Deposits with original maturity of more than 12 months	9.33 *	-	-	-
Less: Disclosed under other non-current financial assets (refer note 4)	(9.33)	-	-	-
Total	**-**	**-**	**10.50**	**-**

* Includes amount of Rs 19.32 million held as lien by bank against bank guarantees.

Note 9: Unit capital

	Number of units (in million)	Unit Capital (Rs. in million)
October 21, 2016	**-**	**-**
Issued during the period	-	-
As at 31 March 2017	-	-
Issued during the year (refer note 20)	283.80	28,380.00
As at 31 March 2018	**283.80**	**28,380.00**

Terms/rights attached to unit capital

The Trust has only one class of units. Each Unit represents an undivided beneficial interest in the Trust. Each holder of unit is entitled to one vote per unit. The Unitholders have the right to receive at least 90% of the Net Distributable Cash Flows of the Trust at least once in every six months in each financial year in accordance with the InvIT Regulations. The Investment Manager approves dividend distributions. The distribution will be in proportion to the number of units held by the unitholders. The Trust declares and pays dividends in Indian rupees.

A Unitholder has no equitable or proprietary interest in the projects of IndiGrid and is not entitled to any share in the transfer of the projects (or any part thereof) or any interest in the projects (or any part thereof) of IndiGrid. A Unitholder's right is limited to the right to require due administration of IndiGrid in accordance with the provisions of the Trust Deed and the Investment Management Agreement.

Note 10: Long term borrowings (Secured)

	Non-Current		Current maturities	
	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (refer note - 34)	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (refer note - 34)
Debentures				
7.85% Non-convertible debentures of Rs 1,000,000 each	6,870.00	-	480.00	-
Term Loans				
Indian rupee term loan from bank	9,941.47	-	-	-
Foreign currency loan from financial institution	2,301.03	-	139.58	-
Less: Amount disclosed under the head "other current financial liabilities" (Note 13)	-	-	(619.58)	-
Total	**19,112.50**	**-**	**-**	**-**

India Grid Trust

The Indian rupee term loan from bank carries interest at the rate of 8.25% p.a. payable monthly. Entire loan amount shall be repayable as a bullet repayment at the end of 10 years from the date of disbursement. The term loan is secured by (i) first pari passu charge on entire current assets including loans and advances, any receivables accrued/realised from those loans and advances extended by the Trust to its subsidiaries (direct or indirect) including loans to all project SPVs and future SPVs; (ii) negative lien on immovable assets, movable assets, current assets and cash flows of project SPVs to be provided upfront; (iii) First pari-passu charge on Escrow account of the India Grid Trust.

Bhopal Dhule Transmission Company Limited

During the year, the Bhopal Dhule Transmission Company Limited ('BDTCL') has issued 7,350 Non Convertible Debentures ('NCDs') of Rs 1,000,000/- each on private placement basis which carries an interest at the rate of 7.85%. The interest is payable quarterly at the end of each quarter. 11% of the total debentures are redeemable in structured instalments in accordance with the redemption schedule. The balance 89% shall be repayable as a bullet repayment on 4th April 2022. All the NCDs together with interest, additional interest, liquidated damages, premium on prepayment, cost and charges, expenses and all other monies and all other amounts stipulated and payable to the debenture holders are secured by:

1) First and exclusive charge on all movable assets and immovable assets of issuers including but not limited to movable plant and machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, intangible, goodwill, uncalled capital, right of way/land, civil structures, tower and cables, office buildings. present and future if any for the project.

2)First charge by way of:

a)Assignment/hypothecation or creation of security interest present and future of all rights, titles, interest, benefits, claims and demands whatsoever of BDTCL in the project, documents including but not limited to transmission supply agreements, transmission licenses, package/construction contracts, O&M related agreements if any, land lease agreements, service contracts etc. duly acknowledged, consented by relevant counter parties to such project documents all as amended, varied or supplemented from time to time;

b) All rights, title, interest, benefits, claims and demands whatsoever of the company in the permits, approvals and clearances pertaining to the projects, in the letter of credit, guarantee, performance bond, corporate guarantee, bank guarantees provided by any party to the project document;

c) All insurances proceeds (debenture trustee to be the loss payee in the insurance policy).

3) A First charge on letter of credit, Escrow account, debt service reserve account and other reserve and any other bank account of the issuer wherever maintained, present and future.

4)First charge on all book debts, operating cash flow, receivables, commissions, revenues of whatsoever nature and wherever arising, of BDTCL, present and future.

5) Pledge of 51% of the equity share capital of the BDTCL.

Foreign currency loan from financial institution carries interest at the rate of 6m LIBOR + 2.10% to 3.80% spread. BDTCL has taken currency and interest rate swap to hedge 6m LIBOR to fixed rate [refer note 23(b)]. Amoount of USD 15.62 million being 35% of the total loan amount shall be repayable as a bullet repayment in accordance with the repayment schedule such that average tenor of the facility shall be more than 8.51 years. Remaining amount of USD 28 99 million shall be paid in quarterly instalments till December 2026. The foreign currency loan is secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, current assets, all the accounts and intangible assets both present and future. Loans are also secured by assignment by way of security of all the right, title, interest benefits, claims and demands whatsoever of BDTCL in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time; all rights, title, interest and benefits of BDTCL into and under all clearances pertaining to the project (including transmission licence) to the extent same are assignable; all rights, title, interest, benefits, claims and demands whatsoever of BDTCL in any letter of credit, guarantee including contract guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the project document; all rights, title, interest, benefits, claims and demands whatsoever of the borrower in, to and under all insurance contracts and insurance proceeds pertaining to the project. Loans are also secured by non disposable undertaking from India Grid Trust directly/indirectly to hold at least 51% of equity share capital till final settlement date. Upon occurrence of event of default the negative lien shall be converted in pledge of 51% of the equity share capital of BDTCL.

Financial covenants

Loans from bank, financial institution contain certain debt covenants relating to limitation on interest service coverage ratio, debt service coverage ratio, total debt gearing, maintenance of specified security margin etc. The financial covenants are reviewed on availability of audited accounts of the respective borrower annually. For the financial year ended March 31, 2018, the Group has satisfied all debt covenants prescribed in the terms of loan from bank and financial institutions, where applicable.

Note 11: Short term borrowings (secured)

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (refer note - 34)
Short term loan from bank	4,230.00	-
Total	**4,230.00**	**-**

Jabalpur Transmission Company Limited ('JTCL')

The Indian rupee term loan from bank carries interest at the rate of Kotak Bank MCLR + Spread, if any, as agreed between JTCL and bank, current interest rate being 8.5% p.a. payable monthly. Entire loan amount shall be repayable as a bullet repayment in 9 months from the date of disbursement. The short term loan is secured by first and exclusive charge on all current and future movable and immovable fixed assets and current assets of JTCL.

Note 12: Trade payables

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (refer note - 34)
Trade payables	130.17	-
Total	**130.17**	**-**

Trade payables are non-interest bearing and are normally settled on 30-90 days terms.

For explanation on the Group's risk management policies, refer note 29.

Note 13: Other financial liabilities

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (refer note - 34)
Non-Current		
Payable towards project acquired (refer note 20)	579.50	-
Total	**579.50**	**-**
Current		
Derivative Instruments		
Foreign exchange forward contracts	164.42	-
Cross currency interest rate swap	39.29	-
	203.71	**-**
Other financial liabilities at amortised cost		
Current maturities of long-term borrowings (refer note 9)	619.58	-
Payable towards project acquired (refer note 20)	221.70	-
Interest accrued but not due on term loans	34.38	-
Others	9.14	-
	884.80	**-**
Total	**1,088.51**	**-**

Derivative instruments reflect the change in fair value of foreign exchange forward contracts and Currency / Interest rate swaps to hedge of interest rate and foreign exchange fluctuation risks on foreign currency loan in USD. These contracts are not designated in hedge relationships and are measured at fair value through profit or loss. Refer Note 29.

Payables for purchase of property, plant and equipment are non-interest bearing and are normally settled on 90-120 days terms.

Other payables are non-interest bearing and have an average term of six months.

Note 14: Other current liabilities

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (refer note - 34)
GST payable	2.13	-
Withholding taxes (TDS) payable	11.57	-
Total	**13.70**	**-**

Note 15: Revenue from operations

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (refer note - 34)
Income from transmission services	4,475.69	-
Total	**4,475.69**	**-**

Note 16: Other income

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (refer note - 34)
Lease rental income	14.66	-
Liabilities no longer required written back*	63.85	-
Total	**78.51**	**-**

* The other income pertains to reversal of liability made in the books of Bhopal Dhule Transmission Company Limited and Jabalpur Transmission Company Limited in the previous financial year for prepayment charges payable on long term borrowings.

Note 17: Finance costs

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (refer note - 34)
Interest on financial liabilities measured at amortised cost	954.24	-
Bank charges	58.33	-
Total	**1,012.57**	**-**

Note 18: Deferred tax liabilities (net)

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (refer note - 34)
Deferred tax liability		
Property, plant and equipment : Impact of difference between tax depreciation and depreciation for financial reporting	4,468.02	-
Gross deferred tax liability (A)	**4,468.02**	**-**
Deferred tax assets		
Unabsorbed depreciation under income tax (DTA recognised only to the extent of DTL)	4,468.02	-
Gross deferred tax asset (B)	**4,468.02**	**-**
Net deferred tax assets	**-**	**-**

As at March 31, 2018, based on the expected future profitability of the SPVs, the management has recognised deferred tax assets on the unabsorbed tax depreciation carried forward only to the extent of deferred tax liability as at March 31, 2018.

For the calculation of deferred tax assets/liabilities, the Group has not considered tax holiday available under the Income Tax Act for some of the SPVs. The management based on estimated cash flow workings for the project, believes that since there will be losses in the initial years of the project, no benefit under the Income tax Act would accrue to the Group in respect of the tax holiday. Management will re-assess this position at each balance sheet date. Also refer note 20.

The major components of income tax expense for the years ended 31 March 2018 and 31 March 2017 are:

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (refer note - 34)
- Current tax	-	-
- Deferred tax	-	-
- Income tax for earlier years *	(67.82)	-

* Income tax for earlier year relates to tax provisions made in the books of JTCL in previous year which has been reversed post acquisition by the Trust in the current year.

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2018 and 31 March 2017:

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (refer note - 34)
Accounting profit before income tax	2,035.68	-
At India's statutory income tax rate of 34.61%	704.55	-
Impact of exemption u/s 10(23FC) of the Income Tax Act, 1961 available to the Trust	(704.55)	-
Reversal of excess provision of tax created in previous year in subsidiary	(67.82)	-
At effective tax rate	**(67.82)**	-
Income tax expense reported in the statement of profit and loss	**(67.82)**	

Note 19: Earnings per unit (EPU)

Basic EPU amounts are calculated by dividing the profit/loss for the year attributable to Unit holders by the weighted average number of units outstanding during the year.

Diluted EPU amounts are calculated by dividing the profit/loss attributable to unit holders by the weighted average number of units outstanding during the year plus the weighted average number of units that would be issued on conversion of all the dilutive potential units into unit capital.

The following reflects the profit and unit data used in the basic and diluted EPU computation:

	31 March	31 March
Profit after tax for calculating basic and diluted EPU	2,103.50	-
Weighted average number of units in calculating basic EPU (No. million)	283.80	-
Effect of dilution:		
Estimated units to be issued to Sponsor/Project manager*	6.14	-
Weighted average number of units in calculating basic and diluted EPU (No. million)	289.94	
Earnings Per Unit		
Basic (Rupees/unit)	7.41	-
Diluted (Rupees/unit)	7.25	-

* units issuable pursuant to the Project Implementation and Management Agreement dated November 10, 2016 as amended, towards the additional transmission charges as may be approved by CERC for the additional expenditure incurred by BDTCL. The petition for such tariff increase is currently pending with CERC.

Note 20: Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

i. Applicability of Appendix A (Service Concession Arrangements) of Ind AS 11 - Construction Contracts

The Group through its subsidiaries acts as a transmission licensee under the Electricity Act, 2003 holding valid licenses for 25 years. The subsidiaries have entered into Transmission Services Agreements ("TSA") with Long Term Transmission Customers ("LTTC") through a tariff based bidding process to Build, Own, Operate and Maintain ("BOOM") the transmission infrastructure for a period of 35 years. The management of the Company is of the view that the grantor as defined under Appendix A of Ind AS 11 ("Appendix A") requires transmission licensee to obtain various approvals under the regulatory framework to conduct its operations both during the period of the license as well as at the end of the license period. However, in the view of management, the grantor's involvement and approvals are to protect public interest and are not intended to control, through ownership, beneficial entitlement or otherwise, any significant residual interest in the transmission infrastructure at the end of the term of the arrangement. Accordingly, management is of the view that Appendix A to Ind AS 11 is not applicable to the Group.

ii. Classification of Unitholders' funds

Under the provisions of the InvIT Regulations, IndiGrid is required to distribute to Unitholders not less than ninety percent of the net distributable cash flows of IndiGrid for each financial year. Accordingly, a portion of the unitholders' funds contains a contractual obligation of the Trust to pay to its Unitholders cash distributions. The Unitholders' funds could therefore have been classified as compound financial instrument which contain both equity and liability components in accordance with Ind AS 32 - Financial Instruments: Presentation. However, in accordance with SEBI Circulars (No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016) issued under the InvIT Regulations, the unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated 20-Oct-2016 dealing with the minimum disclosures for key financial statements. In line with the above, the dividend payable to unit holders is recognised as liability when the same is approved by the Investment Manager.

iii. Acquisition of SPVs

The Group entered into share purchase agreements and shareholders' agreements dated February 14, 2018 ("the Agreements") with Sterlite Grid 2 Limited and Sterlite Grid 3 Limited ("the Selling shareholders") for acquisition of equity stake in RAPP Transmission Company Limited and Maheshwaram Transmission Company Limited. (together referred as "the SPVs"). Pursuant to the Agreements, the Group has acquired 49% of equity in the SPVs and for acquisition of the remaining 51% equity stake, the Group has paid full consideration in advance on a non-refundable basis . The remaining stake will be acquired from the Selling Shareholders on expiry of the respective mandatory shareholding periods in the SPVs. Under the Agreements, the Group has the following rights:

a. Right to nominate all directors on the Board of directors of the SPVs;
b. Right to direct the Selling Shareholders to vote according to its instructions in the AGM/EGM or any other meeting of shareholders of the SPVs;
c. Irrevocable and unconditional call option to acquire the remaining 51% equity stake in the SPVs at later dates;
d. Pledge on the remaining 51% equity stake in the SPVs;
e. Non-disposal undertaking from the Selling Shareholders for the remaining 51% equity stake in the SPVs.

Basis the above rights and the fact that full non-refundable consideration has been paid in advance by the Group to the Selling Shareholders, the Group has consolidated the SPVs assuming 100% equity ownership and accordingly no non-controlling interest (NCI) has been recognised in the consolidated financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Trust. Such changes are reflected in the assumptions when they occur.

i. Impairment of non-financial assets

Non-financial assets of the Group primarily comprise of transmission assets (property, plant and equipment). Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amounts for the transmission assets are based on the fair values less costs of disposal/value in use of the projects. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budgets/forecasts over the life of the projects. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash flows. The key assumptions used to determine the recoverable amount for the assets are disclosed and further explained in Note 27.

ii. Payable towards projects acquired

(a) BDTCL had filed petition dated October 15, 2016 with CERC for grant of incremental tariff to compensate for additional expenditure incurred on BDTCL project. Pursuant to the Project Implementation and Management Agreement dated November 10, 2016 as amended ("PIMA"), the Trust will issue additional units to Sterlite Power Grid Ventures Limited ("SPGVL") in case any additional tariff is approved by CERC. The units that will be issued would be to the extent of 80% of the additional capital expenditure as approved by CERC in respect of the pending petition. Accordingly, the Group has estimated and recorded an amount of Rs. 579.50 million towards the units issuable to SPGVL in accordance with PIMA. The consideration would be discharged in the form of units of the Trust. The number of units that will be issued is variable since the pricing of the units will be based on Regulation 76 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended, hence the same has been classified as financial liability.

(b) In respect of RTCL, CERC vide its order dated September 21, 2016 ('Order') confirmed that the RTCL was eligible to receive certain transmission charges from the scheduled commercial operation date i.e. 01 March 2016 ('SCOD'). The aggrieved party filed an appeal with Appellate Tribunal for Electricity against the Order. The amount of transmission charges involved is Rs. 221.70 million which were recognised as receivable in the financial statement of RTCL. Under the share purchase agreement dated February 14, 2018, in case there is any recovery on account of the above receivable on disposal of the appeal, the same shall be paid as additional consideration to Sterlite Grid 2 Limited (subsidiary of SPGVL)+D700. The management has recognised a liability of Rs 221.70 million payable in respect of the above arrangement.

iii. Fair valuation and disclosures

SEBI Circulars issued under the InvIT Regulations require disclosures relating to net assets at fair value and total returns at fair value (refer Statement of net assets at fair value and Statement of total returns at fair value). In estimating the fair value of transmission projects (which constitutes substantial portion of the total assets), the Group engages independent qualified external valuers to perform the valuation. The management works closely with the valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the valuation report and findings to the Board of the Investment Manager half yearly to explain the cause of fluctuations in the fair value of the transmission projects. The inputs to the valuation models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as Debt-equity ratio, WACC, Tax rates, Inflation rates, etc. Changes in assumptions about these factors could affect the fair value. (refer Note 27 for details)

iv. Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has Rs. 2,853.22 million of tax losses carried forward on which deferred tax asset has not been recognised. If the Group was able to recognise all unrecognised deferred tax assets, profit after tax would have increased and equity would have increased by Rs. 987.50 million.

Further, the Group has not considered tax holiday available under the Income Tax Act for some of the project SPVs for the computation of deferred tax assets/liabilities. The management based on estimated cash flow workings for these project, believes that since there will be losses in the initial years of these project, no benefit under the Income tax Act would accrue to these projects in respect of the tax holiday. Management will re-assess this position at each balance sheet date.

Note 21: List of subsidiaries which are included in consolidation and IndiGrid's effective holding therein are as under:

Name of the Company	Country of Incorporation	Effective Ownership as at 31 March 2018	Effective Ownership as at 31 March 2017
Directly held by India Grid Trust			
Sterlite Grid 1 Limited^	India	100%	-
Indirectly held by the Trust (through SGL1):			
Bhopal Dhule Transmission Company Limited^	India	100%	-
Jabalpur Transmission Company Limited^	India	100%	-
Purulia & Kharagpur Transmission Company Limited #	India	100%	-
RAPP Transmission Company Limited#	India	100% *	-
Maheshwaram Transmission Limited#	India	100% *	-

^ Acquired on 30 May 2017. (refer note 26)

Acquired on 15 February 2018. (refer note 26 and note 19)

* Pursuant to the share purchase agreements and shareholders' agreements dated February 14, 2018 executed for the acquisition of RTCL and MTL, the Trust (through SGL1) has acquired 49% of equity stake in these entities and it has rights under the above agreements which gives it beneficial interest in the remaining 51% stake in these entities. Hence the effective ownership as at March 31, 2018 is considered as 100%. Refer Note 20 for details.

Note 22: Capital and other Commitments

(a) The Group has entered into Share Purchase Agreement on February 19, 2018 with Techno Power Grid Company Limited, Techno Electric and Engineering Company Limited and Patran Transmission Company Limited ('PTCL') pursuant to which the Group has agreed to purchase entire share capital of PTCL at cost of approx. Rs 2,320 million based on the valuation report obtained by the management. The transaction is expected to complete in the first quarter of financial year 2018-19.

(b) The Group has entered into transmission services agreement (TSA) with long term transmission customers pursuant to which the Group has to transmit power of contracted capacity and ensure minimum availability of transmission line over the period of the TSA. The TSA contains provision for disincentives and penalties in case of certain defaults.

Note 23: Derivative instruments
The Group has entered into the following derivative instruments:

(a) The following are the outstanding Forward Exchange Contracts entered into by the Group, for hedge purpose, as on 31 March 2018:

Year ended	Currency Type	Foreign Currency (In millions)	Amount (Rs' millions)	Buy/Sell	Number (Quantity)
Hedge of foreign currency loan from financial institution					
31 March 2018	US $	37.95	2,440.62	Buy	4
31 March 2017	-	-	-	-	-

(b) Cross currency interest rate swap contracts outstanding as at year end to hedge against exposure to variable interest outflow on loans/foreign currency fluctuations:

Particulars	31 March 2018	31 March 2017
Currency type	US $	-
No. of contracts	1	-
Amount (USD 'millions)	7.28	-
Period of Contract	31 Dec 2015 to 31 Mar 2021	-
Floating rate	USD 6 Month Libor + 2.10% to 3.80%	-
Fixed rate	6.71% on INR principal	-

The Group has entered into cross currency interest rate swap contract on the foreign currency loan, whereby the foreign exchange rate for principal and interest payments has been fixed at INR 65.05 / USD and the interest rate fixed at 6.71% on the loan amount converted in INR at the fixed USD rate. As a result of the contract, the Company would pay interest in INR at 6.71% on the foreign currency loan converted to INR at INR 65.05/USD and receive interest at USD 6m LIBOR + 2.10% to 3.80% on the foreign currency loan amount.

Note 24: Contingent liabilities

	31 March 2018 (Rs. in millions)	31 March 2017 (Rs. in millions)
- Entry tax demand	369.35	-
- VAT demand	104.34	-
Total	**473.69**	-

Entry tax demand of Rs 165.80 millions for Bhopal Dhule Transmission Company Limited (BDTCL) and Rs 138.70 millions for Jabalpur Transmission Company Limited (JTCL) pertains to demands under the Entry tax act read with Madhya Pradesh Vat Act, 2002 for payment of entry tax upon completion of assessment by tax authorities for the year 2012-13, 2013-14, 2014-15 and 2015-16. BDTCL and JTCL have preferred an appeal against the demand before High Court, Jabalpur (Madhya Pradesh). Both the subsidiaries are contesting the demand and the management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demands raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the consolidated financial position and results of the operations. BDTCL and JTCL have deposited Rs. 58.37 millions and Rs 49.00 millions respectively with the tax authorities against the said demands to comply the order of hon'ble High court of Madhya Pradesh. The Hon'ble high court has accepted the plea of subsidiaries and has given stay on entire demand after deposit of specified amount till the disposal of case.

Entry tax demand of Rs 51.55 millions for JTCL pertains to demand under Entry Tax Act read with Chhattisgarh Value Added Tax Act, 2005 for payment of entry tax upon completion of assessment by tax authorities for the year 2012-13 and 2013-14. JTCL has preferred an appeal against the demand before the Chairman Chhattisgarh Commercial tax Tribunal, Raipur (C.G.). The management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the consolidated financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on consolidated financial position and results of the operations. JTCL has deposited Rs. 12.05 millions with the tax authorities against the said demand as per the provision of Chhattisgarh Value Added Tax Act, 2005 for filing of appeal.

Entry tax demand of Rs 13.30 millions for RAPP Transmission Company Limited ('RTCL') pertains to demands under the Entry tax act read with Madhya Pradesh Vat Act, 2002 for payment of entry tax upon completion of assessment by tax authorities for the year 2014-15 and year 2015-16. RTCL has appealed against the demand before High Court, Jabalpur (Madhya Pradesh). The management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the consolidated financial statements for the tax demands raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the financial position and results of the operations of RTCL. RTCL has deposited Rs 4.70 millions with the tax authorities against the said demands to comply the order of hon'ble High court of the Madhya Pradesh. The Hon'ble high court has accepted the plea of RTCL and has given stay on entire demand after deposit of specified amount till the disposal of case.

VAT demand of Rs 104.34 millions for Purulia & Kharagpur Transmission Company Limited (PKTCL) pertains to demand under Jharkhand Value Added Tax (Amendment) Act, 2005 for payment of VAT for the year 2015-16. The Group has preferred an appeal against the demand before Jharkhand High Court. The management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Group's financial position and results of the operations. PKTCL has deposited Rs 26.09 millions with the tax authorities against the said demand.

Note 25: Segment reporting

The Group’s activities comprise of transmission of electricity in certain states in India. Based on the guiding principles given in Ind AS - 108 “Operating Segments”, this activity falls within a single operating segment and accordingly the disclosures of Ind AS -108 have not separately been given.

Under Point of Connection (PoC) mechanism, Power Grid Corporation of India Limited ('PGCIL') is designated as central transmission utility with the responsibility for billing and collecting of usage charges from Inter-State Transmission Services (ISTS) users. Hence the entire amount of trade receivables pertaining to transmission charges is receivable from PGCIL.

INDIA GRID TRUST
Notes to Consolidated Financial Statements for the year ended 31 March 2018

Note 26: Statement of Related Party Transactions:

I. List of related parties as per the requirements of Ind AS 24 - Related Party Disclosures

Entity with significant influence over the Trust
Sterlite Power Grid Ventures Limited (SPGVL)

II. List of additional related parties as per Regulation 2(1)(zv) of the InvIT Regulations
A. Parties to IndiGrid
Sterlite Power Grid Ventures Limited (SPGVL) - Sponsor and Project Manager of IndiGrid
Sterlite Investment Managers Limited (SIML) - Investment Manager of IndiGrid
Axis Trustee Services Limited (ATSL) - Trustee of IndiGrid

B. Promoters of the parties to IndiGrid specified in (A) above

Sterlite Power Transmission Limited - Promoter of SPGVL and SIML
Axis Bank Limited - Promoter of ATSL

C. Directors of the parties to IndiGrid specified in (A) above

(i) Directors of SPGVL:
Pravin Agarwal
Pratik Agarwal
A. R. Narayanaswamy
Avaantika Kakkar
Ved Mani Tiwari
Anand Agarwal (till 10.10.2017)
Udai Dhawan (till 22.01.2018)
(ii) Directors of SIML:
Pratik Agarwal
Kuldip Kumar Kaura
Tarun Kataria
Shashikant Bhojani
Rahul Asthana
Harsh Shah
(iii) Directors of ATSL:
Srinivasan Varadarajan
Ram Bharoseylal Vaish
Sidharth Rath
Rajaraman Viswanathan
Raghuraman Mahalingam

III. Transactions with related parties during the year

(Rs in Million)

Sr. No.	Particulars	Relation	April 01, 2017 to March 31, 2018	October 21, 2016 to March 31, 2017 (refer note 34)
1	**Purchase of non convertible debentures of SGL1**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	5,880.36	-
2	**Purchase of equity shares of SGL1**			
	Sterlite Power Grid Ventures Limited **	Sponsor and Project	-	
3	**Issue of unit capital**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	5,880.36	-
	Pravin Agarwal	Director of Sponsor	91.34	-
4	**Purchase of equity shares of RAPP Transmission Company Limited and Purulia & Kharagpur Transmission Company Limited**			
	Sterlite Grid 2 Limited #	Subsidiary of Sponsor	2,870.52	
5	**Purchase of equity shares of Maheshwaram Transmission Limited**			
	Sterlite Grid 3 Limited #	Subsidiary of Sponsor	961.84	
6	**Repayment of existing NCDs / loans in the SPVs acquired**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	7,121.03	
	Sterlite Grid 2 Limited #	Subsidiary of Sponsor	732.09	
	Sterlite Grid 3 Limited #	Subsidiary of Sponsor	849.02	
7	**Project Manager Fees**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	26.44	-
8	**Investment Manager Fees**			
	Sterlite Investment Managers Limited	Investment Manager	87.54	-
9	**Dividend paid**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	373.47	
	Pravin Agarwal	Director of Sponsor	5.99	
10	**Repayment of dues paid**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	397.80	-
	Sterlite Investment Managers Limited	Investment Manager	15.56	-
	Sterliite Grid 3 Limited #	Subsidiary of Sponsor	18.32	
11	**Reimbursement of expenses received**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	17.01	-
12	**Trustee fee**			
	Axis Trustee Services Limited (ATSL)	Trustee	2.94	-

II. Outstanding balances

(Rs in Millions)

Sr. No.	Particulars	Relation	As at March 31, 2018	As at March 31, 2017
1	**Project Manager fees payable**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager	14.92	-
2	**Investment Manager fees payable**			
	Sterlite Investment Managers Limited	Investment Manager	49.51	-
4	**Trustee fee**			
	Axis Trustee Services Limited (ATSL)	Trustee	0.54	-

** IndiGrid acquired NCDs and Equity Shares of SGL1 in exchange of its units amounting to Rs. 5,880.36 million. Since the nominal value of NCDs was Rs. 6,658.24 million. Hence the entire consideration was allocated to NCDs.
# These transactions have been disclosed, since these are with wholly owned subsidiaries of sponsor.

Details in respect of related party transactions involving acquisition of InvIT assets as required by Para 4.4(b)(iv) of Section A of Annexure A to SEBI Circular dated October 20, 2016 are as follows:

(A) Summary of the valuation reports (issued by the independent valuer appointed under the InvIT Regulations):

(Rs in Million)

Particulars	BDTCL	JTCL	PKTCL	RTCL	MTL
Enterprise value					
- Base case (based on tariff as per TSA)	20,406	14,949	6,512	3,935	5,218
- Incremental revenue (based on additional tariff claimed under petition with CERC)	1,135	1,176	-	-	-
Total Enterprise value	**21,541**	**16,125**	**6,512**	**3,935**	**5,218**
Method of valuation	Discounted Cash Flow				
Discounting rate (WACC):					
- Base case (based on tariff as per TSA)	8.19%	8.14%	7.98%	8.05%	7.54%
- Incremental revenue (based on additional tariff claimed under petition with CERC)	8.69%	8.64%	-	-	-

(B) Material conditions or obligations in relation to the transactions:

<u>Acquisition of BDTCL and JTCL (through acquisition of SGL1):</u>

Pursuant to the Project Implementation and Management Agreement dated November 10, 2016 as amended on April 25, 2017 (“PIMA”) executed among SIML, ATSL, SPGVL, SGL1, BDTCL and JTCL, IndiGrid would issue additional units to SPGVL in the event CERC approves additional tariff for BDTCL and/or JTCL in respect of cost escalations in those projects for which petitions were filed with CERC. The units to be issued to SPGVL shall be equivalent to 80% of the Cost Escalation for each of BDTCL and JTCL as approved by CERC.

SPGVL will be entitled to additional units only if the cost escalation and the resultant revision in levelised transmission charges is received during the period commencing from the date of the PIMA and until the date which is 18 months of listing of units of IndiGrid (being the date of receipt of final listing and trading approvals for the units).

CERC vide Order dated May 8, 2017 approved cost escalation of Rs. 1,699.90 million for JTCL. Accordingly, IndiGrid issued additional units of Rs. 1,359.92 million (being 80% of the cost escalation approved by CERC) to SPGVL. The petition for cost escalation for BDTCL is currently pending with CERC.

No external financing has been obtained for the acquisition of BDTCL and JTCL and no fees or commission were received/to be received by any associate of the related party in relation to the transaction.

<u>Acquisition of RTCL and MTL:</u>

Pursuant to the share purchase agreements and shareholders’ agreements dated February 14, 2018 (“the Agreements”) executed with Sterlite Grid 2 Limited and Sterlite Grid 3 Limited (“the Selling shareholders”) for acquisition of equity stake in RTCL, and MTL (together "the SPVs"), SGL1 has acquired 49% of equity in the SPVs and for acquisition of the remaining 51% equity stake, SGL1 has paid full consideration in advance on a non-refundable basis. The remaining stake will be acquired from the Selling Shareholders on expiry of the respective mandatory shareholding periods applicable for the SPVs. Under the Agreements, the SGL1 has the following rights:

a. Right to nominate all directors on the Board of directors of the SPVs;
b. Right to direct the Selling Shareholders to vote according to its instructions in the AGM/EGM or any other meeting of shareholders of the SPVs;
c. Irrevocable and unconditional call option to acquire the remaining 51% equity stake in the SPVs at later dates (on expiry of the respective mandatory shareholding periods);
d. Pledge on the remaining 51% equity stake in the SPVs;
e. Non-disposal undertaking from the Selling Shareholders for the remaining 51% equity stake in the SPVs.

The acquisition of RTCL, PKTCL and MTL was financed by long term debt raised at IndiGrid Level of Rs. 10,000 million (rate of interest - 8.25%) and short term debt at JTCL level of Rs 4,230 million (rate of interest - 8.50%). No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Note 27: Fair value measurements

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Rs'Million

Particulars	Carrying value		Fair value	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Financial assets				
Trade receivables	1,061.89	-	1,061.89	
Cash and cash equivalents	1,672.92	-	1,672.92	-
Bank balances other than above	10.50		10.50	
Other financial assets	511.64	-	511.64	-
Total	**3,256.96**	**-**	**3,256.96**	**-**
Financial liabilities				
Borrowings	23,342.50	-	23,342.50	-
Trade payables	130.17	-	130.17	-
Derivative instruments	203.71	-	203.71	-
Other financial liabilities	1,464.30	-	1,464.30	-
Total	**25,140.67**	**-**	**25,140.67**	**-**

The management assessed that fair values of cash and cash equivalents, other bank balances, trade receivables, trade payables and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management has further assessed that borrowings availed in the form of non convertible debentures and other bank borrowings approximate their carrying amounts largely due to movements in interest rates from the recognition of such financial instrument till period end not being material.

The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Foreign exchange forward contracts, interest rate swaps are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spread between the respective currencies, interest rate curves etc. The changes in counterparty credit risk had no material effect on financial instruments recognised at fair value through profit and loss.

The Group is required to present the Statement of total assets at fair value and Statement of total returns at fair value as per SEBI Circular No. CIR/IMD/DF/114/2016 dated October 20, 2016 as a part of these consolidated financial statements - Refer Statement of Net assets at fair value and Statement of Total Returns at fair value.

The inputs to the valuation models for computation of fair value of transmission assets for the above mentioned statements are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as WACC, Tax rates, Inflation rates, etc.

The significant unobservable inputs used in the fair value measurement required for disclosures as above categorised within Level 3 of the fair value hierarchy as above together with a quantitative sensitivity analysis as at 31 March 2018 are as shown below

Rs in million

Significant unobservable inputs	Range	Sensitivity of input to the fair value	Increase/ (decrease) in fair value	
			31 March 2018	31 March 2017
WACC	7.86% to 8.08%	+ 0.5%	(2,479.63)	-
		- 0.5%	2,768.61	-
Tax rate (normal tax and MAT)	Normal Tax - 29.12%	+ 2%	(325.90)	-
	MAT - 21.55%	- 2%	296.36	-
Inflation rate	5.95%	+ 1%	(444.44)	-
		- 1%	366.13	-
Additional tariff (applicable only for BDTCL)	2.58%	+ 1%	154.00	-
		- 1%	(154.00)	-

Note 28: Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2018:

		Fair value measurement using		
	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:				
Property, plant and equipment*	31 March 2018	-	-	50,542.47
Liabilities measured at fair value through profit and loss				
Derivative instruments (Liability)	31 March 2018	-	203.71	-
Liabilities for which fair values are disclosed:				
Borrowings (Liability)	31 March 2018	-	23,342.50	-

There have been no transfers among Level 1, Level 2 and Level 3.

* Statement of net assets at fair value and Statement of total returns at fair value require disclosures regarding fair value of assets (liabilities are considered at book values). Since the fair value of assets other than PP&E approximate their book values, hence only PP&E has been disclosed above.

Note 29: Financial risk management objectives and policies

The Group’s principal financial liabilities comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Group’s operations. The Group's principal financial assets include trade and other receivables, cash and short-term deposits and other financial assets that derive directly from its operations.

The Group is exposed to credit risk, liquidity risk and market risk. The Investment Manager of the IndiGrid oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group’s policy that no trading in derivatives for speculative purposes may be undertaken. The management reviews and agrees policies for managing each of these risks, which are summarised below.

The Risk Management policies of the Group are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Management has overall responsibility for the establishment and oversight of the Group's risk management framework.

(A) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

The Group through its subsidiaries is engaged in transmission business under BOOM (Build, Own, Operate and Maintain) model and currently derive its revenue primarily from BOOM contracts with long term transmission customers ('LTTC'). Being transmission licensee, the Group receives payments as per the pooling arrangements specified under the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 ('Pooling Regulations'). In the PoC method, the transmission charges to be recovered from the entire system are allocated between users based on their location in the grid. Under the PoC mechanism, all the charges collected by the Central Transmission Utility ('CTU') from LTTC's are disbursed pro-rata to all Transmission Service Providers ('TSPs') from the pool in proportion of the respective billed amount. Due to this, the TSPs are shielded against any potential default by a particular customer. If a particular customer delays or defaults, the delay or shortfall is prorated amongst all the TSPs. Based on past history of payments, payments due have always been paid and there have been no write-off's for due amounts. Due to the payment mechanism explained above as well as due to no history of any write-off's of payments which were due, the Group has not considered any expected credit loss on the financial assets in the nature of trade receivables. During the various periods presented, there has been no change in the credit risk of trade receivables. However, this assessment may need a review if there is any change in the Pooling Regulations.

Credit risk from balances deposited/invested with banks and financial institutions as well as investments made in mutual funds, is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within limits assigned to each counterparty. Counterparty limits are reviewed by the top management on an annual basis, and may be updated throughout the year subject to approval of the Board of Directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. Based on this policy, the Group does not foresee any risk on account of credit losses, either in the bank deposits which are made with AAA rated banks and also in regard to mutual funds which is primarily debt oriented funds. No loss allowances have been provided for any trade receivables, or other receivables from financing activities like cash and bank deposits, mutual funds and other similar deposits. Also, there have been no modifications in contractual cash flows on financial assets.

The Group's maximum exposure to credit risk for the components of the Balance Sheet as at March 31, 2018 is the carrying amounts of Trade and Other Receivables, Cash and cash Equivalents and Other Assets as disclosed in Note 4, 5, 6, 7 and 8 respectively. However, the credit risk is low due to reasons mentioned above.

(B) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral obligations. The Group requires funds both for short term operational needs as well as for long term investment programs mainly in projects. The Group closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, liquid investments and sufficient committed fund facilities, will provide liquidity.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 30 days. The other payables are with short term durations. The carrying amounts are assumed to be reasonable approximation of fair value. The table below summarises the maturity profile of the Trust's financial liabilities based on contractual undiscounted payments:

Rs in million

Particulars	**3 months to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
31 March 2018				
Borrowings	4,230.00	7,742.54	11,369.96	23,342.50
Trade payables	130.17	-	-	130.17
Other financial liabilities (excluding derivative instruments)*	1,464.30	-	-	1,464.30
Derivatives #	301.82	2,622.71		2,924.53
Total	**6,126.28**	**10,365.25**	**11,369.96**	**27,861.50**

* Includes amount of Rs 579.50 million being payable towards project acquired which will be settled by issue of units.

Based on gross undiscounted cash flows. The MTM as on March 31, 2018 recognised in the books of accounts is Rs 203.71 million.

31 March 2017 (refer Note 34)	-	-	-	-
Total	-	-	-	-

(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: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings, bank deposits, Investments in short-term mutual funds, and derivative financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rate primarily relates to the Group's long term debt obligations with floating interest rates. To manage this, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. As at 31 March 2018, 10.18% of total borrowings of the Group are at floating interest rates

Interest rate sensitivity

The Group has taken cross currency interest rate swap to hedge its borrowings at floating interest rates. The swap contract is valid till 31 March 2021 (refer note 23 for details). Hence the disclosures regarding interest rate sensitivity have not been given.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's foreign currency borrowings and payables in foreign currency (if any).

The Group hedges its exposure to fluctuations on the translation into INR of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps and forwards.

At 31 March 2018, the Group hedged 100% of its foreign currency borrowings. This foreign currency risk is hedged by using foreign currency forward contracts and cross currency interest rate swap.

Note 30: Capital management

For the purpose of the Group’s capital management, capital includes issued Unit capital and all other reserves attributable to the unit holders of the Trust. The primary objective of the Group’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to unitholders, return capital to unitholders or issue new units (subject to the provisions of InvIT regulations which require distribution of at least 90% of the net distributable cash flows of the Trust to unit holders). The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group’s policy is to keep the gearing ratio optimum. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents, other bank balances and short term investments

INDIA GRID TRUST
Notes to Consolidated Financial Statements for the year ended 31 March 2018

Particulars	31 March 2018 Rs in million	31 March 2017 Rs in million
Borrowings	23,342.50	-
Trade Payable	130.17	-
Other financial liabilities	1,668.01	-
Less: Cash and cash equivalents, other bank balances and short term investments	(1,683.42)	-
Net debt (A)	**23,457.25**	**-**
Unit capital	28,380.00	-
Other equity	252.56	-
Total capital (B)	**28,632.56**	**-**
Capital and Net debt [(C) = (A) + (B)]	**52,089.81**	**-**
Gearing ratio (C) / (A)	45.03%	

Financial Covenants
In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

Note 31: Details of Project Manager and Investment Manager Fees

Details of fees paid to Project Manager and Investment Manager as required pursuant to SEBI Circular No. CIR/IMD/DF/127/2016, dated November 29, 2016:

(i) Project management fees

Pursuant to the Project Implementation and Management Agreement dated November 10, 2016 as amended, Project Manager is entitled to fees @ 10% of gross expenditure incurred by each SPV in relation to operation and maintenance costs, per annum. Consolidated Statement of Profit and Loss for the period ended March 31, 2018 includes amount of Rs 26.44 million towards Project Manager fees. There are no changes during the year in the methodology for computation of fees paid to Project Manager.

(ii) Investment management fees
Pursuant to the Investment Management Agreement dated November 10, 2016 as amended, Investment Manager is entitled to fees @ 1.75% of difference between revenue from operations and operating expenses (other than fees of the Investment Manager) of each SPV, per annum. For this purpose, operating expenses would not include depreciation, finance costs and income tax expense. Consolidated statement of Profit and Loss for the period ended March 31, 2018 includes amount of Rs 87.54 million towards Investment Manager Fees. There are no changes during the year in the methodology for computation of fees paid to Investment Manager.

Note 32: Acquisition of Transmission Assets and IPO
During the year, IndiGrid acquired 100% of the equity share capital of SGL1, which in turn holds 100% of the equity share capital of BDTCL and JTCL pursuant to the Securities Purchase Agreement dated May 8, 2017, including 665,824,156 non-convertible debentures of face value Rs 10 each of SGL1 from SPGVL in exchange of 45,203,627 units issued by IndiGrid to SPGVL.

IndiGrid raised funds of Rs. 22,500 million through Initial Public Offering. These funds were utilised to provide loans to BDTCL and JTCL pursuant to the facility agreements dated May 5, 2017, entered into between the Trustee (on behalf of IndiGrid), the Investment Manager, and each of BDTCL and JTCL, respectively.

IndiGrid further issued 13,599,200 units to SPGVL pursuant to Project Implementation and Management Agreement dated November 10, 2016 as amended ("PIMA") towards the additional transmission charges for JTCL as approved by CERC vide its order dated May 8, 2017 for the additional expenditure incurred by JTCL. The additional units were issued at Rs. 100 per unit to the extent of 80% of the additional capital expenditure approved by CERC which is Rs. 1,359.92 million.

Note 33: Subsequent event
On April 24, 2018, the Board of directors of the Investment Manager approved a dividend of Rs. 3 per unit for the period January 1 , 2018 to March 31, 2018 to be paid on or before 15 days from the date of declaration.

INDIA GRID TRUST

Notes to Consolidated Financial Statements for the year ended 31 March 2018

Note 34: Previous year figures

IndiGrid was registered as an irrevocable trust under the Indian Trusts Act, 1882 on October 21, 2016 and as an Infrastructure Investment Trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 on November 28, 2016. However there were no transactions during the period October 21, 2016 to March 31, 2017. Hence, corresponding figures for previous year have not been presented.

As per our report of even date

For S R B C & Co LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

per Paul Alvares
Partner
Membership Number : 105754

Place: Princeton, USA
Date: 24 April 2018

For and on behalf of the Board of Directors of
Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

Pratik Agarwal
CEO & Whole Time Director
DIN: 03040062

Harsh Shah
CFO & Whole Time Director
DIN: 02496122

Swapnil Patil
Company Secretary

Place: Mumbai
Date: 24 April 2018

INDEPENDENT AUDITOR'S REPORT
To the Unit holders of India Grid Trust

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion
We have audited the accompanying standalone Ind AS financial statements of India Grid Trust ("the InvIT"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Statement of Changes in Unit Holders' Equity and the Statement of Cash Flow for the year then ended and the Statement of Net Assets at fair value as at March 31, 2020, the Statement of Total Returns at fair value and the Statement of Net Distributable Cash Flows ('NDCFs') of the InvIT for the year then ended, and a summary of significant accounting policies and other explanatory information ("the standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 as amended including any guidelines and circulars issued thereunder (the "InvIT Regulations") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, to the extent not inconsistent with InvT regulations, of the state of affairs of the InvIT as at March 31, 2020, its profit including other comprehensive income, its cash movements and its movement of the unit holders' funds for the year ended March 31, 2020, its net assets at fair value as at March 31, 2020, its total returns at fair value and the net distributable cash flows of the InvIT for the year ended March 31, 2020.

Basis for Opinion
We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the InvIT in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India and we have fulfilled our ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment of investments in subsidiaries (as described in note 18 of the standalone Ind AS financial statements)	
The InvIT has significant investments in subsidiaries as at March 31, 2020 amounting to INR 90,040.09 million and comprise 96.80% of total assets in the Balance Sheet. At each reporting period end, management assesses the existence of impairment indicators of investments in subsidiaries. In case of existence of impairment indicators, the investment balances are subjected to impairment test. The processes and methodologies for assessing and determining the fair value is based on complex	Our audit procedures included, among others the following: • We obtained understating of the InvIT's process on assessment of impairment of investments in subsidiaries and the assumption used by the management, including design and implementation of controls, validation of management review controls. We have tested the operating effectiveness of these controls.; • We obtained and read the valuation report of the InvIT's independent valuation expert, and assessed the expert's competence, capability and objectivity;

<table>
<tr><td>assumptions, that by their nature imply the use of the management's judgment, in particular with reference to identification of forecast of future cash flows relating to the period covered by the InvIT's transmission license, debt equity ratio, cost of debt, cost of equity, residual value, etc.

Considering the judgment involved in determination of fair values due to inherent uncertainty and complexity of the assumptions used in determination of fair values, this is considered as a key audit matter.</td><td>• We evaluated independent valuation expert's methodology, assumptions and estimates used in the calculations;

• We tested on sample basis that the tariff revenues considered in the respective valuation models are in agreement with TSAs / tariff orders;

• We tested completeness, arithmetical accuracy and validity of the data used in the calculations.

• We read and assessed the disclosures included in the notes to the standalone Ind AS financial statements.

• In performing the above procedures, we involved valuation specialists to perform an independent review of methodology and key assumptions used in the valuation.</td></tr>
<tr><td colspan="2">Classification of unit holders funds as equity
(as described in note 18 of the standalone Ind AS financial statements)</td></tr>
<tr><td>The InvIT is required to distribute to Unitholders not less than ninety percent of its net distributable cash flows for each financial year. Accordingly, a portion of the unitholders' funds contains a contractual obligation of the Trust to pay to its Unitholders cash distributions. The Unitholders' funds could therefore have been classified as compound financial instrument which contains both equity and liability components in accordance with Ind AS 32 – Financial Instruments: Presentation. However, in accordance with SEBI Circulars No. CIR/IMD/DF/114/2016 dated October 20, 2016 and No. CIR/IMD/DF/127/2016 dated November 29, 2016 ("SEBI Circulars") issued under the InvIT Regulations, the unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated October 20, 2016 dealing with the minimum disclosures for key financial statements.

Considering the judgment required for classification of unit holders' funds as equity and liability, this is considered as a key audit matter.</td><td>Our audit procedures included, among others:
• We obtained and read the requirements for classification of financial liability and equity under Ind AS 32 and evaluated the provisions of SEBI Circulars for classification/presentation of unit holders funds in the financial statements of an Infrastructure Investment Trust.

• We read and assessed the disclosures included in the standalone Ind AS financial statements for compliance with the relevant requirements of InvIT regulations.</td></tr>
<tr><td colspan="2">Disclosures relating to Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value as per InvIT regulations
(as described in note 18 of the standalone Ind AS financial statements)</td></tr>
<tr><td>Pursuant to SEBI Circular No. CIR/IMD/DF/114/2016 dated October 20, 2016 and No. CIR/IMD/DF/127/2016 dated November 29, 2016 issued under the InvIT Regulations, the InvIT is required to disclose Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value which requires fair valuation of the assets. Such fair valuation has been carried out by the independent valuer appointed by the InvIT.

For the purpose of the above, fair value is determined by forecasting and discounting future cash flows.

The processes and methodologies for assessing and determining the fair value is based on complex assumptions, that by their nature imply the use</td><td>Our audit procedures included, among others the following:
• We read the requirements of InvIT regulations for disclosures relating to Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value;
• We discussed with the management and obtained an understating of the InvIT's policy on the assessment of fair value and the assumptions used by the management, including design and implementation of controls, validation of management review controls. We have tested the operating effectiveness of these controls.

• We obtained understating of the InvIT's process for preparation statement of Net Assets at Fair Value and</td></tr>
</table>

of the management's judgment, in particular with reference to identification of forecast of future cash flows relating to the period covered by the InvIT's transmission license, debt equity ratio, cost of debt, cost of equity, residual value, etc. Considering the judgment involved in determination of fair values due to inherent uncertainty and complexity of the assumptions used in determination of fair values, this is considered as a key audit matter.	Statement of Total Returns at Fair Value as per InvIT regulations and the assumption used by the management, including design and implementation of controls, validation of management review controls. We have tested the operating effectiveness of these controls. • We obtained and read the valuation report of the InvIT's independent valuation expert, and assessed the expert's competence, capability and objectivity. • We evaluated independent valuation expert's methodology, assumptions and estimates used in the calculations. • We tested on sample basis that the tariff revenues considered in the respective valuation models are in agreement with TSAs / tariff orders. • We tested completeness, arithmetical accuracy and validity of the data used in the calculations. • We read and assessed the disclosures included in the notes to the standalone Ind AS financial statements. • In performing the above procedures, we used valuation specialists to perform an independent review of methodology and key assumptions used in the valuation.

Other Information

The Management of Sterlite Investment Managers Limited ("the Investment Manager") is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of auditor's report.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Management of the Investment Manager ('the Management') is responsible for the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position as at March 31, 2020, financial performance including other comprehensive income, cash flows and the movement of the unit holders' funds for the year ended March 31, 2020, the net assets at fair value as at March 31, 2020, the total returns at fair value of the InvIT and the net distributable cash flows of the InvIT as at March 31,2020 in accordance with the requirements of the InvIT regulations; Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 (as amended), and other accounting principles generally accepted in India, to the extent not inconsistent with InvIT regulations. This responsibility also includes the design, implementation and maintenance of adequate controls for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, the Management is responsible for assessing the ability of InvIT 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 InvIT or to cease operations, or has no realistic alternative but to do so.

The Management is also responsible for overseeing the InvIT's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements
Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS 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 standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the InvIT's internal control.

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

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

• Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS 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 Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
Based on our audit, we report that:

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

(b) The Balance Sheet and the Statement of Profit and Loss are in agreement with the books of account;

(c) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards (Ind AS) and/or any addendum thereto as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended, to the extent not inconsistent with InvIT Regulations.

For S R B C & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Arvind Sethi
Partner
Membership Number: 089802
UDIN: 20089802AAAACO8654
Place of signature: Pune
Date: May 27, 2020

INDIA GRID TRUST
BALANCE SHEET AS AT 31 MARCH 2020
(All amounts in Rs. million unless otherwise stated)

	Notes	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
ASSETS			
Non-current assets			
Investment in subsidiaries	3	15,169.05	735.53
Financial assets			
i. Investments	4	3,314.99	5,338.62
ii. Loans	5	70,713.80	37,064.04
		89,197.84	**43,138.19**
Current assets			
Financial assets			
i. Cash and cash equivalents	7	2,128.83	1,290.23
ii. Bank balances other than (i) above	8	798.90	-
iii. Loans	5	560.61	-
iv. Other current financial assets	6	331.49	462.06
		3,819.83	**1,752.29**
Total Assets		**93,017.67**	**44,890.48**
EQUITY AND LIABILITIES			
Equity			
Unit capital	9	53,145.69	28,380.00
Other equity	10		
Retained earnings / (accumulated deficit)		(1,713.72)	(519.17)
Total Unit holders' equity		**51,431.97**	**27,860.83**
Non-current liabilities			
Financial liabilities			
i. Borrowings	11	39,482.21	16,795.46
ii. Other financial liabilities	12	-	156.72
		39,482.21	**16,952.18**
Current liabilities			
Financial liabilities			
i. Other financial liabilities	12	2,090.33	74.96
Other current liabilities	13	9.06	2.44
Current tax liability	14	4.10	0.07
		2,103.49	**77.47**
Total liabilities		**41,585.70**	**17,029.65**
Total equity and liabilities		**93,017.67**	**44,890.48**

Summary of significant accounting policies 2.2

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

per Arvind Sethi
Partner
Membership Number : 089802
Place : Pune
Date : 27 May 2020

For and on behalf of the Board of Directors of
Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 27 May 2020

Swapnil Patil
Company Secretary

Place : Mumbai
Date : 27 May 2020

INDIA GRID TRUST
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020
(All amounts in Rs. million unless otherwise stated)

	Notes	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
INCOME			
Revenue from operations	15	10,554.10	5,525.07
Income from investment in mutual funds		97.44	10.52
Interest income on investment in fixed deposits		80.22	16.72
Other income		-	0.23
Total income (I)		**10,731.76**	**5,552.54**
EXPENSES			
Legal and professional fees		97.90	74.99
Annual listing fee		6.30	3.80
Rating fee		34.74	6.15
Valuation expenses		4.89	3.70
Trustee fee		3.46	2.16
Payment to auditors			
- Statutory audit		2.36	2.36
- Tax audit fees		0.24	0.24
- Other services (including certification)		-	3.02
Other expenses		8.50	5.17
Finance costs	16	2,980.99	1,015.45
Impairment of investments in subsidiary	18	2,627.22	2,316.84
Total expenses (II)		**5,766.60**	**3,433.88**
Profit before tax (I) - (II)		**4,965.16**	**2,118.66**
Tax expense			
Current tax		56.96	6.08
Income tax for earlier years		-	0.16
Profit for the year		**4,908.20**	**2,112.42**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Total comprehensive income for the year		**4,908.20**	**2,112.42**
Earnings per unit (Computed on the basis of profit for the year (Rs.)	17		
Basic		8.86	7.44
Diluted		8.86	7.30
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

per Arvind Sethi
Partner
Membership Number : 089802
Place : Pune
Date : 27 May 2020

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 27 May 2020

Swapnil Patil
Company Secretary

Place : Mumbai
Date : 27 May 2020

INDIA GRID TRUST
STATEMENT OF CHANGES IN UNIT HOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2020
(All amounts in Rs. million unless otherwise stated)

A. Unit capital

	Nos. in million	Rs. in million
Balance as at 1 April 2018	283.80	28,380.00
Units issued during the year	-	-
Balance as at 31 March 2019	**283.80**	**28,380.00**
Units issued during the year (refer note 9)	299.69	25,140.48
Issue expenses (refer note 9)	-	(374.79)
Balance as at 31 March 2020	**583.49**	**53,145.69**

B. Other equity

(Rs. in million)

	Retained earnings /(accumulated deficit)	Total other equity
As at 1 April 2018	**774.00**	**774.00**
Profit for the year	2,112.42	2,112.42
Other comprehensive income	-	-
Less: Distribution during the year (refer note below)	(3,405.59)	(3,405.59)
As at 31 March 2019	**(519.17)**	**(519.17)**
Profit for the year	4,908.20	4,908.20
Other comprehensive income	-	-
Less: Distribution during the year (refer note below)	(6,102.75)	(6,102.75)
As at 31 March 2020	**(1,713.72)**	**(1,713.72)**

Note:

The distribution relates to the distributions made during the financial year along with the distribution related to the last quarter of FY 2018-19 and does not include the distribution relating to the last quarter of FY 2019-20 which will be paid after 31 March 2020.

The distributions made by IndiGrid to its unitholders are based on the Net Distributable Cash Flows (NDCF) of IndiGrid under the InvIT Regulations and hence part of the same includes repayment of capital as well.

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

per Arvind Sethi
Partner
Membership Number : 089802
Place : Pune
Date : 27 May 2020

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 27 May 2020

Swapnil Patil
Company Secretary

Place : Mumbai
Date : 27 May 2020

INDIA GRID TRUST
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020
(All amounts in Rs. million unless otherwise stated)

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
A. Cash flow from operating activities		
Net profit as per statement of profit and loss	**4,908.20**	**2,112.42**
Adjustment for taxation	56.96	6.24
Profit before tax	**4,965.16**	**2,118.66**
Non-cash adjustment to reconcile profit before tax to net cash flows		
Interest income on non convertible debentures	(603.59)	(638.62)
Impairment of investment in subsidiary	2,627.22	2,316.84
Finance costs	2,980.99	1,015.45
Interest income on loans given to subsidiaries	(9,950.51)	(4,886.45)
Income from investment in mutual fund	(97.44)	(10.52)
Interest income on investment in fixed deposits	(80.22)	(16.72)
Operating loss before working capital changes	**(158.39)**	**(101.36)**
Movements in working capital :		
Increase/(decrease) in other current financial liabilities	80.20	13.78
Increase/(decrease) in other current liabilities	6.62	0.09
Decrease/(increase) in other current financial asset	13.39	(7.96)
Decrease/(increase) in other current assets	-	0.02
Change in working capital	**100.21**	**5.93**
Cash generated used in operations	**(58.18)**	**(95.43)**
Direct taxes paid (net of refunds)	(52.93)	(6.17)
Net cash flow used in operating activities (A)	**(111.11)**	**(101.60)**
B. Cash flow from investing activities		
Purchase of equity shares of subsidiaries	(13,280.25)	(735.53)
Loans given to subsidiaries	(40,375.65)	(6,321.06)
Loans repaid by subsidiaries	6,752.28	303.37
Interest income on loans given to subsidiaries	10,114.90	4,447.45
Interest income on investment in fixed deposits	33.01	14.28
Income from investment in mutual funds	97.44	10.52
Investment in mutual funds	(32,913.12)	-
Proceeds from mutual funds	32,913.12	-
Investment in fixed deposits (net)	(798.90)	-
Net cash flow used in investing activities (B)	**(37,457.17)**	**(2,280.98)**
C. Cash flow from financing activities		
Proceeds from issue of unit capital	25,140.48	-
Unit issue expenses incurred	(374.79)	-
Proceeds of long term borrowings	22,748.58	6850.00
Payment of upfront fees of long term borrowings	(259.93)	-
Finance costs	(2,746.30)	(961.57)
Payment of distributions to unitholders	(6,101.16)	(3,399.88)
Net cash flow from financing activities (C)	**38,406.88**	**2,488.55**
Net increase in cash and cash equivalents (A + B + C)	838.60	105.98
Cash and cash equivalents as at beginning of year	1,290.23	1,184.25
Cash and cash equivalents as at year end	**2,128.83**	**1,290.23**

INDIA GRID TRUST
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020
(All amounts in Rs. million unless otherwise stated)

Components of Cash and cash equivalents:

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Balances with banks:		
- On current accounts^	2,079.93	6.78
- Cheques on hand	-	199.00
- Deposits with original maturity of less than 3 months*	48.90	1,084.45
Total cash and cash equivalents (refer note 7)	**2,128.83**	**1,290.23**

^ Out of total amount, Rs. 7.34 million (March 31, 2019: Rs. 5.75 million) pertains to unclaimed distribution to unitholders.

* Includes amount of Rs. Nil million (31 March 2019: Rs. 429.67 million) is kept in Interest Service Reserve Account ('ISRA')/Debt Service Reserve Account ('DSRA') as per borrowing agreements with lenders.

Reconciliation between opening and closing balances for liabilities arising from financing activities:-

Particulars	**Long term borrowings**
01 April 2018	**9,943.73**
Cash flow	
- Interest	(961.57)
- Proceeds/(repayments)	6,850.00
Accrual	1,015.45
31 March 2019	**16,847.61**
Cash flow	
- Interest	(2,746.30)
- Proceeds/(repayments)	22,488.65
Accrual	2,980.99
31 March 2020	**39,570.95**

Summary of significant accounting policies 2.2

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

per Arvind Sethi
Partner
Membership Number : 089802
Place : Pune
Date : 27 May 2020

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 27 May 2020

Swapnil Patil
Company Secretary
Place : Mumbai
Date : 27 May 2020

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

A. STATEMENT OF NET ASSETS AT FAIR VALUE AS AT

(Rs. in millions)

Particulars	31 March 2020		31 March 2019	
	Book value	Fair value	Book value	Fair value
A. Assets	93,017.67	1,01,624.29	44,890.48	45,008.33
B. Liabilities (at book value)	41,585.70	41,585.70	17,029.65	17,029.65
C. Net Assets (A-B)	51,431.97	60,038.59	27,860.83	27,978.68
D. Number of units	583.49	583.49	283.80	283.80
E. NAV (C/D)	88.15	102.90	98.17	98.59

Total assets after provision for impairment on investment in subsidiary determined based on fair valuation.

Project wise breakup of fair value of assets as at (Rs. in millions)

Project	31 March 2020	31 March 2019
Sterlite Grid 1 Limited	40,065.03	41,259.92
Sterlite Grid 2 Limited^	44,604.81	-
Sterlite Grid 3 Limited^	8,967.44	-
Patran Transmission Company Limited	2,377.46	2,442.23
East-North Interconnection Company Limited^	2,067.45	-
Subtotal	**98,082.20**	**43,702.15**
Assets (in IndiGrid)	3,542.09	1,306.19
Total assets	**1,01,624.28**	**45,008.33**

^ In the current year, the Trust has acquired Sterlite Grid 2 Limited (SGL2) which is the holding company of NRSS XXIX Transmission Limited ('NTL') and Sterlite Grid 3 Limited (SGL3) which is the holding company of Odisha Generation Phase-II Transmission Limited ('OGPTL') on June 04, 2019 and June 28, 2019 respectively.
Also the Trust acquired East-North Interconnection Company Limited ('ENICL') with effect from March 24, 2020 in the current year.

B. STATEMENT OF TOTAL RETURNS AT FAIR VALUE

Particulars	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Total comprehensive income (as per the statement of profit and loss)	4,908.20	2,112.42
Add/(less): other changes in fair value (e.g., in investment property, property, plant & equipment (if cost model is followed)) not recognized in total comprehensive income	8,488.77	117.85
Total Return	**13,396.97**	**2,230.27**

Notes:
1. Fair value of assets as at March 31, 2020 and as at March 31, 2019 and other changes in fair value for the year then ended as disclosed in the above tables are based on fair valuation report issued by the independent valuer appointed under the InvIT regulations.
2. Sensitivity analysis with respect to significant unobservable inputs used in the fair value measurement has been disclosed in Note 19A.

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

STATEMENTS OF NET DISTRIBUTABLE CASH FLOWS (NDCF's)

A) Statement of Net Distributable Cash Flows (NDCFs) of India Grid Trust

(Rs in million)

Description	Year ended 31 March 2020	Year ended 31 March 2019
Cash flows received from the Portfolio Assets in the form of interest	**10,114.90**	**4,447.45**
Cash flows received from the Portfolio Assets in the form of dividend	-	-
Any other income accruing at IndiGrid level and not captured above, including but not limited to interest/return on surplus cash invested by IndiGrid	177.66	27.47
Cash flows received from the Portfolio Assets towards the repayment of the debt issued to the Portfolio Assets by IndiGrid	6,752.28	303.37
Proceeds from the Portfolio Assets for a capital reduction by way of a buy back or any other means as permitted, subject to applicable law	-	-
Proceeds from sale of assets of the Portfolio Asset not distributed pursuant to an earlier plan to re-invest, or if such proceeds are not intended to be invested subsequently	-	-
Total cash inflow at the IndiGrid level (A)	**17,044.84**	**4,778.29**
Less: Any payment of fees, interest and expense incurred at IndiGrid level, including but not limited to the fees of the Investment Manager and Trustee (refer note i)	(2,941.27)	(1,158.18)
Less: Costs/retention associated with sale of assets of the Portfolio Assets:	-	-
-related debts settled or due to be settled from sale proceeds of Portfolio Assets;	-	-
-transaction costs paid on sale of the assets of the Portfolio Assets; and	-	-
-capital gains taxes on sale of assets/ shares in Portfolio Assets/ other investments.	-	-
Less: Proceeds reinvested or planned to be reinvested in accordance with Regulation 18(7)(a) of the InvIT Regulations	-	-
Less: Repayment of external debt at the IndiGrid level and at the level of any of the underlying portfolio assets/special purpose vehicles (Excluding refinancing)	-	-
Less: Income tax (if applicable) at the standalone IndiGrid level	(56.96)	(6.24)
Less: Amount invested in any of the Portfolio Assets for service of debt or interest	(6,843.29)	(261.80)
Less: Repair work in relation to the projects undertaken by any of the Portfolio Assets	-	-
Total cash outflows / retention at IndiGrid level (B)	**(9,841.52)**	**(1,426.22)**
Net Distributable Cash Flows (C) = (A+B) (refer note iii)	**7,203.33**	**3,352.07**

Notes to the Statement of Net Distributable Cash Flows of IndiGrid
i. Does not include interest accrued but not due of Rs. 150.51 million related to market linked non convertible debentures ('MLDs') which is payable on maturity of these MLDs in FY 2022-2024.

1. Trust information

India Grid Trust ("the Trust" or "IndiGrid") is an irrevocable trust settled by Sterlite Power Grid Ventures Limited (the "Sponsor") on October 21, 2016 pursuant to the Trust Deed under the provisions of the Indian Trusts Act, 1882 and registered with Securities Exchange Board of India ("SEBI") under the SEBI (Infrastructure Investment Trust) Regulations, 2014 as an Infrastructure Investment Trust on November 28, 2016 having registration number IN/InvIT/16-17/0005. The Trustee of IndiGrid is Axis Trustee Services Limited (the "Trustee"). The Investment manager for IndiGrid is Sterlite Investment Managers Limited (the "Investment Manager" or the "Management").

The objectives of IndiGrid are to undertake activities as an infrastructure investment trust in accordance with the provisions of the InvIT Regulations and the Trust Deed. The principal activity of IndiGrid is to own and invest in power transmission assets in India with the objective of producing stable and sustainable distributions to unitholders.

As at March 31, 2020, IndiGrid has following project entities which are transmission infrastructure projects developed on Build, Own, Operate and Maintain ('BOOM') basis:

1. Bhopal Dhule Transmission Company Limited ('BDTCL')
2. Jabalpur Transmission Company Limited ('JTCL')
3. RAPP Transmission Company Limited ('RTCL')
4. Purulia & Kharagpur Transmission Company Limited ('PKTCL')
5. Maheshwaram Transmission Limited ('MTL')
6. Patran Transmission Company Limited ('PTCL')
7. NRSS XXIX Transmission Limited ('NTL')
8. Odisha Generation Phase-II Transmission Limited ('OGPTL')
9. East-North Interconnection Company Limited ('ENICL')

These SPVs have executed Transmission Services Agreements ("TSAs") with Long term transmission customers under which the SPVs have to maintain the transmission infrastructure for 25 or 35 years post commissioning.

The address of the registered office of the Investment Manager is Maker Maxity, 5 North Avenue, Level 5, Bandra Kurla Complex, Bandra East Mumbai Maharashtra, India 400 051. The financial statements were authorised for issue in accordance with resolution passed by the Board of Directors of the Investment Manager on 27 May 2020.

2. Significant Accounting Policies

2.1 Basis of preparation

These financial statements are the separate financial statements of the Trust and comprise of the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Statement of Cash Flow and the Statement of Changes in Unit Holders' Equity for the year then ended and the Statement of Net Assets at fair value as at March 31, 2020 and the Statement of Total Returns at fair value and the Statement of Net Distributable Cash Flows ('NDCFs') for the year then ended and a summary of significant accounting policies and other explanatory notes in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 (as amended), prescribed under Section 133 of the Companies Act, 2013 ("Ind AS") read with SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended and the circulars issued thereunder ("InvIT Regulations").

The financial statements have been prepared on a historical cost basis, except for the following assets which have been measured at fair value:

- Certain financial assets measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Indian Rupees Millions, except when otherwise indicated.

2.2 Summary of significant accounting policies

The following is the summary of significant accounting policies applied by the Trust in preparing its financial statements:

a) Current versus non-current classification

The Trust presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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 the 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 the settlement of the liability for at least twelve months after the reporting period.

The Trust classifies all other liabilities as non-current.

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

Operating cycle of the Trust is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Trust has identified twelve months as its operating cycle.

b) Foreign currencies

The Trust's financial statements are presented in INR, which is its functional currency. The Trust does not have any foreign operation.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Trust at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

c) Fair value measurement

The Trust measures financial instruments such as mutual funds at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Trust.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Trust uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Trust determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

In estimating the fair value of investments in subsidiaries, the Trust engages independent qualified external valuers to perform the valuation. The management works closely with the external valuers to establish the appropriate valuation techniques and inputs to the model. The management in conjunction with the external valuers also compares the change in fair value with relevant external sources to determine whether the change is reasonable. The management reports the valuation report and findings to the Board of the Investment Manager half yearly to explain the cause of fluctuations in the fair value of the transmission projects.

At each reporting date, the management analyses the movement in the values of assets and liabilities which are required to be remeasured or reassessed as per the Trust’s accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Trust has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (Note 19B)
- Disclosures for valuation methods, significant estimates and assumptions (Note 18 and 19A)
- Financial instruments (including those carried at amortised cost) (Note 4,5,6,7,8)

d) Revenue Recognition

The specific recognition criteria described below must be met before revenue is recognised.

Interest income
For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Trust estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends
Income from dividend on investments is accrued in the year in which it is declared, whereby the Trust’s right to receive is established.

e) Taxation

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales/value added/goods and service taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/value added/goods and service taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the balance sheet.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Trust incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Leases

The Trust assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Trust as lessee

The Trust applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Trust recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Trust recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease Liabilities

At the commencement date of the lease, the Trust recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the payments of penalties for terminating the lease, if the lease term reflects the Trust exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Trust uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Trust applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

h) Impairment of non-financial assets

The Trust assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Trust estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Trust bases its impairment calculations on detailed budget and forecast calculations. These budgets are prepared for the entire project life.

Impairment losses of continuing operations are recognised in the statement of profit and loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Trust estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

i) Provisions

Provisions are recognised when the Trust 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. When the Trust expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

j) Investments in subsidiaries

The Trust accounts for its investments in subsidiaries at cost less accumulated impairment losses (if any) in its separate financial statements. Investments accounted for at cost are accounted for in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

k) 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

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 that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Trust commits to purchase or sell the asset.
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Trust's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Trust has applied the practical expedient, the Trust initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Trust has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (d) Revenue from contracts with customers.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

i. Debt instruments at amortised cost
ii. Debt instruments at fair value through other comprehensive income (FVTOCI)
iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is most relevant to the Trust. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss. This category generally applies to interest receivable and loans given to subsidiaries (Refer Note 5 and 6)

Debt instrument at FVTOCI
A 'debt instrument' is classified as FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, interest income, impairment losses and reversals and foreign exchange gain or loss are recognised in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. The Trust does not have financial assets which are subsequently measured at FVTOCI.

Debt instrument at FVTPL
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Trust may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Trust has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

Equity investments
All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Trust may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Trust makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Trust decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit or loss, even on sale of investment. However, the Trust may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Trust's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Trust has transferred substantially all the risks and rewards of the asset, or (b) the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Trust has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Trust continues to recognise the transferred asset to the extent of the Trust's continuing involvement. In that case, the Trust also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Trust has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Trust could be required to repay.

Impairment of financial assets
Majority of the financial assets of the Trust which are not reflected at fair value pertain to loans to subsidiaries and other receivables. Considering the nature of business, the Trust does not foresee any credit risk on its loans and other receivables which may cause an impairment. Majority of the other receivable pertain to receivable from subsidiary companies only. Also, the Trust does not have any history of impairment of other receivables.

For the financial assets which are reflected at fair value, no further impairment allowance is necessary as they reflect the fair value of the relevant financial asset itself.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Trust's financial liabilities include borrowings and related costs, trade and other payables and derivative financial instrument.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Trust that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to P&L. However, the Trust may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to borrowings. For more information refer Note 11.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial 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 in the respective carrying amounts is recognised in the statement of profit or loss.

Embedded derivatives
An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative cause some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Trust does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Reclassification of financial assets
The Trust determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Trust's senior management determines change in the business model as a result of external or internal changes which are significant to the Trust's operations. Such changes are evident to external parties. A change in the business model occurs when the Trust either begins or ceases to perform an activity that is significant to its operations. If the Trust reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Trust does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	**Revised Classification**	**Accounting Treatment**
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in statement of profit or loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to statement of profit or loss at the reclassification date.

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.

l) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (if any) as they are considered an integral part of the Trust's cash management.

m) Cash distribution to unit holders

The Trust recognises a liability to make cash distributions to unit holders when the distribution is authorised, and a legal obligation has been created. As per the InvIT Regulations, a distribution is authorised when it is approved by the Board of Directors of the Investment Manager. A corresponding amount is recognised directly in equity.

n) Earnings per unit

Basic earnings per unit is calculated by dividing the net profit or loss attributable to unit holders of the Trust (after deducting preference dividends and attributable taxes if any) by the weighted average number of units outstanding during the period. The weighted average number of units outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, split, and reverse split (consolidation of units) that have changed the number of units outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per unit, the net profit or loss for the period attributable to unit holders of the Trust and the weighted average number of units outstanding during the period are adjusted for the effects of all dilutive potential units.

Changes in accounting policies and disclosures

Ind AS 116 Leases

The Trust applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Ind AS 116 supersedes Ind AS 17 Leases, including Appendix A of Ind AS 17 Operating Leases-Incentives, Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17, Determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.
Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Trust is the lessor.

Other Amendments to Standards, which are either not applicable to the Trust or the impact is not expected to be material

- Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement
- Amendments to Ind AS 28: Long-term interests in associates and joint ventures
- Amendments to Ind AS 109: Prepayment Features with Negative Compensation
- Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment
- Annual Improvements to Ind AS 2018:
    - Amendments to Ind AS 103 Business Combinations
    - Amendments to Ind AS 111 Joint Arrangements
    - Amendments to Ind AS 12 Income Taxes
    - Amendments to Ind AS 23 Borrowing Costs

INDIA GRID TRUST
Notes to Financial Statements for the year ended 31 March 2020

Note 3: Investments in subsidiaries

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Equity investments, at cost (unquoted)		
Sterlite Grid 1 Limited ("SGL1")		
[17.67 million (31 March 2019: 17.67 million) equity shares of Rs 10 each fully paid-up]	1,929.22	699.82
Less: Provision for impairment (refer note 18)	(1,929.22)	(699.82)
	-	-
Patran Transmission Company Limited ("PTCL") [50 million (31 March 2019: 50 million) equity shares of Rs 10 each fully paid-up]	735.53	735.53
Sterlite Grid 2 Limited ("SGL2") [87.30 million equity shares (31 March 2019: Nil) of Rs. 10 each fully paid up]	12,626.66	-
Sterlite Grid 3 Limited ("SGL3") [26.05 million equity shares (31 March 2019: Nil) of Rs. 10 each fully paid up]	518.31	-
East-North Interconnection Company Limited ("ENICL") [0.05 million equity shares (31 March 2019: Nil) of Rs. 10 each fully paid up]	1,288.55	-
	15,169.05	**735.53**
Preference shares, at cost (unquoted)		
Sterlite Grid 1 Limited ("SGL1")	1,001.96	1,001.96
[665.82 million (31 March 2019: 665.82 million) 0.01% Optionally convertible redeemable non cumulative preference shares ("OCRPS") of Rs. 10 each fully paid-up*]		
Less: Provision for impairment (refer note 18)	(1,001.96)	(1,001.96)
	-	-
Total non-current investments	**15,169.05**	**735.53**

Includes amount of Rs. 1,754.50 million (31 March 2019: Rs. 525.10 million) towards equity component of Non- Convertible Debentures issued by Sterlite Grid 1 Limited. Refer note 4 for details.

* The OCRPS are either convertible into equity shares of SGL1 in the ratio of 1:1 or redeemable solely at the option of SGL1 within a period of 7 years from the date of issue.

Details of the subsidiaries are as follows:

Name of subsidiary	**Country of incorporation**	**Ownership interest %**	
		31 March 2020	**31 March 2019**
Directly held by the Trust:			
Sterlite Grid 1 Limited ("SGL1")	India	100%	100%
Sterlite Grid 2 Limited ("SGL2")#	India	100%	-
Sterlite Grid 3 Limited ("SGL3")*	India	100%	-
Patran Transmission Company Limited ("PTCL")**	India	74%	74%
East-North Interconnection Company Limited@	India	49%	-
Indirectly held by the Trust (through subsidiaries):			
Bhopal Dhule Transmission Company Limited ("BDTCL")	India	100%	100%
Jabalpur Transmission Company Limited ("JTCL")	India	100%	100%
Purulia & Kharagpur Transmission Company Limited ("PKTCL")	India	100%	100%
RAPP Transmission Company Limited ("RTCL")	India	100%	74%
Maheshwaram Transmission Limited ("MTL")	India	100%	49%
NRSS XXIX Transmission Limited ("NTL")#	India	100%	-
Odisha Generation Phase-II Transmission Limited ("OGPTL")*	India	100%	-

** Pursuant to Share Purchase agreement/Shareholders' Agreement ('SPA') dated 19 February 2018, the Trust acquired Patran Transmission Company Limited (PTCL) (referred as "the SPV"), from Techno Power Grid Company Limited and Techno Electric and Engineering Company Limited with effect from 30 August 2018. The Trust holds 74% equity stake in the SPV and on the remaining 26%, the Trust has beneficial interest based on the rights available to it under the SPA.

The Trust has acquired Sterlite Grid 2 Limited (SGL2), which is the holding company of NRSS XXIX Transmission Limited ('NTL') from Sterlite Power Grid Ventures Limited ('SPGVL') pursuant to share purchase agreements dated 30 April 2019 on 04 June 2019. 100% equity share capital of SGL2 is acquired by the Trust as per the share purchase agreement dated 30 April 2019.

* The Trust has acquired Sterlite Grid 3 Limited which is the holding company of Odisha Generation Phase-II Transmission Limited ('OGPTL') from Sterlite Power Grid Ventures Limited ('SPGVL') pursuant to share purchase agreements dated 30 April 2019 on 28 June 2019 respectively. 100% equity share capital of SGL3 is acquired by the Trust as per the share purchase agreement dated 30 April 2019.

@ The Trust acquired 49% of paid up equity capital of East-North Interconnection Company Limited ('ENICL') with effect from 24 March 2020 from Sterlite Power Grid Ventures Limited ('SPGVL') and Sterlite Power Transmission Limited ('SPTL') (together referred as "the Selling Shareholders") pursuant to Share Purchase Agreement dated 23 March 2020 ("SPA"). The Trust has finalised purchase consideration for acquisition of entire stake in ENICL and has entered into a binding agreement with the Selling Shareholders to acquire remaining 51% paid up equity capital in ENICL from the Selling Shareholders. The Trust has acquired remaining 51% equity stake in ENICL on 26 May 2020.

Note 4: Non-current Investments

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Non-convertible debentures (unquoted) (at amortised cost)		
Sterlite Grid 1 Limited (665.82 million (31 March 2019: 665.82 million) 0.01% Non-convertible debentures of Rs 10 each)#	5,823.90	6,449.71
Less: Provision for impairment (refer note 18)	(2,508.91)	(1,111.09)
Total	**3,314.99**	**5,338.62**

Non Convertible debenture (NCD) of Face value of Rs.10 each are issued by Sterlite Grid 1 Limited. The NCD were redeemable at the option of the NCD holder anytime after 22 July 2019 but the NCD holders did not exercise their right of redeeming the NCDs, hence the NCDs are due for repayment at the end of July 2021. Since the interest rate for the NCD is below market rate, an amount of Rs. 1,754.50 million (31 March 2019: Rs 525.10 million) has been re-classified as equity contribution in subsidiary disclosed under investment in subsidiary.

Note 5: Loans (unsecured, considered good)

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Non-current		
Loan to subsidiaries (refer note 20)*	70,713.80	37,064.04
	70,713.80	**37,064.04**
Current		
Loan to subsidiaries (refer note 20)#	560.61	-
	560.61	**-**
Total	**71,274.41**	**37,064.04**

* Loans are non-derivative financial assets which are repayable by subsidiaries upon expiry of period of their respective Transmission Services Agreement. Further, the subsidiaries are entitled to prepay all or any portion of the outstanding principal with a prior notice. The loans to subsidiaries carry interest @ 15% - 15.75% p.a.

Loan given to wholly owned subsidiaries is repayable on demand.

Note 6: Other current financial assets

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Interest receivable from subsidiaries (refer note 20)	281.64	446.03
Advances receivable in cash	0.21	-
Interest accrued on deposits	49.64	2.43
Receivable from subsidiaries (refer note 20)	-	13.60
Total	**331.49**	**462.06**

Note 7: Cash and cash equivalents

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Balance with banks		
- on current accounts ^	2,079.93	6.78
- cheques on hand *	-	199.00
Deposits with original maturity of less than 3 months #	48.90	1,084.45
Total	**2,128.83**	**1,290.23**

Balances with banks on current accounts does not earn interest. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash-requirement of the Group and earn interest at the respective short-term deposit rates.

* Pertains to remittances received from subsidiaries in respect of interest/principal repayments of loans.

Includes amount of Rs. Nil (31 March 2019: Rs. 357.17 million) is kept in Interest Service Reserve Account ('ISRA') as per borrowing agreements with lenders.

^ Out of total amount, Rs. 7.34 million (March 31, 2019: Rs. 5.75 million) pertains to unclaimed distribution to unitholders.

Note 8: Other bank balances

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Deposits with original maturity for more than 3 months but less than 12 months#	798.90	-
Total	**798.90**	**-**

Includes amount of Rs. 798.40 million (31 March 2019: Rs. Nil) is kept in Interest Service Reserve Account ('ISRA') as per borrowing agreements with lenders.

Note 9: Unit capital

	Number of units (In million)	Unit capital (Rs. in million)
As at 1 April 2018	283.80	28,380.00
Issued during the year	-	-
As at 31 March 2019	**283.80**	**28,380.00**
Issued during the year (refer note below)	299.69	25,140.48
Issue expenses (refer note below)	-	(374.79)
As at 31 March 2020	**583.49**	**53,145.69**

Note:
During the year ended 31 March 2020, the Trust raised Rs. 25,140.48 million of primary capital through a qualified institutional placement of units. The Trust issued and allotted 299,683,881 units at a price of Rs. 83.89 per unit as per the placement agreement dated May 04, 2019. Issue expenses of Rs. 374.79 million incurred in connection with issue of units have been reduced from the Unitholders capital as at 31 March 2020 in accordance with Ind AS 32 Financial Instruments: Presentation.

a. Terms/rights attached to units
The Trust has only one class of units. Each Unit represents an undivided beneficial interest in the Trust. Each holder of unit is entitled to one vote per unit. The Unitholders have the right to receive at least 90% of the Net Distributable Cash Flows of the Trust at least once in every six months in each financial year in accordance with the InvIT Regulations. The Investment Manager approves distributions. The distribution will be in proportion to the number of units held by the unitholders. The Trust declares and pays distribution in Indian rupees.

A Unitholder has no equitable or proprietary interest in the projects of IndiGrid and is not entitled to any share in the transfer of the projects (or any part thereof) or any interest in the projects (or any part thereof) of IndiGrid. A Unitholder's right is limited to the right to require due administration of IndiGrid in accordance with the provisions of the Trust Deed and the Investment Management Agreement.

b. Unitholders holding more than 5 percent Units in the Trust

	31 March 2020		31 March 2019	
	Nos. in million	% holding	No. in million	% holding
Esoteric II Pte. Limited	136.03	23.31%	-	-
Government of Singapore	116.82	20.02%	-	-
Sterlite Power Grid Ventures Limited	87.55	15.00%	60.13	21.19%
Schroder Asian Asset Income Fund	19.78	3.39%	14.33	5.05%

c. The Trust has not allotted any fully paid-up units by way of bonus units nor has it bought back any class of units from the date of incorporation till the balance sheet date. Further the Trust has not issued any units for consideration other than cash from the date of incorporation till the balance sheet date.

Note 10: Other Equity

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Retained earnings / (accumulated deficit)		
Balance as per last financial statements	(519.17)	774.00
Add: Profit for the year	4,908.20	2,112.42
Less: Distribution during the year	(6,102.75)	(3,405.59)
Total	**(1,713.72)**	**(519.17)**

Note 11: Long term borrowings

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Non-Current		
Debentures		
8.9922% Non-convertible debentures (secured) (refer note A below)	4,350.00	4,350.00
8.60% Non-convertible debentures (secured) (refer note A below)	2,500.00	2,500.00
9.10% Non-convertible debentures (secured) (refer note A below)	2,956.96	-
8.40% Non-convertible market linked debentures (secured) (refer note C below)	1,725.66	-
9.00% Non-convertible market linked debentures (secured) (refer note B below)	2,100.12	-
8.85% Non-convertible debentures (secured) (refer note A below)	1,969.00	-
9.10% Non-convertible debentures (secured) (refer note A below)	13,930.42	-
Term loans		
Indian rupee term loan from bank (secured) (refer note D below)	9,950.05	9,945.46
Total	**39,482.21**	**16,795.46**
The above amount includes		
Secured borrowings	39,482.21	16,795.46
Unsecured borrowings	-	-
Total non-current borrowings	**39,482.21**	**16,795.46**
Current maturities		
Interest accrued but not due on borrowings	88.74	52.15
	88.74	**52.15**
Less :Amount disclosed under the head ''Other current financial liabilities'' (refer note 12)	88.74	52.15
Net borrowings	**-**	**-**

Notes:

(A) Secured Non-convertible debentures referred above to the extent of:
(i) first pari passu charge on entire current assets including loans and advances, any receivables accrued/realised from those loans and advances extended by the Trust to its subsidiaries (direct or indirect) including loans to all project SPVs and future SPVs;
(ii) First pari-passu charge on Escrow account of the Trust
(iii) Pledge over 51% of the share capital of specified SPVs

(B) Secured market linked non-convertible debentures referred above to the extent of:
(i) first pari passu charge on entire current assets including loans and advances, any receivables accrued/realised from those loans and advances extended by the Trust to its subsidiaries (direct or indirect) including loans to all project SPVs and future SPVs;
(ii) First pari-passu charge on Escrow account of the Trust
(iii) Pledge over 51% of the share capital of specified SPVs

(C) Secured market linked non-convertible debentures referred above to the extent of:
(i) first pari passu charge on entire current assets including loans and advances, any receivables accrued/realised from those loans and advances extended by the Trust to its subsidiaries (direct or indirect) including loans to all project SPVs and future SPVs;
(ii) First pari-passu charge on Escrow account of the Trust
(iii) First pari-passu charge on the ISRA and DSRA accounts.
(iv) Pledge over 51% of the share capital of specified SPVs
The Trust has created security charge on the above NCDs on 13 April 2020.

Rate of Interest	Frequency of repayment	Repayment Commencement Date	2022-2023	2023-2024	2024-2025	2028-2029
4,350 8.992% Non-convertible debentures of Rs. 10,00,000 each	At the time of maturity	14 February 2029	-	-	-	4,350
2,500 8.60% Non-convertible debentures of Rs. 10,00,000 each	At the time of maturity	31 August 2028	-	-	-	2,500
3000 9.10% Non-convertible debentures of Rs. 10,00,000 each	At the time of maturity	29 July 2024	-	-	3,000	-
1740 8.40% market linked non-convertible debentures of Rs. 10,00,000 each	At the time of maturity	24 January 2024	-	1,740	-	-
2,000 9.00% market linked non-convertible debentures of Rs. 10,00,000 each	At the time of maturity	04 January 2023	2,000	-	-	-
2,000 8.85% Non-convertible debentures of Rs. 10,00,000 each	At the time of maturity	02 November 2022	2,000	-	-	-
14,000 9.10% Non-convertible debentures of Rs. 10,00,000 each	At the time of maturity	03 June 2022	14,000	-	-	-

(D) Term loan from bank

The Indian rupee term loan from bank carries interest at the rate of 8.25% p.a. payable monthly. Entire loan amount shall be repayable as a bullet repayment at the end of 10 years from the date of disbursement. The term loan is secured by (i) first pari passu charge on entire current assets including loans and advances, any receivables accrued/realised from those loans and advances extended by the Trust to its subsidiaries (direct or indirect) including loans to all project SPVs and future SPVs; (ii) First pari-passu charge on Escrow account of the Trust.

Financial covenants

Loans from bank, financial institution contain certain debt covenants relating to limitation on interest service coverage ratio, debt service coverage ratio, Net Debt to AUM, Net Debt to EBITDA etc. The financial covenants are reviewed on availability of audited accounts of the respective borrower periodically. For the financial year ended 31 March 2020, the Trust has satisfied all debt covenants prescribed in the terms of loan from bank and financial institutions, where applicable.

Note 12: Other financial liabilities

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Non-Current		
Payable towards project acquired *	-	156.72
Total	**-**	**156.72**
Current		
Other financial liabilities at amortised cost		
Interest accrued but not due on borrowings (refer note 11)	88.74	52.15
Distribution payable	7.34	5.75
Payable towards project acquired #	1,897.00	-
Others	97.25	17.06
Total	**2,090.33**	**74.96**

Other payables are non-interest bearing and have an average term of six months.

*Includes Rs. Nil million (31 March 2019: Rs. 156.72 million) payable to Sterlite Power Grid Ventures Limited pursuant to the Project Implementation and Management Agreement dated 10 November 2016 as amended ("PIMA") towards additional tariff on account of change in law received by Bhopal Dhule Transmission Company Limited, subsidiary of the Group, as approved by Central Electricity Regulatory Commission.

Liability of Rs. 1,897.00 million (31 March 2019: Nil million) is towards acquisition of equity shares of NRSS XXIX Transmission Limited, Odisha Generation Phase-II Transmission Limited and East-North Interconnection Company Limited pursuant to respective share purchase agreements.

Note 13: Other current liabilities

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Withholding taxes (TDS) payable	9.06	2.01
GST payable	-	0.43
Total	**9.06**	**2.44**

Note 14: Current tax liability

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Current tax liability	4.10	0.07
Total	**4.10**	**0.07**

Note 9: Deferred tax liability (net)

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Gross deferred tax liability (A)	-	-
Gross deferred tax asset (B)	-	-
Net deferred tax liability (C=A-B)	-	-

Reconciliation of deferred tax asset	**31 March 2020 (Rs. in million)**	**31 March 2019 (Rs. in million)**
Opening deferred tax asset, net	-	-
Deferred tax credit / (charge) recorded in statement of profit and loss	-	-
Deferred tax (credit) / charge recorded in OCI	-	-
Closing deferred tax asset, net	-	-

The major components of income tax expense for the years ended 31 March 2020 and 31 March 2019 are:

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
- Current tax	56.96	6.08
- Deferred tax	-	-
- Income tax for earlier years	-	0.16

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2020 and 31 March 2019:

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Accounting profit before income tax	4,965.16	2,118.66
At India's statutory income tax rate of 42.74% (31 March 2019: 42.74%)	2,122.11	905.52
Impact of exemption u/s 10(23FC) of the Income Tax Act, 1961 available to the Trust	(2,065.15)	(899.44)
Charge/(reversal) of excess provision of tax created in previous year	-	0.16
At effective tax rate	56.96	6.24
Income tax expense reported in the statement of profit and loss	**56.96**	**6.24**

Note 15: Revenue from operations

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Interest income on loans given to subsidiaries (refer note 20)	9,950.51	4,886.45
Finance income on non-convertible debentures issued by subsidiary on EIR basis	603.59	638.62
Total	**10,554.10**	**5,525.07**

Note 16: Finance costs

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Interest on financial liabilities measured at amortised cost	2,979.83	1,003.75
Other finance cost	1.16	11.70
Total	**2,980.99**	**1,015.45**

Note 17: Earnings per unit (EPU)

Basic EPU amounts are calculated by dividing the profit for the year attributable to unit holders by the weighted average number of units outstanding during the year.

Diluted EPU amounts are calculated by dividing the profit attributable to unit holders by the weighted average number of units outstanding during the year plus the weighted average number of units that would be issued on conversion of all the dilutive potential units into unit capital.

The following reflects in the profit and unit data used in the basic and diluted EPU computation

	31 March 2020	31 March 2019
Profit after tax for calculating basic and diluted EPU (Rs. in million)	4,908.20	2,112.42
Weighted average number of units in calculating basic and diluted EPU (No. in million)	554.01	283.80
Effect of dilution:		
Estimated units to be issued to Sponsor/Project manager* (No. in million)	-	5.40
Weighted average number of units in calculating diluted EPU (No. in million)	554.01	289.20
Earnings Per Unit		
Basic (Rupees/unit)	8.86	7.44
Diluted (Rupees/unit)	8.86	7.30

* units which were issuable pursuant to the Project Implementation and Management Agreement dated November 10, 2016 as amended, towards the additional transmission charges as approved by CERC for the change in tax rates which resulted in increase in non escalable tariff revenue for BDTCL.

Note 18: Significant accounting judgements, estimates and assumptions

The preparation of the Trust's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Trust's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Classification of Unitholders' funds

Under the provisions of the InvIT Regulations, IndiGrid is required to distribute to Unitholders not less than ninety percent of the net distributable cash flows of IndiGrid for each financial year. Accordingly, a portion of the unitholders' funds contains a contractual obligation of the Trust to pay to its Unitholders cash distributions. The Unitholders' funds could therefore have been classified as compound financial instrument which contain both equity and liability components in accordance with Ind AS 32 - Financial Instruments: Presentation. However, in accordance with SEBI Circulars (No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016) issued under the InvIT Regulations, the unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated 20-Oct-2016 dealing with the minimum disclosures for key financial statements. In line with the above, the distribution payable to unit holders is recognised as liability when the same is approved by the Investment Manager.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or fair value disclosures within the next financial year, are described below. The Trust based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Trust. Such changes are reflected in the assumptions when they occur.

Fair valuation and disclosures

SEBI Circulars issued under the InvIT Regulations require disclosures relating to net assets at fair value and total returns at fair value (refer Note 19A and 19B). In estimating the fair value of investments in subsidiaries (which constitute substantial portion of the net assets), the Trust engages independent qualified external valuers to perform the valuation. The management works closely with the valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the valuation report and findings to the Board of the Investment Manager half yearly to explain the cause of fluctuations in the fair value of the transmission projects. The inputs to the valuation models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as WACC, Tax rates, Inflation rates, etc. Changes in assumptions about these factors could affect the fair value. (refer Note 19A for details).

Impairment of non-financial assets

Non-financial assets of the Trust primarily comprise of investments in subsidiaries. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amounts for the investments in subsidiaries are based on value in use of the underlying projects. The value in use calculation is based on a DCF model. The cash flows are derived from the budgets/forecasts over the life of the projects.

As at 31 March 2020, an amount of Rs. 2,627.22 million (31 March 2019: Rs. 2,316.84 million) has been provided as impairment on investment in subsidiary. The recoverable amount of the investment in subsidiary has been computed based on value in use calculation for the underlying projects. The key assumptions used to determine the recoverable amount for the underlying projects are disclosed and further explained in Note 19A.

Note 19A : Fair value

The management has assessed that the financial assets and financial liabilities as at year end are reasonable approximations of their fair values.

The Trust is required to present the statement of total assets at fair value and statement of total returns at fair value as per SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 as apart of these financial statements- Refer Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value.

The inputs to the valuation models for computation of fair value of assets for the above mentioned statements are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as WACC, Tax rates, Inflation rates, etc.

The significant unobservable inputs used in the fair value measurement required for disclosures as above categorised within Level 3 of the fair value hierarchy as above together with a quantitative sensitivity analysis as at 31 March 2020 are as shown below:

Description of significant unobservable inputs to valuation: **Rs in million**

Significant unobservable inputs	Input for 31 March 2020	Input for 31 March 2019	Sensitivity of input to the fair value	Increase /(decrease) in fair value 31 March 2020	Increase /(decrease) in fair value 31 March 2019
WACC	8.44% to 9.09%	8.12% to 8.40%	+ 0.5%	(4,769.00)	(2,445.95)
			- 0.5%	5,655.00	2,726.84
Tax rate (normal tax and MAT)	Normal Tax - 25.168% MAT - Nil	Normal Tax - 29.12% MAT - 21.55%	+ 2%	(1,277.63)	(306.91)
			- 2%	1,311.93	260.35
Inflation rate	Revenue: 5.00% Expenses: 2.72% to 4.56%	Revenue: 5.73% Expenses: 3.20% to 4.35%	+ 1%	(788.38)	(432.64)
			- 1%	529.45	360.78
Additional tariff (applicable only for BDTCL)	NA	2.39%	+ 1%	NA	210.48
			- 1%		(210.48)

The independent valuer has considered effect of COVID-19 on the significant unobservable inputs used in fair valuation as referred above.

Note 19B: Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Trust's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2020 and 31 March 2019:

	Fair value measurement using			
	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:				
Investment in subsidiaries (including loan to subsidiaries)*	31 March 2020	-	-	98,365.08
	31 March 2019	-	-	43,702.15

There have been no transfers between Level 1, Level 2 during the year ended 31 March 2020 and 31 Mach 2019.
* Statement of net assets at fair value and statement of total returns at fair value require disclosures regarding fair value of assets (liabilities are considered at book values). Since the fair value of assets other than investments in subsidiaries approximate their book values, hence only investment in subsidiaries including loans to subsidiaries has been disclosed above.

Note 20: Related party disclosures

I. List of related parties as per the requirements of Ind AS 24 - Related Party Disclosures

(A) Name of related party and nature of its relationship:

Subsidiaries

Sterlite Grid 1 Limited (SGL1)
Sterlite Grid 2 Limited (SGL2)
Sterlite Grid 3 Limited (SGL3)
Bhopal Dhule Transmission Company Limited (BDTCL)
Jabalpur Transmission Company Limited (JTCL)
RAPP Transmission Company Limited (RTCL)
Purulia & Kharagpur Transmission Company Limited (PKTCL)
Maheshwaram Transmission Limited (MTL)
Patran Transmission Company Limited (PTCL)
NRSS XXIX Transmission Limited ("NTL")
Odisha Generation Phase II Transmission Limited ("OGPTL")
East-North Interconnection Company Limited (''ENICL'')

(B) Other related parties under Ind AS-24 with whom transactions have taken place during the year

Entity with significant influence over the Trust

Sterlite Power Grid Ventures Limited (SPGVL)
Esoteric II Pte. Ltd. (from 04 May 2019)

II. List of additional related parties as per Regulation 2(1)(zv) of the InvIT Regulations

(A) Parties to IndiGrid

Sterlite Power Grid Ventures Limited (SPGVL) - Sponsor and Project Manager of IndiGrid (refer note 1 below)
Sterlite Investment Managers Limited (SIML) - Investment Manager of IndiGrid (refer note 2 below)
Axis Trustee Services Limited (ATSL) - Trustee of IndiGrid

(B) Promoters of the parties to IndiGrid specified in (A) above

Sterlite Power Transmission Limited- Promoter of SIML (refer note 2 below)
Sterlite Power Transmission Limited- Promoter of SPGVL
Axis Trustee Limited- Promoter of ATSL
Electron IM Pte. Ltd.- Promoter of SIML

(C) Directors of the parties to IndiGrid specified in (A) above

(i) Directors of SPGVL:

Pravin Agarwal
Pratik Agarwal
A. R. Narayanaswamy
Avaantika Kakkar
Ved Mani Tiwari
Arun Todarwal Lalchand (from 22 July 2019)
Zhao Haixia (from 11 September 2019)

(ii) Directors of SIML:

Pratik Agarwal
Kuldip Kumar Kaura (till June 07, 2019)
Tarun Kataria
Shashikant Bhojani
Rahul Asthana
Harsh Shah (whole time director)
Sanjay Omprakash Nayar (from 07 June 2019)

(iii) Directors of ATSL:

Srinivasan Varadarajan (till 20 December 2018)
Ram Bharoseylal Vaish (till 08 November 2019)
Sidharth Rath (till 01 June 2018)
Rajaraman Viswanathan (till 10 October 2018)
Raghuraman Mahalingam (till 30 September 2018)
Rajesh Kumar Dahiya (from 11 July 2018)
Sajnay Sinha (from 10 October 2018)
Ganesh Sankaran (from 18 April 2019)

(iv) Relative of directors mentioned above:

Sonakshi Agarwal
Jyoti Agarwal
Sujata Asthana

(v) Firm in which director of sponsor is partner:

Cyril Amarchand Mangaldas

(C) The transactions with related parties during the year are as follows:-

(Rs. in millions)

Particulars	Relation	2019-20	2018-19
1. Unsecured loans given to subsidiaries			
Jabalpur Transmission Company Limited	Subsidiary	1,203.10	4,321.37
Bhopal Dhule Transmission Company Limited	Subsidiary	166.20	20.00
RAPP Transmission Company Limited	Subsidiary	-	-
Purulia & Kharagpur Transmission Company Limited	Subsidiary	-	-
Maheshwaram Transmission Limited	Subsidiary	-	40.00
Patran Transmission Company Limited	Subsidiary	-	1,686.89
Sterlite Grid 1 Limited	Subsidiary	-	252.80
Sterlite Grid 2 Limited	Subsidiary	1,089.93	-
Sterlite Grid 3 Limited	Subsidiary	-	-
NRSS XXIX Transmission Limited	Subsidiary	29,483.42	-
Odisha Generation Phase-II Transmission Limited	Subsidiary	6,143.52	-
2. Interest income from subsidiaries			
Jabalpur Transmission Company Limited	Subsidiary	2,541.68	1,905.14
Bhopal Dhule Transmission Company Limited	Subsidiary	1,305.15	1,298.27
RAPP Transmission Company Limited	Subsidiary	345.17	381.89
Purulia & Kharagpur Transmission Company Limited	Subsidiary	592.69	598.15
Maheshwaram Transmission Limited	Subsidiary	568.58	562.52
Patran Transmission Company Limited	Subsidiary	236.71	139.97
Sterlite Grid 1 Limited	Subsidiary	17.45	0.52
Sterlite Grid 2 Limited	Subsidiary	127.71	-
Sterlite Grid 3 Limited	Subsidiary	109.20	-
NRSS XXIX Transmission Limited	Subsidiary	3,484.61	-
Odisha Generation Phase-II Transmission Limited	Subsidiary	621.56	-
3. Repayment of loan from subsidiaries			
Jabalpur Transmission Company Limited	Subsidiary	109.19	-
Bhopal Dhule Transmission Company Limited	Subsidiary	90.11	-
RAPP Transmission Company Limited	Subsidiary	131.17	201.60
Purulia & Kharagpur Transmission Company Limited	Subsidiary	126.25	-
Maheshwaram Transmission Limited	Subsidiary	-	-
Patran Transmission Company Limited	Subsidiary	33.71	101.77
Sterlite Grid 1 Limited	Subsidiary	252.80	-
Sterlite Grid 2 Limited	Subsidiary	-	-
Sterlite Grid 3 Limited	Subsidiary	2,059.72	-
NRSS XXIX Transmission Limited	Subsidiary	3,778.81	-
Odisha Generation Phase-II Transmission Limited	Subsidiary	144.13	-
East-North Interconnection Company Limited	Subsidiary	26.39	-
4. Purchase of equity shares of SGL2			
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	12,626.66	-
5. Purchase of equity shares of SGL3			
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	518.31	-
6. Purchase of loan to SGL3			
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	2,289.49	-
7. Purchase of equity shares of ENICL			
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	1,259.46	-
Sterlite Power Transmission Limited	Promoters of the parties to IndiGrid	29.09	-
8. Purchase of loan to ENICL			
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	587.00	-
9. Received towards indemnification of liabilities			
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	18.66	53.47
10. Reimbursement of expenses paid			
Jabalpur Transmission Company Limited	Subsidiary	-	0.32
Bhopal Dhule Transmission Company Limited	Subsidiary	-	0.15
11. Issue of unit capital			
Esoteric II Pte. Ltd	Entity with significant influence over the Trust	11,412.04	-
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	2,300.13	-

12. Distribution to unit holders			
Esoteric II Pte. Ltd	Entity with significant influence over the Trust	1,224.32	-
Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	968.32	709.20
Pravin Agarwal	Director of Sponsor	3.06	11.60
Pratik Agarwal	Director of Sponsor and Investment Manager	4.41	1.22
Harsh Shah	Whole time director of Investment Manager	0.12	0.06
Sonakshi Agarwal	Relative of director	0.18	-
Jyoti Agarwal	Relative of director	0.24	-
Sujata Asthana	Relative of director	0.67	-
Arun Todarwal	Director of Sponsor	0.06	-
A. R. Narayanaswamy	Director of Sponsor	0.15	-
13. Advance receivable in cash			
Sterlite Grid 1 Limited	Subsidiary	-	9.00
14. Trustee Fee			
Axis Trustee Services Limited (ATSL)	Trustee	2.36	2.16
15. Legal and professional services taken			
Cyril Amarchand Mangaldas	Firm in which director of sponsor is partner	26.62	-
16. Amount paid against indemnification of dues			
Jabalpur Transmission Company Limited#	Subsidiary	-	50.41

(D) The outstanding balances of related parties are as follows:-

(Rs in Million)

Particulars	**Relation**	**31 March 2020**	**31 March 2019**
1. Unsecured loan receivable	Subsidiary	71,274.41	37,064.04
2. Interest receivable from subsidiaries	Subsidiary	281.64	446.03
3. Advance receivable in cash	Subsidiary	-	13.60
4. Non-Convertible Debentures of subsidiary (including accrued interest on EIR)	Subsidiary	5,823.90	6,449.71
5. Investment in equity shares of subsidiary (excluding provision for impairment)	Subsidiary	17,098.27	1,435.35
6. Optionally convertible redeemable preference shares (excluding provision for impairment)	Subsidiary	1,001.96	1,001.96
7. Payable towards project acquired	Sponsor and Project Manager/Entity with significant influence	1,897.00	-
8. Payable towards legal and professional services	Firm in which director of sponsor is partner	5.18	-

Note 1: Sterlite Power Grid Ventures Limited ('SPGVL) has entered into "Inter-se sponsor agreement" dated April 30, 2019 ("the Agreement") with Esoteric II Pte. Ltd. to designate Esoteric II Pte. Ltd as a "Sponsor" of the Trust subject to approval from SEBI in terms of SEBI InvIT Regulations.

Note 2: Pursuant to "Share Subscription and Purchase Agreement" ('the agreement') executed between Electron IM Pte. Ltd. and Sterlite Power Transmission Limited ['SPTL', the holding company of Sterlite Investment Managers Limited ('SIML'), the Investment Managers of the Trust] on April 30, 2019, SPTL shall sell 74% of its stake in SIML as specified in the agreement.

#Sponsor has paid to IndiGrid towards deposits paid by IndiGrid's subsidiaries for tax litigations for which Sponsor is liable.

Details in respect of related party transactions involving acquisition of InvIT assets as required by Para 4.4(b)(iv) of Section A of Annexure A to SEBI Circular dated 20 October 2016 are as follows:

For the financial year ended 31 March 2020: Refer disclosure below:

For the financial year ended 31 March 2019: No acquisition of InvIT assets from related parties during the year.

(A) Summary of the valuation reports (issued by the independent valuer appointed under the InvIT Regulations):

(Rs in million)

Particulars	**NTL**	**OGPTL**	**ENICL**
Enterprise value	41,626	12,840	11,355
Method of valuation	Discounted Cash Flow		
Discounting rate (WACC):	8.12%	8.42%	8.77%

(B) Material conditions or obligations in relation to the transactions:

Acquisition of NRSS XXIX Transmission Limited (NTL) (through acquisition of Sterlite Grid 2 Limited):

Pursuant to the share purchase agreements dated April 30, 2019 ("SPA") executed among Sterlite Power Grid Ventures Limited, Axis Trustee Services Limited, Sterlite Investment Managers Limited, Sterlite Grid 2 Limited and NRSS XXIX Transmission Limited for acquisition of equity stake in NTL. IndiGrid has acquired 100% of equity in Sterlite Grid 2 Limited which is the holding company of NTL.

The acquisition of NTL and SG2L was financed by money raised through Qualified Institutional Placement (QIP) of Rs. 25,140 million and from issue of Non-Convertible Debentures of Rs. 21,000 million (rate of interest- 8.60% to 9.10%) by IndiGrid. No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Acquisition of Odisha Generation Phase-II Transmission Limited (OGPTL) (through acquisition of Sterlite Grid 3 Limited):

Pursuant to the share purchase agreements dated April 30, 2019 as amended on June 28, 2019 ("SPA") executed among Sterlite Power Grid Ventures Limited, Axis Trustee Services Limited, Sterlite Investment Managers Limited, Sterlite Grid 3 Limited and Odisha Generation Phase-II Transmission Limited for acquisition of equity stake in OGPTL. IndGrid has acquired 100% of equity in Sterlite Grid 3 Limited which is the holding company of OGPTL.

The acquisition of OGPTL and SG3L were financed by issue of Non-Convertible Debentures of Rs. 21,000 million (rate of interest- 8.60% to 9.10%) by IndGrid. No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Acquisition of East-North Interconnection Company Limited (ENICL) :

Pursuant to the share purchase agreements dated March 23, 2020 ("SPA") executed among Sterlite Power Grid Ventures Limited, Axis Trustee Services Limited, Sterlite Investment Managers Limited, Sterlite Power Transmission Limited and East-North Interconnection Limited ('ENICL') for acquisition of equity stake in ENICL. IndiGrid has acquired 49% of equity in ENICL.

The acquisition of ENICL was financed by money raised through Qualified Institutional Placement (QIP) of Rs. 25,140 million by IndiGrid and from issue of Non-Convertible Debentures of Rs. 22,750 million (rate of interest- 8.40% to 9.10%) by IndiGrid and from internal accruals during the year. No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Note 21: Segment reporting

The Trust's activities comprise of owning and investing in transmission SPVs to generate cash flows for distribution to unitholders. Based on the guiding principles given in Ind AS - 108 "Operating Segments", this activity falls within a single operating segment and accordingly the disclosures of Ind AS -108 have not separately been given

Note 22: Financial risk management objectives and policies

The Trust's principal financial liabilities comprise of borrowings and other financial liabilities. The main purpose of these financial liabilities is to finance the Trust's operations. The Trust's principal financial assets include investments, loans, cash and bank balances and other financial assets that derive directly from its operations.

The Trust may be exposed to market risk, credit risk and liquidity risk. The Investment Manager oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Trust's policy that no trading in derivatives for speculative purposes may be undertaken. The management reviews and agrees policies for managing each of these risks, which are summarised below.

The Risk Management policies of the Trust are established to identify and analyse the risks faced by the Trust, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust's activities.

Management has overall responsibility for the establishment and oversight of the Trust's risk management framework.

(A) 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 three types of risk: interest rate risk, currency risk and other price risk such as equity price risk. Financial instruments affected by market risk include loans and borrowings and investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust's borrowings are at fixed rate, hence the Trust is not exposed to Interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Trust did not have any exposure in foreign currency as at 31 March 2020 and 31 March 2019

Equity price risk

The Trust's investments in equity shares of subsidiaries are susceptible to market price risk arising from uncertainties about future values of those investments. Reports on the equity portfolio are submitted to the senior management on a regular basis. The Board of Directors of the Investment Manager reviews and approves all equity investment decisions.
At the reporting date, the exposure to equity investments in subsidiary at carrying value was Rs. 15,169.05 million (31 March 2019: Rs. 735.53 million). Sensitivity analyses of significant unobservable inputs used in the fair value measurement are disclosed in Note 19A.

(B) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Trust is exposed to credit risk from its investing activities including loans to subsidiaries, deposits with banks and other financial instruments. As at 31 March 2020 and 31 March 2019, the credit risk is considered low since substantial transactions of the Trust are with its subsidiaries.

(C) Liquidity risk

Liquidity risk is the risk that the Trust may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Trust's objective is to, at all times, maintain optimum levels of liquidity to meet its cash and collateral obligations. The Trust requires funds both for short term operational needs as well as for long term investment programs mainly in transmission projects. The Trust closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents and liquid investments will provide liquidity.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The other financial liabilities are with short term durations. The table below summarises the maturity profile of the Trust's financial liabilities based on contractual undiscounted payments:

Rs in million

Particulars	Less than 3 months	3 months to 12 months	1 to 5 years	More than 5 years	Total
31 March 2020					
Borrowings	-	-	22,682.16	16,800.05	39,482.21
Other financial liabilities *	193.33	1,897.00	-	-	2,090.33
Total	**193.33**	**1,897.00**	**22,682.16**	**16,800.05**	**41,572.54**
31 March 2019					
Borrowings	-	-	-	16,795.46	16,795.46
Other financial liabilities *	231.68	-	-	-	231.68
Total	**231.68**	**-**	**-**	**16,795.46**	**17,027.14**

* Includes amount of Rs. Nil (31 March 2019: Rs. 156.72 million) being payable towards project acquired.

Note 23: Impact of COVID-19

The management has evaluated the impact of COVID 19 pandemic & lockdown imposed by the Government of India on the Trust.

The Trust receives income mainly in the form of interest income on loans given to subsidiaries which are engaged in the construction and operation & maintenance of power transmission lines and substations ('power transmission infrastructure'). These subsidiaries are governed by section 63 of The Electricity Act 2003 where in as per the Transmission Service Agreements ('TSAs') tariff revenue is accrued based on availability of power transmission infrastructure. Further, the Government of India has declared power transmission as "an essential service" therefore the subsidiaries are able to ensure availability of power transmission infrastructure and carry out maintenance activities during the lockdown period.

As the tariff revenues of the subsidiaries are linked to availability, irrespective of the quantum of power transmitted through the power transmission infrastructure and considering the Point of Connection ('PoC') mechanism the risk of non-collection of transmission charges receivables as of March 31, 2020 is minimum, however there could be delays in collection of trade receivables and unbilled revenue of the subsidiaries.

Therefore, the management believes that the Trust will be able to receive interest income from the subsidiaries. In assessing the recoverability of receivables and investment in subsidiaries, the Trust has considered internal and external information up to the date of approval of these standalone financial statements including communication from regulatory agencies and LTTCs. Further, the management believes that there is no risk in the Trust's ability to continue as going concern and meeting its liabilities as and when they fall due.

The management will continue to monitor and assess impact of economic conditions arising due to COVID 19. The impact of COVID 19 may differ from that expected at the date of approval of these standalone financial statements

Note 24: Contingent liabilities

The Trust has no contingent liability to be reported.

Note 25: Capital management

For the purpose of the Trust's capital management, capital includes issued unit capital and all other reserves attributable to the unit holders of the Trust. The primary objective of the Trust's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise unit holder value.

The Trust manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Trust may adjust the distribution to unitholders (subject to the provisions of InvIT regulations which require distribution of at least 90% of the net distributable cash flows of the Trust to unit holders), return capital to unitholders or issue new units. The Trust monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Trust's policy is to keep the gearing ratio optimum. The Trust includes within net debt, interest bearing loans and borrowings and other payables less cash and cash equivalents, other bank balances and short term investments.

Particulars	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Borrowings	39,482.21	16,795.46
Other financial liabilities	2,090.33	231.68
Less: Cash and cash equivalents, other bank balances and short term investments	(2,927.73)	(1,290.23)
Net debt (A)	**38,644.81**	**15,736.91**
Unit capital	53,145.69	28,380.00
Other equity	(1,713.72)	(519.17)
Total capital (B)	**51,431.97**	**27,860.83**
Capital and net debt [(C) = (A) + (B)]	**90,076.78**	**43,597.74**
Gearing ratio (C) / (A)	42.90%	36.10%

Note 26: Capital and other Commitments

The Trust has entered into a Framework agreement on 30 April 2019 with Sterlite Grid Ventures Limited ('SPGVL') for acquisition of Gurgaon-Palwal Transmission Limited ('GPTL'), NER II Transmission Limited ('NER') and Khargone Transmission Limited ('KTL'). The board of directors of Sterlite Investment Managers Limited and unitholders of India Grid Trust have approved acquisition of GPTL on April 08, 2020 and May 09, 2020 respectively.

Note 27: Subsequent event

On May 27, 2020, the Board of directors of the Investment Manager approved a distribution of Rs. 3 per unit for the period 1 January 2020 to 31 March 2020 to be paid on or before 15 days from the date of declaration.

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

per Arvind Sethi
Partner
Membership Number : 089802
Place : Pune
Date : 27 May 2020

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 27 May 2020

Swapnil Patil
Company Secretary

Place : Mumbai
Date : 27 May 2020

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of India Grid Trust

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of India Grid Trust ("the InvIT") comprising of the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Unit Holders' Equity and the Statement of Cash Flow for the year then ended and the Statement of Net Assets at fair value as at March 31, 2019, the Statement of Total Returns at fair value and the Statement of Net Distributable Cash Flows ('NDCFs') of the InvIT for the year then ended, and a summary of significant accounting policies and other explanatory information ("the standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 as amended including any guidelines and circulars issued thereunder (the "InvIT Regulations") 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 InvIT as at March 31, 2019, its profit including other comprehensive income, its cash movements and its movement of the unit holders' funds for the year ended March 31, 2019, its net assets as at March 31, 2019, its total returns and the net distributable cash flows of the InvIT for the year ended March 31, 2019.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the InvIT in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India 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 audit opinion on the standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment of investments in /loans to subsidiaries *(as described in note 16 of the standalone Ind AS financial statements)*	
During the current year, impairment indicators were identified by the management on the investments in/loans given of Rs 46,577.64 million (before impairment provision) to its subsidiaries which own and operate transmission assets. As a result, an impairment assessment was required to be performed	Our audit procedures included the following: • Assessed the management's valuation methodology applied in determining the recoverable amounts. In making this assessment, we also evaluated the objectivity

Key audit matters	How our audit addressed the key audit matter
by the management by comparing the carrying value of these investments to their recoverable amount to determine whether an impairment needs to be recognized. For the purpose of the above impairment testing, value in use has been determined by forecasting and discounting future cash flows. Furthermore, the value in use is highly sensitive to changes in some of the inputs used e.g. the discounting rate (WACC), inflation rates, tax rates, etc. Further, the determination of the recoverable amounts involved judgment due to inherent uncertainty in the assumptions supporting the recoverable amounts. Accordingly, the impairment assessment of investments in/loans to subsidiaries was determined to be a key audit matter in our audit of the standalone Ind AS financial statements.	and independence of InvIT's independent valuer involved in the process. • Together with valuation specialists, we assessed the valuation reports issued by the independent valuer engaged by management. • We tested that the tariff revenues considered in the respective valuation models are in agreement with TSAs / tariff orders; • We assessed the assumptions around the key drivers of the cash flow forecasts, discount rates and residual values; • We also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used; • We discussed changes in key drivers as compared to previous year / actual performance with management in order to evaluate whether the inputs and assumptions used in the valuation models were appropriate; • We tested the arithmetical accuracy of the models. We read/assessed the disclosures in the standalone Ind AS financial statements for compliance with the relevant accounting standards requirements.
Classification of unit holders funds as equity *(as described in note 16 of the standalone Ind AS financial statements)*	
The InvIT is required to distribute to Unitholders not less than ninety percent of its net distributable cash flows for each financial year. Accordingly, a portion of the unitholders' funds contains a contractual obligation of the Trust to pay to its Unitholders cash distributions. The Unitholders' funds could therefore have been classified as compound financial instrument which contains both equity and liability components in accordance with Ind AS 32 - Financial Instruments: Presentation. However, in accordance with SEBI Circulars No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 ("SEBI Circulars") issued under the InvIT Regulations, the unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated 20-Oct-2016 dealing with the minimum disclosures for key financial statements. Based on the above, the classification of unit holders funds as equity involved considerable management judgement. Accordingly, it is considered as a key audit matter.	Our audit procedures included evaluating the requirements for classification of financial liability and equity under Ind AS 32 and evaluating the provisions of SEBI Circulars for classification/presentation of unit holders funds in the financial statements of an Infrastructure Investment Trust. We assessed the disclosures in the standalone Ind AS financial statements for compliance with the relevant requirements of InvIT regulations.
Disclosures relating to Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value as per InvIT regulations *(as described in note 16 of the standalone Ind AS financial statements)*	
Pursuant to SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued	Our audit procedures included the following:

Key audit matters	How our audit addressed the key audit matter
under the InvIT Regulations, India Grid Trust is required to disclose Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value which requires fair valuation of the assets. Such fair valuation has been carried out by the independent valuer appointed by the InvIT. For the purpose of the above, fair value is determined by forecasting and discounting future cash flows. The determination of fair value involves judgment due to inherent uncertainty in the underlying assumptions and it is highly sensitive to changes in some of the inputs used e.g. the discounting rate (WACC), inflation rates, tax rates, etc. The determination of the fair values involved judgment due to inherent uncertainty in the assumptions supporting the fair values. Accordingly, the disclosure of fair values as per InvIT regulations was determined to be a key audit matter in our audit of the standalone Ind AS financial statements	• Read the requirements of InvIT regulations for disclosures relating to Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value. • Assessed the appropriateness of the management's valuation methodology in determining the fair values. In making this assessment, we also evaluated the objectivity and independence of InvIT's independent valuer involved in the process. • Tested controls implemented by the management to determine inputs for fair valuation as well as assumptions used in the fair valuation. • Together with valuation specialists, we reviewed the valuation reports issued by the independent valuer engaged by the management. • Tested that the tariff revenues considered in the respective valuation models are in agreement with TSAs / tariff orders; • Assessed the assumptions around the key drivers of the cash flow forecasts, discount rates and residual values; • Also assessed the headroom by performing sensitivity testing of key assumptions used; • Discussed changes in key drivers as compared to previous year / actual performance with management in order to evaluate whether the inputs and assumptions used in the valuation models were appropriate; • Tested the arithmetical accuracy of the models; • Read / assessed the disclosures in the standalone Ind AS financial statements for compliance with the relevant requirements of InvIT regulations.

Other Information

Management of Sterlite Investment Managers Limited ("Investment Manager") is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Management of the Investment Manager is responsible for the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position as at March 31, 2019, financial performance including other comprehensive income, cash movements and the movement of the unit holders' funds for the year ended March 31, 2019, the net assets as at March 31, 2019, the total returns of the InvIT and the net distributable cash flows of the InvIT in conformity with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) and/or any addendum thereto as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended read with the InvIT Regulations. This responsibility includes the design, implementation and maintenance of adequate controls for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, Management is responsible for assessing the ability of the InvIT 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 InvIT or to cease operations, or has no realistic alternative but to do so.

Management of the Investment Manager is also responsible for overseeing the financial reporting process of the InvIT.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS 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 standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- 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 ability of the InvIT to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the InvIT to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Management 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 Management 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 Management, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we report that:

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

(b) The Balance Sheet and the Statement of Profit and Loss are in agreement with the books of account;

(c) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards (Ind AS) and/or any addendum thereto as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended.

For S R B C & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Amyn Jassani
Partner
Membership Number: 046447

Place: Mumbai
Date: April 24, 2019

INDIA GRID TRUST
BALANCE SHEET AS AT 31 MARCH 2019
(All amounts in Rs. million unless otherwise stated)

	Note	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
ASSETS			
Non-current assets			
Investment in subsidiaries	3	735.53	1,628.53
Financial assets			
i. Investments	4	5,338.62	5,811.09
ii. Loans	6	37,064.04	31,046.35
		43,138.19	**38,485.97**
Current assets			
Financial assets			
i. Cash and cash equivalents	5	1,290.23	1,184.25
ii. Other financial assets	7	462.06	12.69
Other current assets		-	0.02
		1,752.29	**1,196.96**
Total assets		**44,890.48**	**39,682.93**
EQUITY AND LIABILITIES			
Equity			
Unit capital	8	28,380.00	28,380.00
Other equity			
Retained earnings		(519.17)	774.00
Total Unit holders' Equity		**27,860.83**	**29,154.00**
Non-Current liabilities			
Financial liabilities			
i. Borrowings	9	16,795.46	9,941.47
ii. Other financial liability	10	156.72	579.50
		16,952.18	**10,520.97**
Current liabilities			
Financial liabilities			
Others	10	74.96	5.61
Other current liabilities	11	2.44	2.35
Provisions	12	0.07	-
		77.47	**7.96**
Total equity and liabilities		**44,890.48**	**39,682.93**
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & Co LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

For and on behalf of the Board of Directors of Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

per Amyn Jassani
Partner
Membership Number : 046447

Pratik Agarwal
Director
DIN: 03040062

Harsh Shah
CEO & Whole Time Director
DIN: 02496122

Swapnil Patil
Company Secretary

Place: Mumbai
Date: 24 April 2019

Place: Mumbai
Date: 24 April 2019

INDIA GRID TRUST
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019
(All amounts in Rs. million unless otherwise stated)

	Note	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Income			
Revenue from operations	13	5,525.07	3,239.50
Dividend income on investment in mutual funds		10.52	12.02
Interest income on investment in fixed deposits		16.72	0.52
Other Income		0.23	-
Total income (I)		**5,552.54**	**3,252.04**
Expenses			
Legal and professional fees		74.99	20.28
Annual listing fee		3.80	-
Rating fee		6.15	-
Valuation expenses		3.70	4.06
Trustee fee		2.16	2.94
Payment to auditors			
- Statutory Audit		2.36	1.42
- Other services (including certification)		3.26	-
Other expenses		5.17	0.19
Finance costs	14	1,015.45	102.18
Impairment of investment in subsidiary	16	2,316.84	496.03
Total expenses (II)		**3,433.88**	**627.10**
Profit before tax (I-II)		**2,118.66**	**2,624.94**
Tax expense			
- Current tax		6.08	-
- Deferred tax		-	-
- Income tax for earlier years		0.16	-
Profit for the year		**2,112.42**	**2,624.94**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Total comprehensive income		**2,112.42**	**2,624.94**
Earnings per unit (Computed on the basis of profit for the year (Rs.))			
Basic	15	7.44	9.25
Diluted		7.30	9.05
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & Co LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

per Amyn Jassani
Partner
Membership Number : 046447

Place: Mumbai
Date: 24 April 2019

For and on behalf of the Board of Directors of Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

Pratik Agarwal
Director
DIN: 03040062

Harsh Shah
CEO & Whole Time Director
DIN: 02496122

Swapnil Patil
Company Secretary

Place: Mumbai
Date: 24 April 2019

INDIA GRID TRUST
STATEMENT OF CHANGES IN UNIT HOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2019
(All amounts in Rs. million unless otherwise stated)

A. Unit capital

	Nos. in million	Rs. in million
As at April 01, 2017	**-**	**-**
Units issued during the year	283.80	28,380.00
Balance as at March 31, 2018	**283.80**	**28,380.00**
Units issued during the year	-	-
Balance as at March 31, 2019	**283.80**	**28,380.00**

B. Other equity

	Retained Earnings (Rs. in million)
As at April 01, 2017	**-**
Profit for the year	2,624.94
Other comprehensive income	-
Less: Distribution during the year (refer note below)	(1,850.94)
As at 31 March 2018	**774.00**
Profit for the year	2,112.42
Other comprehensive income	-
Less: Distribution during the year (refer note below)	(3,405.59)
As at 31 March 2019	**(519.17)**

Note:-
The distribution relates to the distributions made during the financial year along with the distribution related to the last quarter of FY 2017-18 and does not include the distribution relating to the last quarter of FY 2018-19 which will be paid after March 31, 2019.

Out of total dividend distribution, Rs. 3,326.14 million pertains to distribution of dividend and Rs. 79.45 million pertains to repayment of capital.

As per our report of even date

For S R B C & Co LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

per Amyn Jassani
Partner
Membership Number : 046447

Place: Mumbai
Date: 24 April 2019

For and on behalf of the Board of Directors of Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

Pratik Agarwal
Director
DIN: 03040062

Harsh Shah
CEO & Whole Time Director
DIN: 02496122

Swapnil Patil
Company Secretary

Place: Mumbai
Date: 24 April 2019

INDIA GRID TRUST
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
A. Cash flows from operating activities		
Net profit as per statement of profit and loss	**2,112.42**	**2,624.94**
Adjustment for taxation	6.24	-
Profit before tax	2,118.66	2,624.94
Non-cash adjustment to reconcile profit before tax to net cash flows		
Interest income on non convertible debentures	(638.62)	(473.82)
Impairment of investment in subsidiary	2,316.84	496.03
Interest income on loans given to subsidiaries	(4,886.45)	(2,765.68)
Interest expense and other bank charges on long term borrowings	1,015.45	102.18
Interest income on fixed deposits	(16.72)	(0.52)
Dividend income from mutual fund investments	(10.52)	(12.02)
Operating loss before working capital changes	**(101.36)**	**(28.89)**
Movements in working capital :		
(Increase)/decrease in other current financial assets	(7.96)	(6.03)
(Increase)/decrease in other current assets	0.02	(0.02)
Increase/(decrease) in other current financial liabilities	13.78	3.36
Increase/(decrease) in other current liabilities	0.09	2.35
Change in working capital	**5.93**	**(0.34)**
Cash used in operations	**(95.43)**	**(29.23)**
Direct taxes paid (net of refunds)	(6.17)	-
Net cash flow used in operating activities (A)	**(101.60)**	**(29.23)**
B. Cash flows from investing activities		
Purchase of optionally convertible preference shares of subsidiary	-	(1,001.96)
Purchase of equity shares of subsidiary	(735.53)	-
Loans given to subsidiaries	(6,321.06)	(32,777.63)
Loans repaid by subsidiaries	303.37	1,731.27
Interest income on loans given to subsidiaries	4,447.45	2,758.65
Interest income on fixed deposits	14.28	0.52
Dividend income from mutual fund investments	10.52	12.02
Net cash flow used in investing activities (B)	**(2,280.98)**	**(29,277.13)**
C. Cash flows from financing activities		
Proceeds from issue of unit capital	-	22,500.00
Proceeds of long term borrowings	6,850.00	10,000.00
Payment of upfront fees of long term borrowings	-	(58.53)
Payment of interest and other charges on long term borrowings	(961.57)	(99.92)
Payment of distributions to unitholders	(3,399.88)	(1,850.94)
Net cash flow from financing activities (C)	**2,488.55**	**30,490.61**
Net increase in cash and cash equivalents (A + B + C)	105.98	1,184.25
Cash and cash equivalents as at beginning of year	1,184.25	-
Cash and cash equivalents as at year end	**1,290.23**	1,184.25

INDIA GRID TRUST
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

Breakup of cash and cash equivalents-

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Balances with banks		
On current accounts^	6.78	758.24
Deposit with original maturity of less than 3 months	1,084.45	-
Cheques on hand	199.00	426.01
Total cash and cash equivalents (refer note 5)	**1,290.23**	**1,184.25**

^ Out of total amount, Rs. 5.75 million (March 31, 2018: Rs. 0.04 million) pertains to unclaimed dividend to unitholders.

Reconciliation between opening and closing balances for liabilities arising from financing activities

Particulars	Long term borrowings
01 April 2017	**-**
Cash flow	
- Interest	(158.45)
- Dividend	-
-Proceeds/ (repayments)	10,000.00
Accrual for the year	102.18
31 March 2018	**9,943.73**
Cash Flow	
-Interest	(961.57)
- Dividend	-
-Proceeds/ (repayments)	6,850.00
Accrual for the year	1,015.45
31 March 2019	**16,847.61**

Note:
The Trust issued its units in the previous year in exchange of the equity shares and non-convertible debentures of SGL1. The same has not been reflected in cash flow since it was a non-cash transaction. Refer Note 21 for details.

Summary of significant accounting policies 2.2

As per our report of even date

For S R B C & Co LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

For and on behalf of the Board of Directors of
Managers Limited
(as Investment Manager of India Grid Trust)

per Amyn Jassani
Partner
Membership Number : 046447

Pratik Agarwal
Director
DIN: 03040062

Harsh Shah
CEO & Whole Time Director
DIN: 02496122

Swapnil Patil
Company Secretary

Place: Mumbai
Date: 24 April 2019

Place: Mumbai
Date: 24 April 2019

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

A. STATEMENT OF NET ASSETS AT FAIR VALUE AS AT 31 MARCH 2019

(Rupees in millions)

Particulars	31 March 2019		31 March 2018	
	Book value	**Fair value**	**Book value**	**Fair value**
A. Assets	44,890.48	45,008.33	39,682.94	39,682.94
B. Liabilities (at book value)	17,029.65	17,029.65	10,528.92	10,528.92
C. Net Assets (A-B)	27,860.83	27,978.68	29,154.02	29,154.02
D. Number of units	283.80	283.80	283.80	283.80
E. NAV (C/D)	98.17	98.59	102.73	102.73

* Total assets after provision for impairment on investment in subsidiary determined based on fair valuation.

Project wise breakup of fair value of assets as at **(Rs. in millions)**

Project	**31 March 2019**
Sterlite Grid 1 Limited	41,259.92
Patran Transmission Company Limited*	2,442.23
Subtotal	43,702.15
Assets (in IndiGrid)	1,306.19
Total assets	**45,008.34**

* During the current year, the Trust has acquired Patran Transmission Company Limited (PTCL) with effect from August 30, 2018.

B. STATEMENT OF TOTAL RETURNS AT FAIR VALUE

Particulars	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Total Comprehensive Income (As per the Statement of Profit and Loss)	2,112.42	2,624.94
Add/(less): Other Changes in Fair Value (e.g., in investment property, property, plant & equipment (if cost model is followed)) not recognized in Total Comprehensive Income	117.85	-
Total Return	**2,230.27**	**2,624.94**

Notes:

1. During the year ended March 31, 2018, the Trust does not directly hold investments in the project SPVs. It holds investment in SGL1 (which is the intermediate holding company) which in turn holds investments in the project SPVs. Hence the break-up of fair values of the assets project wise has been given in the Consolidated Financial Statements of the Trust for March 31, 2018.

2. Fair value of assets as at March 31, 2019 and as at March 31, 2018 and Other changes in fair value for the year then ended as disclosed in the above tables are based on fair valuation report issued by the independent valuer appointed under the InvIT Regulations.

3. Sensitivity analysis with respect to significant unobservable inputs used in the fair value measurement has been disclosed in Note 17.

INDIA GRID TRUST
Statement of Net Distributable Cash Flows (NDCFs)

(Rs in Millions)

Description	April 01, 2018 to March 31, 2019	April 01, 2017 to March 31, 2018
Cash flows received from the Portfolio Assets in the form of interest	4,447.45	2,758.65
Cash flows received from the Portfolio Assets in the form of dividend		-
Any other income accruing at IndiGrid level and not captured above, including but not limited to interest/return on surplus cash invested by IndiGrid	27.47	12.54
Cash flows received from the Portfolio Assets towards the repayment of the debt issued to the Portfolio Assets by IndiGrid (refer note 1)	303.37	335.88
Proceeds from the Portfolio Assets for a capital reduction by way of a buy back or any other means as permitted, subject to applicable law		-
Proceeds from sale of assets of the Portfolio Asset not distributed pursuant to an earlier plan to re-invest, or if such proceeds are not intended to be invested subsequently		-
Total cash inflow at the IndiGrid level (A)	**4,778.29**	**3,107.07**
Less: Any payment of fees, interest and expense incurred at IndiGrid level, including but not limited to the fees of the Investment Manager and Trustee (refer note 2)	(1,158.18)	(313.90)
Less: Costs/retention associated with sale of assets of the Portfolio Assets:		-
-related debts settled or due to be settled from sale proceeds of Portfolio Assets;		-
-transaction costs paid on sale of the assets of the Portfolio Assets; and		-
-capital gains taxes on sale of assets/ shares in Portfolio Assets/ other investments.		-
Less: Proceeds reinvested or planned to be reinvested in accordance with Regulation 18(7)(a) of the InvIT Regulations		-
Less: Repayment of external debt at the IndiGrid level and at the level of any of the underlying portfolio assets/special purpose vehicles (Excluding refinancing)		-
Less: Income tax (if applicable) at the standalone IndiGrid level	(6.24)	-
Less: Amount invested in any of the Portfolio Assets for service of debt or interest	(261.80)	-
Less: Repair work in relation to the projects undertaken by any of the Portfolio Assets		-
Total cash outflows / retention at IndiGrid level (B)	**(1,426.22)**	**(313.90)**
Net Distributable Cash Flows (C) = (A+B)	**3,352.07**	**2,793.17**

Notes to the Statement of Net Distributable Cash Flow:

1. In F.Y. 17-18, excludes Rs. 1,395.39 million of debt repayment by JTCL to IndiGrid out of the proceeds of total external debt of Rs 4,230 million raised by JTCL during the year.
2. Includes amount of Rs 53.65 million towards creation of interest service reserve account in respect of the external debt raised during the year

1. Trust information

India Grid Trust ("the Trust" or "IndiGrid") is an irrevocable trust settled by Sterlite Power Grid Ventures Limited (the "Sponsor") on October 21, 2016 pursuant to the Trust Deed under the provisions of the Indian Trusts Act, 1882 and registered with Securities Exchange Board of India ("SEBI") under the SEBI (Infrastructure Investment Trust) Regulations, 2014 as an Infrastructure Investment Trust on November 28, 2016 having registration number IN/InvIT/16-17/0005. The Trustee of IndiGrid is Axis Trustee Services Limited (the "Trustee"). The Investment manager for IndiGrid is Sterlite Investment Managers Limited (the "Investment Manager" or the "Management").

The objectives of IndiGrid are to undertake activities as an infrastructure investment trust in accordance with the provisions of the InvIT Regulations and the Trust Deed. The principal activity of IndiGrid is to own and invest in power transmission assets in India with the objective of producing stable and sustainable distributions to unitholders.

As at March 31, 2019, IndiGrid has following project entities which are transmission infrastructure projects developed on Build, Own, Operate and Maintain ('BOOM') basis:

1. Bhopal Dhule Transmission Limited ('BDTCL')
2. Jabalpur Transmission Company Limited ('JTCL')
3. RAPP Transmission Company Limited ('RTCL')
4. Purulia & Kharagpur Transmission Company Limited ('PKTCL')
5. Maheshwaram Transmission Limited ('MTL')
6. Patran Transmission Company Limited ('PTCL')

These SPVs have executed Transmission Services Agreements ("TSAs") with Long term transmission customers under which the SPVs have to maintain the transmission infrastructure for 35 years post commissioning.

The address of the registered office of the Investment Manager is Maker Maxity, 5 North Avenue, Level 5, Bandra Kurla Complex, Bandra East Mumbai Maharashtra, India 400 051. The financial statements were authorised for issue in accordance with resolution passed by the Board of Directors of the Investment Manager on April 24, 2019.

2. Significant Accounting Policies

2.1 Basis of preparation

These financial statements are the separate financial statements of the Trust and comprise of the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Statement of Cash Flow and the Statement of Changes in Unit Holders' Equity for the year then ended and the Statement of Net Assets at fair value as at March 31, 2019 and the Statement of Total Returns at fair value and the Statement of Net Distributable Cash Flows ('NDCFs') for the year then ended and a summary of significant accounting policies and other explanatory notes in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 (as amended), prescribed under Section 133 of the Companies Act, 2013 ("Ind AS") read with SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended and the circulars issued thereunder ("InvIT Regulations").

The financial statements have been prepared on a historical cost basis, except for the following assets which have been measured at fair value:

- Certain financial assets measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Indian Rupees Millions, except when otherwise indicated.

2.2 Summary of significant accounting policies

The following is the summary of significant accounting policies applied by the Trust in preparing its financial statements:

a) Current versus non-current classification

The Trust presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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 the 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 the settlement of the liability for at least twelve months after the reporting period.

The Trust classifies all other liabilities as non-current.

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

Operating cycle of the Trust is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Trust has identified twelve months as its operating cycle.

b) Foreign currencies

The Trust's financial statements are presented in INR, which is its functional currency. The Trust does not have any foreign operation.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Trust at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

c) Fair value measurement

The Trust measures financial instruments such as mutual funds at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Trust.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Trust uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Trust determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

In estimating the fair value of investments in subsidiaries, the Trust engages independent qualified external valuers to perform the valuation. The management works closely with the external valuers to establish the appropriate valuation techniques and inputs to the model. The management in conjunction with the external valuers also compares the change in fair value with relevant external sources to determine whether the change is reasonable. The management reports the valuation report and findings to the Board of the Investment Manager half yearly to explain the cause of fluctuations in the fair value of the transmission projects.

At each reporting date, the management analyses the movement of assets and liabilities which are required to be remeasured or reassessed as per the Trust's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Trust has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (Note 18)
- Disclosures for valuation methods, significant estimates and assumptions (Note 17, 16)
- Financial instruments (including those carried at amortised cost) (Note 4,5,6,7,9)

d) Revenue Recognition

The specific recognition criteria described below must be met before revenue is recognised.

Interest income
For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Trust estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends
Income from dividend on investments is accrued in the year in which it is declared, whereby the Trust's right to receive is established.

e) Taxation

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales/value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the balance sheet.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Trust incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Impairment of non-financial assets

The Trust assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Trust estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Trust bases its impairment calculations on detailed budget and forecast calculations. These budgets are prepared for the entire project life.

Impairment losses of continuing operations are recognised in the statement of profit and loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Trust estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

h) Provisions

Provisions are recognised when the Trust 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. When the Trust expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

i) Investments in subsidiaries

The Trust accounts for its investments in subsidiaries at cost less accumulated impairment losses (if any) in its separate financial statements. Investments accounted for at cost are accounted for in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

j) 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

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 that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Trust commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

i. Debt instruments at amortised cost
ii. Debt instruments at fair value through other comprehensive income (FVTOCI)
iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is most relevant to the Trust. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss. This category generally applies to interest receivable and loans given to subsidiaries (Refer Note 6 and 7)

Debt instrument at FVTOCI
A 'debt instrument' is classified as FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, interest income, impairment losses and reversals and foreign exchange gain or loss are recognised in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. The Trust does not have financial assets which are subsequently measured at FVTOCI.

Debt instrument at FVTPL
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Trust may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Trust has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

Equity investments
All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Trust may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Trust makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Trust decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit or loss, even on sale of investment. However, the Trust may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Trust's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Trust has transferred substantially all the risks and rewards of the asset, or (b) the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Trust has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Trust continues to recognise the transferred asset to the extent of the Trust's continuing involvement. In that case, the Trust also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Trust has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Trust could be required to repay.

Impairment of financial assets
Majority of the financial assets of the Trust which are not reflected at fair value pertain to loans to subsidiaries and other receivables. Considering the nature of business, the Trust does not foresee any credit risk on its loans and other receivables which may cause an impairment. Majority of the other receivable pertain to receivable from subsidiary companies only. Also, the Trust does not have any history of impairment of other receivables.

For the financial assets which are reflected at fair value, no further impairment allowance is necessary as they reflect the fair value of the relevant financial asset itself.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Trust's financial liabilities include borrowings and related costs, trade and other payables and derivative financial instrument.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Trust that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to P&L. However, the Trust may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to borrowings. For more information refer Note 9.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial 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 in the respective carrying amounts is recognised in the statement of profit or loss.

Embedded derivatives
An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Trust does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Reclassification of financial assets
The Trust determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for

managing those assets. Changes to the business model are expected to be infrequent. The Trust's senior management determines change in the business model as a result of external or internal changes which are significant to the Trust's operations. Such changes are evident to external parties. A change in the business model occurs when the Trust either begins or ceases to perform an activity that is significant to its operations. If the Trust reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Trust does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in statement of profit or loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to statement of profit or loss at the reclassification date.

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.

k) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (if any) as they are considered an integral part of the Trust's cash management.

l) Cash distribution to unit holders

The Trust recognises a liability to make cash distributions to unit holders when the distribution is authorised and a legal obligation has been created. As per the InvIT Regulations, a distribution is authorised when it is approved by the Board of Directors of the Investment Manager. A corresponding amount is recognised directly in equity.

m) Earnings per unit

Basic earnings per unit is calculated by dividing the net profit or loss attributable to unit holders of the Trust (after deducting preference dividends and attributable taxes if any) by the weighted average number of units outstanding during the period. The weighted average number of units outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, split, and reverse split (consolidation of units) that have changed the number of units outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per unit, the net profit or loss for the period attributable to unit holders of the Trust and the weighted average number of units outstanding during the period are adjusted for the effects of all dilutive potential units.

2.3 Standards issued but not yet effective

Ind AS 116 Leases was notified on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. Lessor accounting under Ind AS 116 is substantially unchanged from the current accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Trust intends to adopt this standard, if applicable, when it becomes effective. As the Trust does not have any material leases, therefore the adoption of this standard is not likely to have a material impact on its Financial Statements.

Note 3: Investments in subsidiaries

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Equity investments, at cost (unquoted)		
Sterlite Grid 1 Limited ("SGL1") #	1,122.60	1,122.60
17.67 million (31 March 2018: 17.67 million) equity shares of Rs 10 each fully paid-up		
Less: Reversal of payable towards project acquired (refer note 10)	(422.78)	
Less: Provision for impairment (refer note 16)	(699.82)	(496.03)
	-	**626.57**
Patran Transmission Company Limited	735.53	-
50 million (31 March 2018: Nil) equity shares of Rs 10 each fully paid-up		
	735.53	**626.57**
Preference shares, at cost (unquoted)		
Sterlite Grid 1 Limited ("SGL1")		
665.82 million (31 March 2018: 665.82 million) 0.01% Optionally convertible redeemable non cumulative preference shares ("OCRPS") of Rs. 10 each fully paid-up*	1,001.96	1,001.96
Less: Provision for impairment (refer note 16)	(1,001.96)	-
	-	**1,001.96**
Total	**735.53**	**1,628.53**

Includes amount of Rs. 525.10 million towards equity component of Non- Convertible Debentures issued by Sterlite Grid 1 Limited and Rs 156.72 million towards payable to SPGVL in respect of acquisition of BDTCL. Refer note 4 and 16 for details.

* The OCRPS are either convertible into equity shares of SGL1 in the ratio of 1:1 or redeemable solely at the option of SGL1 within a period of 7 years from the date of issue.

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Ownership interest % 31 March 2019	Ownership interest % 31 March 2018
Directly held by the Trust:			
Sterlite Grid 1 Limited ("SGL1")	India	100%	100%
Patran Transmission Company Limited ("PTCL")**	India	74%	-
Indirectly held by the Trust (through SGL1):			
Bhopal Dhule Transmission Company Limited ("BDTCL")	India	100%	100%
Jabalpur Transmission Company Limited ("JTCL")	India	100%	100%
Purulia & Kharagpur Transmission Company Limited ("PKTCL")	India	100%	100%
RAPP Transmission Company Limited ("RTCL") *	India	74%	49%
Maheshwaram Transmission Limited ("MTL") *	India	49%	49%

* Pursuant to the share purchase agreement and shareholders' agreement dated February 14, 2018 executed for the acquisition of MTL, the Trust (through SGL1) owns voting and certain other rights in the remaining stake in these entities which effectively gives it the beneficial interest over the entire 100% stake.

** Pursuant to Share Purchase agreement/Shareholders' Agreement ('SPA') dated February 19,2018, the Trust acquired Patran Transmission Company Limited (PTCL) (referred as "the SPV"), from Techno Power Grid Company Limited and Techno Electric and Engineering Company Limited at a cost of Rs. 2,420.72 million based on the valuation report obtained by management with effect from August 30, 2018. The Trust holds 74% equity stake in the SPV and on the remaining 26%, the Trust has beneficial interest based on the rights available to it under the SPA.

Note 4: Non- Current investments

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Non-convertible debentures (unquoted) (at amortised cost)		
Sterlite Grid 1 Limited	6,449.71	5,811.09
(665.82 million (31 March 2018: 665.82 million) 0.01% Non-convertible debentures of Rs 10 each)#		
Less: Provision for impairment (refer note 16)	(1,111.09)	-
Total	**5,338.62**	**5,811.09**

Non Convertible debenture (NCD) of Face value of Rs.10 each are issued by Sterlite Grid 1 Limited. The NCD would be redeemable at the option of the NCD holder anytime after July 22, 2019. If the NCD holders do not exercise their right of redeeming the NCDs, the NCDs shall be due for repayment at the end of July 2021. Since the interest rate for the NCD is below market rate, an amount of Rs 525.10 million has been re-classified as equity contribution in subsidiary disclosed under investment in subsidiary.

Note 5: Cash and cash equivalents

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Balances with banks		
On current accounts^	6.78	758.24
Cheques on hand*	199.00	426.01
Short term deposits#	1,084.45	-
Total	**1,290.23**	**1,184.25**

* Pertains to remittances received from subsidiaries in respect of interest/principal repayments of loans for the month of March 2019.
^ Out of total amount, Rs. 5.75 million (March 31, 2018: Rs. 0.04 million) pertains to unclaimed dividend to unitholders.

Includes amount of Rs. 313.65 million is kept in Interest Service Reserve Account ('ISRA') as per borrowing agreements with lenders.

Note 6: Non-current loans (unsecured, considered good)

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Loans to subsidiaries (refer note 19)	37,064.04	31,046.35
Total	**37,064.04**	**31,046.35**

Loans are non-derivative financial assets which are repayable by subsidiaries upon expiry of period of their respective Transmission Services Agreement. Further, the subsidiaries are entitled to prepay all or any portion of the outstanding principal with a prior notice. The loans to subsidiaries carry interest @ 15% p.a.

Note 7: Other current financial assets

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Interest receivable from subsidiaries (refer note 19)	446.03	7.03
Advances receivable in cash	-	5.66
Accrued income on fixed deposit	2.43	-
Receivable from related party (refer note 19)	13.60	-
Total	**462.06**	**12.69**

Note 8: Unit capital

	Number of units (in million)	Unit Capital (Rs in million)
As at 01 April 2017	-	-
Issued during the year	283.80	28,380.00
As at 31 March 2018	283.80	28,380.00
Issued during the year	-	-
As at 31 March 2019	**283.80**	**28,380.00**

Terms/rights attached to units

The Trust has only one class of units. Each Unit represents an undivided beneficial interest in the Trust. Each holder of unit is entitled to one vote per unit. The Unitholders have the right to receive at least 90% of the Net Distributable Cash Flows of the Trust at least once in every six months in each financial year in accordance with the InvIT Regulations. The Investment Manager approves dividend distributions. The distribution will be in proportion to the number of units held by the unitholders. The Trust declares and pays dividends in Indian rupees.

A Unitholder has no equitable or proprietary interest in the projects of IndiGrid and is not entitled to any share in the transfer of the projects (or any part thereof) or any interest in the projects (or any part thereof) of IndiGrid. A Unitholder's right is limited to the right to require due administration of IndiGrid in accordance with the provisions of the Trust Deed and the Investment Management Agreement.

Note 9: Long term borrowings

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Non-current		
Debentures		
2,500 (March 31,2018: Nil) 8.60% Non convertible debentures of Rs 10,00,000 each (secured)	2,500.00	-
4,350 (March 31,2018: Nil) 8.9922% Non convertible debentures of Rs 10,00,000 each (secured)	4,350.00	-
Term loans		
Indian rupee term loan from bank (secured)	9,945.46	9,941.47
Total	**16,795.46**	**9,941.47**
Current maturities		
Interest accrued	52.15	2.26
	52.15	**2.26**
Less :Amount disclosed under the head ''Other current financial liabilities'' (note 10)	52.15	2.26
Net borrowings	-	-

8.60% Non convertible debentures

Non-convertible debentures (NCD) carry interest at the rate of 8.60% p.a. payable quarterly. Entire NCD amount shall be redeemable as a bullet repayment at the end of 10 years from the deemed date of allotment. The NCD is secured by:
(i) first pari passu charge on entire current assets including loans and advances, any receivables accrued/realised from those loans and advances extended by the Trust to its subsidiaries (direct or indirect) including loans to all project SPVs and future SPVs;
(ii) First pari-passu charge on Escrow account of the Trust
(iii) negative lien on immovable assets, movable assets, current assets and cash flows of specified project SPVs;
(iv) Pledge over 51% of the share capital of specified SPVs

8.9922% Non convertible debentures

Non-convertible debentures ('NCD') carry interest at the rate of 8.992% p.a. payable quarterly. Entire NCD amount shall be redeemable as a bullet repayment at the end of 10 years from the deemed date of allotment. The NCD is secured by:
(i) first pari passu charge on entire current assets including loans and advances, any receivables accrued/realised from those loans and advances extended by the Trust to its subsidiaries (direct or indirect) including loans to all project SPVs and future SPVs;
(ii) First pari-passu charge on Escrow account of the Trust
(iii) negative lien on immovable assets, movable assets, current assets and cash flows of specified project SPVs;
(iv) Pledge over 51% of the share capital of specified SPVs

Term loan from bank

The Indian rupee term loan from bank carries interest at the rate of 8.25% p.a. payable monthly. Entire loan amount shall be repayable as a bullet repayment at the end of 10 years from the date of disbursement. The term loan is secured by (i) first pari passu charge on entire current assets including loans and advances, any receivables accrued/realised from those loans and advances extended by the Trust to its subsidiaries (direct or indirect) including loans to all project SPVs and future SPVs; (ii) negative lien on immovable assets, movable assets, current assets and cash flows of project SPVs to be provided upfront; (iii) First pari-passu charge on Escrow account of the Trust.

Financial covenants

Loans from bank, financial institution contain certain debt covenants relating to limitation on interest service coverage ratio, debt service coverage ratio, total debt gearing, maintenance of specified security margin etc. The financial covenants are reviewed on availability of audited accounts of the respective borrower annually. For the financial year ended March 31, 2019, the Group has satisfied all debt covenants prescribed in the terms of loan from bank and financial institutions, where applicable.

Note 10: Other financial liabilities

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Non - current		
Payable towards project acquired*	156.72	579.50
Total	**156.72**	**579.50**
Current		
Dividend payable	5.75	0.04
Interest accrued but not due on borrowings	52.15	2.26
Others	17.06	3.31
Total	**74.96**	**5.61**

*Bhopal Dhule Transmission Company Limited ('BDTCL'), subsidiary of the Trust, had filed petition dated October 15, 2016 with CERC for grant of incremental tariff to compensate for additional expenditure incurred on BDTCL project. Pursuant to the Project Implementation and Management Agreement dated November 10, 2016 as amended (“PIMA”), the Trust was required to issue additional units to Sterlite Power Grid Ventures Limited ("SPGVL") in case any additional tariff is approved by CERC. The units to be issued would be to the extent of 80% of the additional capital expenditure as approved by CERC in respect of the pending petition. Accordingly, the Trust had estimated and recorded an amount of Rs. 579.50 million in previous year towards the units issuable to SPGVL in accordance with PIMA as payable for asset acquisition.

During the year, CERC approved a part of the claim, for additional expenditure due to change in tax rates of Rs. 156.73 million which resulted in increase in non escalable tariff revenue by 0.69%. However certain portion of the claim is still pending with CERC. The period for such one time payment to SPGVL in respect of the claim which is still pending with CERC expired on December 6, 2018 (being 18 months from the date of listing of IndiGrid). Accordingly, the Trust has reversed the liability of Rs. 422.77 million with corresponding effect to investment in SGL1.

Note 11: Other current liabilities

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Witholding taxes (TDS) payable	2.01	2.35
GST Payable	0.43	-
Total	**2.44**	**2.35**

Note 12: Provisions

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Provision for income tax payable	0.07	-
Total	**0.07**	**-**

Note 13: Revenue from operations

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Interest income on loans given to subsidiaries (refer note 19)	4,886.45	2,765.68
Finance income on non-convertible debentures issued by subsidiary on EIR basis	638.62	473.82
Total	**5,525.07**	**3,239.50**

Note 14: Finance costs

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Interest on financial liabilities measured at amortised cost	1,003.75	102.18
Other finance cost	11.70	-
Total	**1,015.45**	**102.18**

Note 15: Earnings per unit (EPU)

Basic EPU amounts are calculated by dividing the profit for the year attributable to Unit holders by the weighted average number of units outstanding during the year.

Diluted EPU amounts are calculated by dividing the profit attributable to unit holders by the weighted average number of units outstanding during the year plus the weighted average number of units that would be issued on conversion of all the dilutive potential units into unit capital.

The following reflects the profit and unit data used in the basic and diluted EPU computation

	31 March 2019	31 March 2018
Profit after tax for calculating basic and diluted EPU	2,112.42	2,624.94
Weighted average number of units in calculating basic and diluted EPU (No. million)	283.80	283.80
Effect of dilution:		
Estimated units to be issued to Sponsor/Project manager*	5.40	6.14
Weighted average number of units in calculating basic and diluted EPU (No. million)	289.20	289.94
Earnings Per Unit		
Basic (Rupees/unit)	**7.44**	**9.25**
Diluted (Rupees/unit)	**7.30**	**9.05**

* units issuable pursuant to the Project Implementation and Management Agreement dated November 10, 2016 as amended, towards the additional transmission charges as approved by CERC for the change in tax rates which resulted in increase in non escalable tariff revenue for BDTCL.

Note 16: Significant accounting judgements, estimates and assumptions

The preparation of the Trust's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Trust's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Classification of Unitholders' funds

Under the provisions of the InvIT Regulations, IndiGrid is required to distribute to Unitholders not less than ninety percent of the net distributable cash flows of IndiGrid for each financial year. Accordingly, a portion of the unitholders' funds contains a contractual obligation of the Trust to pay to its Unitholders cash distributions. The Unitholders' funds could therefore have been classified as compound financial instrument which contain both equity and liability components in accordance with Ind AS 32 - Financial Instruments: Presentation. However, in accordance with SEBI Circulars (No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016) issued under the InvIT Regulations, the unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated 20-Oct-2016 dealing with the minimum disclosures for key financial statements. In line with the above, the dividend payable to unit holders is recognised as liability when the same is approved by the Investment Manager.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or fair value disclosures within the next financial year, are described below. The Trust based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Trust. Such changes are reflected in the assumptions when they occur.

Fair valuation and disclosures

SEBI Circulars issued under the InvIT Regulations require disclosures relating to net assets at fair value and total returns at fair value (refer Note 17 and 18). In estimating the fair value of investments in subsidiaries (which constitute substantial portion of the net assets), the Trust engages independent qualified external valuers to perform the valuation. The management works closely with the valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the valuation report and findings to the Board of the Investment Manager half yearly to explain the cause of fluctuations in the fair value of the transmission projects. The inputs to the valuation models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as WACC, Tax rates, Inflation rates, etc. Changes in assumptions about these factors could affect the fair value. (refer Note 17 for details).

Impairment of non-financial assets

Non-financial assets of the Trust primarily comprise of investments in subsidiaries. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amounts for the investments in subsidiaries are based on value in use of the underlying projects. The value in use calculation is based on a DCF model. The cash flows are derived from the budgets/forecasts over the life of the projects. The key assumptions used to determine the recoverable amount for the assets are disclosed and further explained in Note 17.

As at March 31, 2019, an amount of Rs. 2,316.84 million (March 31,2018: Rs 496.03 million) has been provided as impairment on investment in subsidiary. The recoverable amount of the investment in subsidiary has been computed based on value in use calculation for the underlying projects. The discount rate (WACC) used for the valuation of the underlying projects is in the range of 8.12% to 8.40%.

Note 17: Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Trust's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying value		Fair value	
	31 March 2019 (Rs. in million)	**31 March 2018 (Rs. in million)**	**31 March 2019 (Rs. in million)**	**31 March 2018 (Rs. in million)**
Financial assets				
Investment in NCDs of subsidiary	5,338.62	5,811.09	5,338.62	5,811.09
Cash and cash equivalents*	1,290.23	1,184.25	1,290.23	1,184.25
Loans to subsidiaries	37,064.04	31,046.35	37,064.04	31,046.35
Other financial assets*	462.06	12.69	462.06	12.69
	44,154.95	**38,054.38**	**44,154.95**	**38,054.38**
Financial liabilities				
Borrowings	(16,795.46)	(9,941.47)	(16,795.46)	(9,941.47)
Other financial liabilities*	(74.96)	(5.61)	(74.96)	(5.61)
	(16,870.42)	**(9,947.08)**	**(16,870.42)**	**(9,947.08)**

*The management assessed that cash and cash equivalents, other financial assets and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The management has further assessed that investment in NCDs of subsidiary, borrowings availed and loans given approximate their carrying amounts largely due to movements in interest rates from the recognition of such financial instrument till period end not being material.

The Trust is required to present the Statement of total assets at fair value and Statement of total returns at fair value as per SEBI Circular No. CIR/IMD/DF/114/2016 dated October 20, 2016 as a part of these financial statements - Refer Statement of Net assets at fair value and Statement of Total Returns at fair value.

The inputs to the valuation models for computation of fair value of assets for the above mentioned statements are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as WACC, Tax rates, Inflation rates, etc.

The significant unobservable inputs used in the fair value measurement required for disclosures as above categorised within Level 3 of the fair value hierarchy as above together with a quantitative sensitivity analysis as at 31 March 2019 are as shown below

Description of significant unobservable inputs to valuation: **Rs in million**

Significant unobservable inputs	Input for March 31, 2019	Input for March 31, 2018	Sensitivity of input to the fair value	Increase /(decrease) in fair value	
				31 March 2019	31 March 2018
WACC	8.12% to 8.40%	7.86% to 8.08%	+ 0.5%	(2,445.95)	(2,479.63)
			- 0.5%	2,726.84	2,768.61
Tax rate (normal tax and MAT)	Normal Tax - 29.12%	Normal Tax - 29.12%	+ 2%	(280.81)	(325.90)
	MAT - 21.55%	MAT - 21.55%	- 2%	266.30	296.36
Inflation rate	5.73%	5.95%	+ 1%	616.25	(444.44)
			- 1%	(499.11)	366.13
Additional tariff (applicable only for BDTCL)	2.39%	2.58%	+ 1%	210.48	154.00
			- 1%	(210.48)	(154.00)

Note 18: Fair value hierarchy
The following table provides the fair value measurement hierarchy of the Trust's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2019 and 31 March 2018:

	Fair value measurement using			
	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:				
Investment in equity instruments of subsidiary	31 March 2019	-	-	735.53
Non- Convertible Debentures of subsidiary	31 March 2019	-	5,338.62	-
Loans to subsidiaries	31 March 2019	-	37,064.04	-
Liabilities for which fair values are disclosed:				
Borrowings (Note 17)	31 March 2019	-	16,795.46	-
Assets for which fair values are disclosed:				
Investment in equity instruments of subsidiary	31 March 2018	-	-	1,628.53
Non- Convertible Debentures of subsidiary	31 March 2018	-	5,811.09	-
Loans to subsidiaries	31 March 2018	-	31,046.35	-
Liabilities for which fair values are disclosed:				
Borrowings (Note 17)	31 March 2018	-	9,941.47	-

There have been no transfers between Level 1 and Level 2 during the year ended 31 March 2019 and 31 March 2018.

Note 19: Related Party Transactions

I. List of related parties as per the requirements of Ind AS 24 - Related Party Disclosures

A. Related parties where control exists

Subsidiaries

Sterlite Grid 1 Limited (SGL1)
Bhopal Dhule Transmission Company Limited (BDTCL)
Jabalpur Transmission Company Limited (JTCL)
RAPP Transmission Company Limited (RTCL)
Purulia & Kharagpur Transmission Company Limited (PKTCL)
Maheshwaram Transmission Limited (MTL)
Patran Transmission Company Limited (PTCL)

B. Other related parties under Ind AS-24 with whom transactions have taken place during the year

Entity with significant influence over the Trust

Sterlite Power Grid Ventures Limited (SPGVL)

II. List of additional related parties as per Regulation 2(1)(zv) of the InvIT Regulations

A. Parties to IndiGrid

Sterlite Power Grid Ventures Limited (SPGVL) **-** Sponsor and Project Manager of IndiGrid
Sterlite Investment Managers Limited (SIML) **-** Investment Manager of IndiGrid
Axis Trustee Services Limited (ATSL) **-** Trustee of IndiGrid

B. Promoters of the parties to IndiGrid specified in (A) above

Sterlite Power Transmission Limited **-** Promoter of SPGVL and SIML
Axis Bank Limited **-** Promoter of ATSL

C. Directors of the parties to IndiGrid specified in (A) above

(i) Directors of SPGVL:

Pravin Agarwal
Pratik Agarwal
A. R. Narayanaswamy
Avaantika Kakkar
Ved Mani Tiwari
Anand Agarwal (till 10.10.2017)
Udai Dhawan (till 22.01.2018)

(ii) Directors of SIML:

Pratik Agarwal
Kuldip Kumar Kaura
Tarun Kataria
Shashikant Bhojani
Rahul Asthana
Harsh Shah (from 15.01.2018)

(iii) Directors of ATSL:

Srinivasan Varadarajan (till 20.12.2018)
Ram Bharoseylal Vaish
Sidharth Rath (till 01.06.2018)
Rajaraman Viswanathan (till 10.10.2018)
Rajesh Kumar Dahiya (from 11.07.2018)
Raghuraman Mahalingam (till 30.09.2018)
Sanjay Sinha (from 10.10.2018)

III. Transactions with related parties during the year

(Rs in Millions)

Sr. No.	Particulars	Relation	April 01, 2018 to March 31, 2019	April 01, 2017 to March 31, 2018
1	**Unsecured loans given to subsidiaries**			
	Jabalpur Transmission Company Limited	Subsidiary	4,321.37	13,767.85
	Bhopal Dhule Transmission Company Limited	Subsidiary	20.00	8,731.79
	RAPP Transmission Company Limited	Subsidiary	-	2,550.18
	Purulia & Kharagpur Transmission Company Limited	Subsidiary	-	3,987.65
	Maheshwaram Transmission Limited	Subsidiary	40.00	3,740.15
	Patran Transmission Company Limited	Subsidiary	1,686.89	-
	Sterlite Grid 1 Limited	Subsidiary	252.80	-
2	**Interest income from subsidiaries**			
	Jabalpur Transmission Company Limited	Subsidiary	1,905.14	1,561.34
	Bhopal Dhule Transmission Company Limited	Subsidiary	1,298.27	1,014.26
	RAPP Transmission Company Limited	Subsidiary	381.89	47.16
	Purulia & Kharagpur Transmission Company Limited	Subsidiary	598.15	73.74
	Maheshwaram Transmission Limited	Subsidiary	562.52	69.17
	Patran Transmission Company Limited	Subsidiary	139.97	-
	Sterlite Grid 1 Limited	Subsidiary	0.52	-
3	**Repayment of loan from subsidiaries**			
	Jabalpur Transmission Company Limited	Subsidiary	-	1,638.52
	Bhopal Dhule Transmission Company Limited	Subsidiary	-	91.81
	RAPP Transmission Company Limited	Subsidiary	201.60	0.94
	Patran Transmission Company Limited	Subsidiary	101.77	-
4	**Purchase of non convertible debentures of SGL1**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	-	5,880.36
5	**Purchase of equity shares of SGL1**			
	Sterlite Power Grid Ventures Limited**	Sponsor and Project Manager/Entity with significant influence	-	-
6	**Indemnification of dues**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	53.47	-
7	**Subscription to optionally convertible redeemable preference shares**			
	Sterlite Grid 1 Limited	Subsidiary	-	1,001.96
8	**Amount received against indemnification of dues**			
	Jabalpur Transmission Company Limited	Subsidiary	50.41	-
9	**Reimbursement of expenses paid**			
	Sterlite Investment Managers Limited	Investment Manager	-	15.56
	Jabalpur Transmission Company Limited	Subsidiary	0.32	-
	Bhopal Dhule Transmission Company Limited	Subsidiary	0.15	-
10	**Issue of unit capital**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	-	5,880.36
	Pravin Agarwal	Director of Sponsor	-	91.34
11	**Distribution to unit holders**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	709.20	373.47
	Pravin Agarwal	Director of Sponsor	11.60	5.99
	Harsh Shah	Director of Investment Manager	0.06	-
	Pratik Agarwal	Director of Sponsor and Investment Manager	1.22	-
12	**Advance receivable in cash**			
	Sterlite Grid 1 Limited	Subsidiary	9.00	4.60
13	**Trustee Fee**			
	Axis Trustee Services Limited (ATSL)	Trustee	2.16	2.94

IV. Outstanding balances as at year end

(Rs in Million)

Sr. No.	Particulars	Relation	As at March 31, 2019	As at March 31, 2018
1	**Unsecured loan receivable**			
	Jabalpur Transmission Company Limited	Subsidiary	16,450.70	12,129.32
	Bhopal Dhule Transmission Company Limited	Subsidiary	8,659.98	8,639.98
	RAPP Transmission Company Limited	Subsidiary	2,347.65	2,549.25
	Purulia & Kharagpur Transmission Company Limited	Subsidiary	3,987.65	3,987.65
	Maheshwaram Transmission Limited	Subsidiary	3,780.15	3,740.15
	Patran Transmission Company Limited	Subsidiary	1,585.12	-
	Sterlite Grid 1 Limited	Subsidiary	252.80	-
2	**Interest receivable from subsidiaries**			
	Jabalpur Transmission Company Limited	Subsidiary	157.14	-
	Bhopal Dhule Transmission Company Limited	Subsidiary	195.67	-
	RAPP Transmission Company Limited	Subsidiary	1.06	-
	Purulia & Kharagpur Transmission Company Limited	Subsidiary	36.46	6.80
	Maheshwaram Transmission Limited	Subsidiary	51.51	0.23
	Patran Transmission Company Limited	Subsidiary	3.66	-
	Sterlite Grid 1 Limited	Subsidiary	0.52	-
3	**Advance receivable in cash**			
	Sterlite Grid 1 Limited	Subsidiary	13.60	4.60
4	**Non-Convertible Debentures of subsidiary (including accrued interest on EIR)**			
	Sterlite Grid 1 Limited	Subsidiary	5,338.62	5,811.09
5	**Investment in equity shares of subsidiary (excluding provision for impairment)**			
	Sterlite Grid 1 Limited#	Subsidiary	-	1,122.60
6	**Optionally convertible redeemable preference shares**			
	Sterlite Grid 1 Limited	Subsidiary	1,001.96	1,001.96
7	**Trustee fee**			
	ATSL	Trustee	0.54	0.54

** IndiGrid acquired NCDs and Equity Shares of SGL1 in exchange of its units amounting to Rs. 5,880.36 million. Since the nominal value of NCDs was Rs. 6,658.24 million. Hence the entire consideration was allocated to NCDs.

Includes amount of Rs. 525.10 million towards equity component of Non- Convertible Debentures issued by Sterlite Grid 1 Limited and Rs 597.50 million towards payable to SPGVL in respect of acquisition of BDTCL.

Details in respect of related party transactions involving acquisition of InvIT assets as required by Para 4.4(b)(iv) of Section A of Annexure A to SEBI Circular dated October 20, 2016 are as follows:

For the financial year ended March 31, 2019: No acquisition of InvIT assets from related parties during the year

For the financial year ended March 31, 2018: Refer disclosures below:

(A) Summary of the valuation reports (issued by the independent valuer appointed under the InvIT Regulations):

(Rs in Million)

Particulars	BDTCL	JTCL
Enterprise value		
- Base case (based on tariff as per TSA)	20,406	14,949
- Incremental revenue (based on additional tariff claimed under petition with CERC)	1,135	1,176
Total Enterprise value	**21,541**	**16,125**
Method of valuation	Discounted Cash Flow	
Discounting rate (WACC):		
- Base case (based on tariff as per TSA)	8.19%	8.14%
- Incremental revenue (based on additional tariff claimed under petition with CERC)	8.69%	8.64%

(B) Material conditions or obligations in relation to the transactions:
Acquisition of BDTCL and JTCL (through acquisition of SGL1):

Pursuant to the Project Implementation and Management Agreement dated November 10, 2016 as amended on April 25, 2017 ("PIMA") executed among SIML, ATSL, SPGVL, SGL1, BDTCL and JTCL, IndiGrid would issue additional units to SPGVL in the event CERC approves additional tariff for BDTCL and/or JTCL in respect of cost escalations in those projects for which petitions were filed with CERC. The units to be issued to SPGVL shall be equivalent to 80% of the Cost Escalation for each of BDTCL and JTCL as approved by CERC.

SPGVL will be entitled to additional units only if the cost escalation and the resultant revision in levelised transmission charges is received during the period commencing from the date of the PIMA and until the date which is 18 months of listing of units of IndiGrid (being the date of receipt of final listing and trading approvals for the units).

(C) No external financing has been obtained for the acquisition of BDTCL and JTCL and no fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Note 20: Financial risk management objectives and policies

The Trust's principal financial liabilities comprise of borrowings and other financial liabilities. The main purpose of these financial liabilities is to finance the Trust's operations. The Trust's principal financial assets include investments, loans, cash and bank balances and other financial assets that derive directly from its operations.

The Trust may be exposed to market risk, credit risk and liquidity risk. The Investment Manager oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Trust's policy that no trading in derivatives for speculative purposes may be undertaken. The management reviews and agrees policies for managing each of these risks, which are summarised below.

The Risk Management policies of the Trust are established to identify and analyse the risks faced by the Trust, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust's activities.

Management has overall responsibility for the establishment and oversight of the Trust's risk management framework.

(A) 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 three types of risk: interest rate risk, currency risk and other price risk such as equity price risk. Financial instruments affected by market risk include loans and borrowings and investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust's borrowings are at fixed rate, hence the Trust is not exposed to Interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Trust did not have any exposure in foreign currency as at March 31, 2019 and March 31, 2018

Equity price risk

The Trust's investments in equity shares of subsidiaries are susceptible to market price risk arising from uncertainties about future values of those investments. Reports on the equity portfolio are submitted to the senior management on a regular basis. The Board of Directors of the Investment Manager reviews and approves all equity investment decisions.

At the reporting date, the exposure to equity investments in subsidiary at carrying value was Rs. 735.53 million (31 March 2018: 1,628.53). Sensitivity analyses of significant unobservable inputs used in the fair value measurement are disclosed in Note 17.

(B) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Trust is exposed to credit risk from its investing activities including loans to subsidiaries, deposits with banks and other financial instruments. As at March 31, 2019 and March 31, 2018, the credit risk is considered low since substantial transactions of the Trust are with its subsidiaries.

(C) Liquidity risk

Liquidity risk is the risk that the Trust may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Trust's objective is to, at all times, maintain optimum levels of liquidity to meet its cash and collateral obligations. The Trust requires funds both for short term operational needs as well as for long term investment programs mainly in transmission projects. The Trust closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents and liquid investments will provide liquidity.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The other financial liabilities are with short term durations. The table below summarises the maturity profile of the Trust's financial liabilities based on contractual undiscounted payments:

Rs in million

Particulars	Less than 3 months	3 months to 12 months	1 to 5 years	More than 5 years	Total
31 March 2019					
Borrowings	-	-	-	16,795.46	16,795.46
Other financial liabilities*	156.72	74.96	-	-	231.68
Total	**156.72**	**74.96**	**-**	**16,795.46**	**17,027.14**
31 March 2018					
Borrowings	-	-	-	9,941.47	9,941.47
Other financial liabilities*	-	585.11	-	-	585.11
Total	**-**	**585.11**	**-**	**9,941.47**	**10,526.58**

* Includes amount of Rs 156.73 million (31 March 2018 : Rs. 579.50 million) being payable towards project acquired which will be settled by issue of units.

Note 21: Capital management

For the purpose of the Trust's capital management, capital includes issued unit capital and all other reserves attributable to the unit holders of the Trust. The primary objective of the Trust's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise unit holder value.

The Trust manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Trust may adjust the dividend payment to unitholders (subject to the provisions of InvIT regulations which require distribution of at least 90% of the net distributable cash flows of the Trust to unit holders), return capital to unitholders or issue new units. The Trust monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Trust's policy is to keep the gearing ratio optimum. The Trust includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents, other bank balances and short term investments.

Particulars	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Long term borrowings	16,795.46	9,941.47
Other financial liabilities	231.68	585.11
Less: Cash and cash equivalents	(1,290.23)	(1,184.25)
Net debt (A)	**15,736.91**	**9,342.33**
Unit capital	28,380.00	28,380.00
Other equity	(519.17)	774.00
Total capital (B)	**27,860.83**	**29,154.00**
Capital and net debt [(C) = (A) + (B)]	**43,597.74**	**38,496.33**
Gearing ratio (C) / (A)	**36.10%**	**24.27%**

Note 22: Subsequent event

On April 24, 2019, the Board of directors of the Investment Manager approved a dividend of Rs. 3 per unit for the period January 1 , 2019 to March 31, 2019 to be paid on or before 15 days from the date of declaration.

Note 23: Segment reporting

The Trust's activities comprise of owning and investing in transmission SPVs to generate cash flows for distribution to unitholders. Based on the guiding principles given in Ind AS - 108 "Operating Segments", this activity falls within a single operating segment and accordingly the disclosures of Ind AS -108 have not separately been given

As per our report of even date

For S R B C & Co LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

per Amyn Jassani
Partner
Membership Number : 046447

Place: Mumbai
Date: 24 April 2019

For and on behalf of the Board of Directors of Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

Pratik Agarwal
Director
DIN: 03040062

Harsh Shah
CEO & Whole Time Director
DIN: 02496122

Swapnil Patil
Company Secretary

Place: Mumbai
Date: 24 April 2019

INDEPENDENT AUDITOR'S REPORT
To the Unit holders of India Grid Trust

Report on the Standalone Ind AS Financial Statements
We have audited the accompanying standalone Ind AS financial statements of India Grid Trust ("the InvIT") which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Unit Holders' Equity and the Statement of Cash Flow and the Statement of Net Assets at fair value as at March 31, 2018, the Statement of Total Returns at fair value and the Statement of Net Distributable Cash Flows ('NDCFs') for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Standalone Ind AS Financial Statements
The Management of Sterlite Investment Managers Limited, the Investment Manager of the InvIT (the "Management") is responsible for the preparation of these standalone Ind AS financial statements that give a true and fair view of the standalone financial position as at March 31, 2018, financial performance including other comprehensive income, cash movements and the movement of the unit holders' funds for the year ended March 31, 2018, the net assets as at March 31, 2018, the total returns of the InvIT and the net distributable cash flows of the InvIT for the year ended March 31, 2018, in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) and/or any addendum thereto as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended read with the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 as amended from time to time including any guidelines and circulars issued thereunder (together referred to as the "InvIT Regulations"). This responsibility includes the design, implementation and maintenance of adequate controls for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the InvIT Regulations, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the InvIT Regulations. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the InvIT's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the InvIT has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion
In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the InvIT Regulations in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the standalone state of affairs of the Group as at March 31, 2018, its profit including other comprehensive income, its cash movements and its movement of the unit holders' funds for the year ended March 31, 2018, the net assets as at March 31, 2018, the total returns and the net distributable cash flows for the year ended March 31, 2018.

Report on Other Legal and Regulatory Requirements
Based on our audit, we report that:
(a) we have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit;
(b) the Balance Sheet and the Statement of Profit and Loss are in agreement with the books of account of the InvIT;

(c) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards (Ind AS) and/or any addendum thereto as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754
Place of Signature: Princeton, USA
Date: April 24, 2018

INDIA GRID TRUST
BALANCE SHEET AS ON 31 MARCH 2018
(All amounts in Rs. million unless otherwise stated)

	Note	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (Refer note - 25)
ASSETS			
Non-current assets			
Investment in subsidiary	3	1,628.53	-
Financial assets			
i. Investments	4	5,811.09	-
ii. Loans	6	31,046.35	-
		38,485.97	**-**
Current assets			
Financial assets			
i. Cash and cash equivalents	5	1,184.25	-
ii. Other financial assets	7	12.69	
Other Current Assets		0.02	-
		1,196.96	**-**
Total assets		**39,682.94**	**-**
EQUITY AND LIABILITIES			
Equity			
Unit capital	8	28,380.00	-
Other equity			
Retained earnings		774.01	-
Total Unit holders' Equity		**29,154.00**	**-**
Non-Current liabilities			
Financial liabilities			
- Borrowings	9	9,941.47	-
- Other financial Liability	10	579.50	-
		10,520.97	**-**
Current liabilities			
Financial liabilities			
- Others	10	5.61	-
Other current liabilities	11	2.35	-
		7.96	**-**
Total equity and liabilities		**39,682.94**	**-**
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & Co LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

per Paul Alvares
Partner
Membership Number : 105754

Place: Princeton, USA
Date: 24 April 2018

For and on behalf of the Board of Directors of
Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

Pratik Agarwal
CEO & Whole Time Director
DIN: 03040062

Harsh Shah
CFO & Whole Time Director
DIN: 02496122

Swapnil Patil
Company Secretary

Place: Mumbai
Date: 24 April 2018

INDIA GRID TRUST
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. million unless otherwise stated)

	Note	April 01, 2017 to March 31, 2018 (Rs. in million)	October 21, 2016 to March 31, 2017 (Rs. in million) (Refer note - 25)
Income			
Revenue from operations	12	3,239.50	-
Dividend income on investment in mutual funds		12.02	-
Interest income on investment in fixed deposits		0.52	-
Total income (I)		**3,252.04**	**-**
Expenses			
Legal and professional fees		20.28	-
Valuation expenses		4.06	-
Trustee Fee		2.94	-
Audit fees		1.42	-
Other expenses		0.19	-
Impairment of investment in subsidiary	16	496.03	-
Finance costs	13	102.18	-
Total expenses (II)		**627.10**	**-**
Profit before tax (I-II)		**2,624.94**	**-**
Tax expense		-	-
Profit for the year		**2,624.94**	**-**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Total comprehensive income		**2,624.94**	**-**
Earnings per unit (Computed on the basis of profit for the year (Rs.))			
- Basic	14	9.25	-
- Diluted		9.05	-
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & Co LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

per Paul Alvares
Partner
Membership Number : 105754

Place: Princeton, USA
Date: 24 April 2018

For and on behalf of the Board of Directors of
Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

Pratik Agarwal
CEO & Whole Time Director
DIN: 03040062

Harsh Shah
CFO & Whole Time Director
DIN: 02496122

Swapnil Patil
Company Secretary

Place: Mumbai
Date: 24 April 2018

INDIA GRID TRUST
STATEMENT OF CHANGES IN UNIT HOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. million unless otherwise stated)

A. Unit Capital

Units of Rs 100 each issued, subscribed and fully paid	Nos. in million	Rs. in million
As at October 21, 2016 (refer Note 25)	-	-
As at April 01, 2017	-	-
Units issued during the year	283.80	28,380.00
Balance as at March 31, 2018	**283.80**	**28,380.00**

B. Other equity

	Retained Earnings (Rs. in million)
As at October 21, 2016 (refer note 25)	-
Profit for the year	-
Other comprehensive income	-
As at 31 March 2017	**-**
Profit for the year	2,624.94
Other comprehensive income	-
Less: Dividend distributed during the period*	(1,850.94)
As at 31 March 2018	**774.01**

* The dividend distribution relates to the distributions made during the financial year and does not include the distribution relating to the last quarter of FY 2017-18 which will be paid after March 31, 2018.

As per our report of even date

For S R B C & Co LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

per Paul Alvares
Partner
Membership Number : 105754

Place: Princeton, USA
Date: 24 April 2018

For and on behalf of the Board of Directors of
Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

Pratik Agarwal
CEO & Whole Time Director
DIN: 03040062

Harsh Shah
CFO & Whole Time Director
DIN: 02496122

Swapnil Patil
Company Secretary

Place: Mumbai
Date: 24 April 2018

INDIA GRID TRUST
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	April 01, 2017 to March 31, 2018 (Rs. in million)	October 21, 2016 to March 31, 2017 (Refer note - 25) (Rs. in million)
A. Cash flows from operating activities		
Profit before tax	2,624.94	-
Non-cash adjustment to reconcile profit before tax to net cash flows		
- Interest income on non convertible debentures	(473.82)	-
- Impairment of investment in subsidiary	496.03	-
Interest income on loans given to subsidiaries	(2,765.68)	-
Interest expense on long term borrowings	102.18	-
Interest income on fixed deposits	(0.52)	-
Dividend income from mutual fund investments	(12.02)	-
Operating loss before working capital changes	**(28.89)**	**-**
Movements in working capital :		
- (Increase)/Decrease in Other current financial assets	(6.03)	-
- (Increase)/Decrease in Other current assets	(0.02)	-
- Increase/(Decrease) in Other current financial liabilities	3.35	-
- Increase/(Decrease) in Other current liabilities	2.35	-
Change in working capital	**(0.35)**	**-**
Cash used in operations	**(29.24)**	**-**
Direct taxes paid (net of refunds)	-	-
Net cash flow used in operating activities (A)	**(29.24)**	**-**
B. Cash flows from investing activities		
Purchase of Optionally Convertible preference shares of subsidiary	(1,001.96)	-
Loans given to subsidiaries	(32,777.63)	-
Loans repaid by subsidiaries	1,731.27	-
Interest income on loans given to subsidiaries	2,758.65	
Interest income on fixed deposits	0.52	-
Dividend income from mutual fund investments	12.02	-
Net cash flow used in investing activities (B)	**(29,277.12)**	**-**
Proceeds from issue of unit capital	22,500.00	-
Proceeds of long term borrowings	10,000.00	
Payment of upfront fees of long term borrowings	(58.53)	
Payment of interest on long term borrowings	(99.92)	
Payment of dividend on unit capital	(1,850.94)	
Net cash flow from financing activities (C)	**30,490.61**	**-**
Net increase in cash and cash equivalents (A + B + C)	1,184.25	-
Cash and cash equivalents as at beginning of year	-	-
Cash and cash equivalents as at year end	**1,184.25**	**-**

INDIA GRID TRUST
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Breakup of cash and cash equivalents-

	31 March 2018 (Rs. in millions)	31 March 2017 (Rs. in millions)
Balances with banks		
- on current accounts	758.24	-
- Cheques on hand	426.01	
Total cash and cash equivalents (refer note 5)	**1,184.25**	**-**

Note:
The Trust has issued its units in exchange of the equity shares and non-convertible debentures of SGL1. The same has not been reflected in cash flow since it was a non-cash transaction. Refer Note 21 for details.

Summary of significant accounting policies 2.2

As per our report of even date

For S R B C & Co LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

For and on behalf of the Board of Directors of
Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

per Paul Alvares
Partner
Membership Number : 105754

Pratik Agarwal
CEO & Whole Time Director
DIN: 03040062

Harsh Shah
CFO & Whole Time Director
DIN: 02496122

Swapnil Patil
Company Secretary

Place: Princeton, USA
Date: 24 April 2018

Place: Mumbai
Date: 24 April 2018

INDIA GRID TRUST
DISCLOSURES PURSUANT TO SEBI CIRCULARS
(SEBI Circular No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016 issued under the InvIT Regulations)

A. STATEMENT OF NET ASSETS AT FAIR VALUE AS AT 31 MARCH 2018

(Rupees in millions)

Particulars	Book value	Fair value
A. Assets	39,682.94*	39,682.94
B. Liabilities (at book value)	10,528.92	10,528.92
C. Net Assets (A-B)	29,154.02	29,154.02
D. Number of units	283.80	283.80
E. NAV (C/D)	102.73	102.73

* Total assets after provision for impairment on investment in subsidiary determined based on fair valuation.

B. STATEMENT OF TOTAL RETURNS AT FAIR VALUE AS AT 31 MARCH 2018

(Rupees in millions)

Particulars	Year ended March 31, 2018
Total Comprehensive Income (As per the Statement of Profit and Loss)	2,624.94
Add/(less): Other Changes in Fair Value (e.g., in investment property, property, plant & equipment (if cost model is followed)) not recognized in Total Comprehensive Income	-
Total Return	**2,624.94**

Notes:

1. The Trust does not directly hold investments in the project SPVs. It holds investment in SGL1 (which is the intermediate holding company) which in turn holds investments in the project SPVs. Hence the break-up of fair values of the assets project wise has been given in the Consolidated Financial Statements of the Trust.

2. Sensitivity analysis with respect to significant unobservable inputs used in the fair value measurement has been disclosed in Note 17.

3. Fair value of assets as at March 31, 2018 and Other changes in fair value for the year then ended as disclosed in the above tables are derived based on the fair valuation reports issued by the independent valuer appointed under the InvIT Regulations.

INDIA GRID TRUST
Statement of Net Distributable Cash Flows (NDCFs)

(Rs in Millions)

Description	April 01, 2017 to March 31, 2018	October 21, 2016 to March 31, 2017 (refer note 25)
Cash flows received from the Portfolio Assets in the form of interest	2,758.65	-
Cash flows received from the Portfolio Assets in the form of dividend	-	-
Any other income accruing at IndiGrid level and not captured above, including but not limited to interest/return on surplus cash invested by IndiGrid	12.54	-
Cash flows received from the Portfolio Assets towards the repayment of the debt issued to the Portfolio Assets by IndiGrid (refer note 1)	335.88	-
Proceeds from the Portfolio Assets for a capital reduction by way of a buy back or any other means as permitted, subject to applicable law	-	-
Proceeds from sale of assets of the Portfolio Asset not distributed pursuant to an earlier plan to re-invest, or if such proceeds are not intended to be invested subsequently	-	-
Total cash inflow at the IndiGrid level (A)	**3,107.07**	**-**
		-
Less: Any payment of fees, interest and expense incurred at IndiGrid level, including but not limited to the fees of the Investment Manager and Trustee (refer note 2)	(313.90)	-
Less: Costs/retention associated with sale of assets of the Portfolio Assets:	-	
-related debts settled or due to be settled from sale proceeds of Portfolio Assets;	-	-
-transaction costs paid on sale of the assets of the Portfolio Assets; and	-	-
-capital gains taxes on sale of assets/ shares in Portfolio Assets/ other investments.	-	-
Less: Proceeds reinvested or planned to be reinvested in accordance with Regulation 18(7)(a) of the InvIT Regulations	-	-
Less: Repayment of external debt at the IndiGrid level and at the level of any of the underlying portfolio assets/special purpose vehicles (Excluding refinancing)	-	-
Less: Income tax (if applicable) at the standalone IndiGrid level	-	-
Less: Amount invested in any of the Portfolio Assets for service of debt or interest	-	-
Less: Repair work in relation to the projects undertaken by any of the Portfolio Assets	-	-
Total cash outflows / retention at IndiGrid level (B)	**(313.90)**	**-**
		-
Net Distributable Cash Flows (C) = (A+B) (refer note 3)	**2,793.17**	**-**

Notes to the Statement of Net Distributable Cash Flows

1. Excludes Rs. 1,395.39 million of debt repayment by JTCL to IndiGrid out of the proceeds of total external debt of Rs 4,230 million raised by JTCL during the year.

2. Includes amount of Rs 207.95 million towards creation of interest service reserve account in respect of the external debt raised during the year

3. The Net Distributable Cash Flows ("NDCF") as above is for the year ended March 31, 2018. Out of above NDCF, an amount of Rs. 1,850.94 million has already been distributed as dividends to unit holders.

1. Trust information

India Grid Trust ("the Trust" or "IndiGrid") is an irrevocable trust settled by Sterlite Power Grid Ventures Limited (the "Sponsor") on October 21, 2016 pursuant to the Trust Deed under the provisions of the Indian Trusts Act, 1882 and registered with Securities Exchange Board of India ("SEBI") under the SEBI (Infrastructure Investment Trust) Regulations, 2014 as an Infrastructure Investment Trust on November 28, 2016 having registration number IN/InvIT/16-17/0005. The Trustee of IndiGrid is Axis Trustee Services Limited (the "Trustee"). The Investment manager for IndiGrid is Sterlite Investment Managers Limited (the "Investment Manager" or the "Management").

The objectives of IndiGrid are to undertake activities as an infrastructure investment trust in accordance with the provisions of the InvIT Regulations and the Trust Deed. The principal activity of IndiGrid is to own and invest in power transmission assets in India with the objective of producing stable and sustainable distributions to unitholders.

During the year ended March 31, 2018, IndiGrid has acquired the following projects from the Sponsor which are transmission infrastructure projects developed on Build Own Operate and Maintain ('BOOM') basis:

1. Bhopal Dhule Transmission Limited ('BDTCL')
2. Jabalpur Transmission Company Limited ('JTCL')
3. RAPP Transmission Company Limited ('RTCL')
4. Purulia & Kharagpur Transmission Company Limited ('PKTCL')
5. Maheshwaram Transmission Limited ('MTL')

These SPVs have executed Transmission Services Agreements ("TSAs") with Long term transmission customers under which the SPVs have to maintain the transmission infrastructure for 35 years post commissioning.

The address of the registered office of the Investment Manager is Malco Industries Limited, Sipcot Industrial Complex, Madurai Bye Pass road, Tuticorin, Thoothukudi, Tamil Nadu 628 002. The financial statements were authorised for issue in accordance with resolution passed by the Board of Directors of the Investment Manager on April 24, 2018.

2. Significant Accounting Policies

2.1 Basis of preparation

These financial statements are the separate financial statements of the Trust and comprise of the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss including the statement of Other Comprehensive Income, the Statement of Cash Flow and the Statement of Changes in Unit Holders' Equity for the year then ended and the Statement of Net Assets at fair value as at March 31, 2018 and the Statement of Total Returns at fair value and the Statement of Net Distributable Cash Flows ('NDCFs') for the year then ended and a summary of significant accounting policies and other explanatory notes in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended, prescribed under Section 133 of the Companies Act, 2013 ("Ind AS") read with SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended and the circulars issued thereunder ("InvIT Regulations").

The financial statements have been prepared on a historical cost basis, except for the following assets which have been measured at fair value:

- Certain financial assets measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Indian Rupees Millions, except when otherwise indicated.

2.2 Summary of significant accounting policies

The following is the summary of significant accounting policies applied by the Trust in preparing its financial statements:

a) Current versus non-current classification

The Trust presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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 the 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 the settlement of the liability for at least twelve months after the reporting period.

The Trust classifies all other liabilities as non-current.

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

Operating cycle of the Trust is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Trust has identified twelve months as its operating cycle.

b) Foreign currencies

The Trust's financial statements are presented in INR, which is its functional currency. The Trust does not have any foreign operation and has assessed the functional currency to be INR.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Trust at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

c) Fair value measurement

The Trust measures financial instruments such as mutual funds at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Trust.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Trust uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Trust determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

In estimating the fair value of investments in subsidiaries, the Trust engages independent qualified external valuers to perform the valuation. The management works closely with the external valuers to establish the appropriate valuation techniques and inputs to the model. The management in conjunction with the external valuers also compares the change in fair value with relevant external sources to determine whether the change is reasonable The management reports the valuation report and findings to the Board of the Investment Manager half yearly to explain the cause of fluctuations in the fair value of the transmission projects.

At each reporting date, the management analyses the movement of assets and liabilities which are required to be remeasured or reassessed as per the Trust's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Trust has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (Note 18)
- Disclosures for valuation methods, significant estimates and assumptions (Note 17, 16)
- Financial instruments (including those carried at amortised cost) (Note 4,5,6,7,9)

d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is reduced for estimated discounts and other similar allowances.

The specific recognition criteria described below must also be met before revenue is recognised.

Interest income
For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Trust estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends
Income from dividend on investments is accrued in the year in which it is declared, whereby the Trust's right to receive is established.

e) Taxation

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales/value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the balance sheet.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Trust incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Impairment of non-financial assets

The Trust assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Trust estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Trust bases its impairment calculations on detailed budget and forecast calculations. These budgets are prepared for the entire project life.

Impairment losses of continuing operations are recognised in the statement of profit and loss

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Trust estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

h) Provisions

Provisions are recognised when the Trust 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. When the Trust expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

i) Investments in subsidiaries

The Trust accounts for its investments in subsidiaries at cost less accumulated impairment losses (if any) in its separate financial statements. Investments accounted for at cost are accounted for in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, when they are classified as held for sale.

j) 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

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 that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Trust commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

i. Debt instruments at amortised cost
ii. Debt instruments at fair value through other comprehensive income (FVTOCI)
iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost
A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is most relevant to the Trust. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss. This category generally applies to interest receivable and loans given to subsidiaries (Refer Note 6 and 7)

Debt instrument at FVTOCI
A 'debt instrument' is classified as FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Trust recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. The Trust does not have significant financial assets which are subsequently measured at FVTOCI.

Debt instrument at FVTPL
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Trust may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Trust has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

Equity investments
All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Trust may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Trust makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Trust decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit or loss, even on sale of investment. However, the Trust may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Trust's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Trust has transferred substantially all the risks and rewards of the asset, or (b) the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Trust has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Trust continues to recognise the transferred asset to the extent of the Trust's continuing involvement. In that case, the Trust also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Trust has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Trust could be required to repay.

Impairment of financial assets
Majority of the financial assets of the Trust which are not reflected at fair value pertain to loans to subsidiaries and other receivables. Considering the nature of business, the Trust does not foresee any credit risk on its loans and other receivables which may cause an impairment. Majority of the other receivable pertain to receivable from subsidiary companies only. Also, the Trust does not have any history of impairment of other receivables.

For the financial assets which are reflected at fair value, no further impairment allowance is necessary as they reflect the fair value of the relevant financial asset itself.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Trust's financial liabilities include borrowings and related costs, trade and other payables and derivative financial instrument.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Trust that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Trust may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. For more information refer Note 9.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to borrowings. For more information refer Note 9.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial 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 in the respective carrying amounts is recognised in the statement of profit or loss.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Trust does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Reclassification of financial assets

The Trust determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Trust's senior management determines change in the business model as a result of external or internal changes which are significant to the Trust's operations. Such changes are evident to external parties. A change in the business model occurs when the Trust either begins or ceases to perform an activity that is significant to its operations. If the Trust reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Trust does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	**Revised Classification**	**Accounting Treatment**
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in statement of profit or loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to statement of profit or loss at the reclassification date.

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.

k) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Trust's cash management.

l) Cash dividend distribution to unit holders

The Trust recognises a liability to make cash distributions to unit holders when the distribution is authorised and a legal obligation has been created. As per the InvIT Regulations, a distribution is authorised when it is approved by the Board of Directors of the Investment Manager. A corresponding amount is recognised directly in equity.

m) Earnings per unit

Basic earnings per unit is calculated by dividing the net profit or loss attributable to unit holders of the Trust (after deducting preference dividends and attributable taxes if any) by the weighted average number of units outstanding during the period. The weighted average number of units outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, split, and reverse split (consolidation of units) that have changed the number of units outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per unit, the net profit or loss for the period attributable to unit holders of the Trust and the weighted average number of units outstanding during the period are adjusted for the effects of all dilutive potential units.

2.3 Standards issued but not yet effective:

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Trust's financial statements are disclosed below. The Trust intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standards:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Ind AS 115 is effective for the Trust from April 1, 2018 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Trust has income primarily from interest/dividends from subsidiaries, interest on bank deposits and dividends from liquid mutual funds. The management believes that application of Ind AS 115 is not expected to have material impact on the financial statements, however a reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation has been completed.

Other Amendments to standards, issued but not effective, which are not applicable to the Trust:

a) Amendments to Ind 112 Disclosure of Interests in Other Entities:
The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

b) Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

c) Transfers of Investment Property - Amendments to Ind AS 40
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

d) Ind AS 28 Investments in Associates and Joint Ventures
The amendments clarify that:
- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

e) Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration
The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Note 3: Investments in subsidiary

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (Refer note - 25)
Equity investments, at cost (unquoted)		
Sterlite Grid 1 Limited ("SGL1") ^ 17.67 million (31 March 2017: Nil) equity shares of Rs 10 each fully paid-up	1,122.60	-
Less: Provision for impairment (refer note 16)	(496.03)	-
	626.57	-
665.82 million (31 March 2017: Nil) 0.001% Optionally convertible redeemable non cumulative preference shares ("OCRPS") of Rs. 10 each fully paid-up*	1,001.96	-
Total	**1,628.53**	**-**

^ Includes amount of Rs. 525.10 million towards equity component of Non- Convertible Debentures issued by Sterlite Grid 1 Limited and Rs 579.50 million towards payable to SPGVL in respect of acquisition of BDTCL. Refer note 4 and 16 for details.

* The OCRPS are either convertible into equity shares of SGL1 in the ratio of 1:1 or redeemable solely at the option of SGL1 within a period of 7 years from the date of issue.

Details of the subsidiary are as follows:

Name of subsidiary	Country of incorporation	Ownership interest %	
		31 March 2018	31 March 2017
Directly held by the Trust:			
Sterlite Grid 1 Limited ("SGL1")	India	100%	-
Indirectly held by the Trust (through SGL1):			
Bhopal Dhule Transmission Company Limited ("BDTCL")	India	100%	-
Jabalpur Transmission Company Limited ("JTCL")	India	100%	-
Purulia & Kharagpur Transmission Company Limited ("PKTCL")	India	100%	-
RAPP Transmission Company Limited ("RTCL") *	India	49%	-
Maheshwaram Transmission Limited ("MTL") *	India	49%	-

* Pursuant to the share purchase agreements and shareholders' agreements dated February 14, 2018 executed for the acquisition of RTCL and MTL, the Trust (through SGL1) owns voting rights in the remaining 51% stake in these entities which effectively gives it the beneficial interest over the remaining 51% stake as well.

Note 4: Non- Current investments

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (Refer note - 25)
Non-convertible debentures (unquoted) (at amortised cost)		
Sterlite Grid 1 Limited (665.82 million (31 March 2017: Nil) 0.01% Non-convertible debentures of Rs 10 each)#	5,811.09	-
Total	**5,811.09**	**-**

Non Convertible debenture (NCD) of Face value of Rs.10 each are issued by Sterlite Grid 1 Limited. The NCD would be redeemable at the option of the NCD holder anytime after July 22, 2019. If the NCD holders do not exercise their right of redeeming the NCDs, the NCDs shall be due for repayment at the end of July 2021. Since the interest rate for the NCD is below market rate, an amount of Rs 525.10 million has been re-classified as equity contribution in subsidiary disclosed under investment in subsidiary.

INDIA GRID TRUST
Notes to Financial Statements for the year ended 31 March 2018

Note 5: Cash and cash equivalents

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (Refer note - 25)
Balances with banks		
- On current accounts	758.24	-
- Cheques on hand ^	426.01	-
Total	**1,184.25**	**-**

^ pertains to remittances received from subsidiaries in respect of interest/principal repayments of loans for the month of March 2018.

Note 6: Non-current Loans (Unsecured, considered good)

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (Refer note - 25)
Loans to subsidiaries (refer note 15)	31,046.35	-
Total	**31,046.35**	**-**

Loans are non-derivative financial assets which are repayable by subsidiaries upon expiry of period of their respective Transmission Services Agreement. Further, the subsidiaries are entitled to prepay all or any portion of the outstanding principal with a prior notice. The loans to subsidiaries carry interest @ 15% p.a.

Note 7: Other current financial assets

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (Refer note - 25)
Interest receivable from subsidiaries (refer note 15)	7.03	-
Advances receivable in cash	5.66	-
Total	**12.69**	**-**

Note 8: Unit capital

	Number of units (in million)	Unit Capital (Rs in million)
October 21, 2016	**-**	**-**
Issued during the period	-	-
As at 31 March 2017	-	-
Issued during the period	283.80	28,380.00
As at 31 March 2018	**283.80**	**28,380.00**

Terms/rights attached to units

The Trust has only one class of units. Each Unit represents an undivided beneficial interest in the Trust. Each holder of unit is entitled to one vote per unit. The Unitholders have the right to receive at least 90% of the Net Distributable Cash Flows of the Trust at least once in every six months in each financial year in accordance with the InvIT Regulations. The Investment Manager approves dividend distributions. The distribution will be in proportion to the number of units held by the unitholders. The Trust declares and pays dividends in Indian rupees.

A Unitholder has no equitable or proprietary interest in the projects of IndiGrid and is not entitled to any share in the transfer of the projects (or any part thereof) or any interest in the projects (or any part thereof) of IndiGrid. A Unitholder's right is limited to the right to require due administration of IndiGrid in accordance with the provisions of the Trust Deed and the Investment Management Agreement.

Note 9: Long term borrowings

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (Refer note - 25)
Indian rupee term loan from bank (secured)	9,941.47	-
Total	**9,941.47**	**-**

The Indian rupee term loan from bank carries interest at the rate of 8.25% p.a. payable monthly. Entire loan amount shall be repayable as a bullet repayment at the end of 10 years from the date of disbursement. The term loan is secured by (i) first pari passu charge on entire current assets including loans and advances, any receivables accrued/realised from those loans and advances extended by the Trust to its subsidiaries (direct or indirect) including loans to all project SPVs and future SPVs; (ii) negative lien on immovable assets, movable assets, current assets and cash flows of project SPVs to be provided upfront; (iii) First pari-passu charge on Escrow account of the Trust

Note 10: Other financial liabilities

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (Refer note - 25)
Non - Current		
Payable towards project acquired (refer note 16)	579.50	-
Total	**579.50**	**-**
Current		
Dividend payable	0.04	-
Interest accrued on term loan	2.26	
Others	3.31	-
Total	**5.61**	**-**

Note 11: Other current liabilities

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million) (Refer note - 25)
Witholding taxes (TDS) payable	2.35	-
Total	**2.35**	**-**

INDIA GRID TRUST
Notes to Financial Statements for the year ended 31 March 2018

Note 12: Revenue from operations

	April 01, 2017 to March 31, 2018 (Rs. in million)	October 21, 2016 to March 31, 2017 (Rs. in million) (Refer note - 25)
Interest income on loans given to subsidiaries (refer note 15)	2,765.68	-
Finance income on non-convertible debentures issued by subsidiary on EIR basis	473.82	-
Total	**3,239.50**	**-**

Note 13: Finance costs

	April 01, 2017 to March 31, 2018 (Rs. in million)	October 21, 2016 to March 31, 2017 (Rs. in million) (Refer note - 25)
Interest expense on term loan from bank	102.18	-
Total	**102.18**	**-**

Note 14: Earnings per unit (EPU)

Basic EPU amounts are calculated by dividing the profit for the year attributable to Unit holders by the weighted average number of units outstanding during the year.

Diluted EPU amounts are calculated by dividing the profit attributable to unit holders by the weighted average number of units outstanding during the year plus the weighted average number of units that would be issued on conversion of all the dilutive potential units into unit capital.

The following reflects the profit and unit data used in the basic and diluted EPU computation

	31 March 2018	31 March 2017
Profit after tax for calculating basic and diluted EPU	2,624.94	-
Weighted average number of units in calculating basic and diluted EPU (No. million)	283.80	-
Effect of dilution:		
Estimated units to be issued to Sponsor/Project manager*	6.14	
Weighted average number of units in calculating basic and diluted EPU (No. million)	289.94	-
Earnings Per Unit		
Basic (Rupees/unit)	**9.25**	**-**
Diluted (Rupees/unit)	**9.05**	

* units issuable pursuant to the Project Implementation and Management Agreement dated November 10, 2016 as amended, towards the additional transmission charges as may be approved by CERC for the additional expenditure incurred by BDTCL. The petition for such tariff increase is currently pending with CERC.

Note 15: Related Party Transactions

I. List of related parties as per the requirements of Ind AS 24 - Related Party Disclosures

A. Related parties where control exists

Subsidiaries

Sterlite Grid 1 Limited (SGL1)
Bhopal Dhule Transmission Company Limited (BDTCL)
Jabalpur Transmission Company Limited (JTCL)
RAPP Transmission Company Limited (RTCL)
Purulia & Kharagpur Transmission Company Limited (PKTCL)
Maheshwaram Transmission Limited (MTL)

B. Other related parties under Ind AS-24 with whom transactions have taken place during the year

Entity with significant influence over the Trust

Sterlite Power Grid Ventures Limited (SPGVL)

II. List of additional related parties as per Regulation 2(1)(zv) of the InvIT Regulations

A. Parties to IndiGrid

Sterlite Power Grid Ventures Limited (SPGVL) - Sponsor and Project Manager of IndiGrid
Sterlite Investment Managers Limited (SIML) - Investment Manager of IndiGrid
Axis Trustee Services Limited (ATSL) - Trustee of IndiGrid

B. Promoters of the parties to IndiGrid specified in (A) above

Sterlite Power Transmission Limited - Promoter of SPGVL and SIML
Axis Bank Limited - Promoter of ATSL

C. Directors of the parties to IndiGrid specified in (A) above

(i) Directors of SPGVL:

Pravin Agarwal
Pratik Agarwal
A. R. Narayanaswamy
Avaantika Kakkar
Ved Mani Tiwari
Anand Agarwal (till 10.10.2017)
Udai Dhawan (till 22.01.2018)

(ii) Directors of SIML:

Pratik Agarwal
Kuldip Kumar Kaura
Tarun Kataria
Shashikant Bhojani
Rahul Asthana
Harsh Shah

(iii) Directors of ATSL:

Srinivasan Varadarajan
Ram Bharoseylal Vaish
Sidharth Rath
Rajaraman Viswanathan
Raghuraman Mahalingam

III. Transactions with related parties during the year

(Rs in Millions)

Sr. No.	Particulars	Relation	April 01, 2017 to March 31, 2018	October 21, 2016 to March 31, 2017 (refer note 25)
1	**Unsecured loans given to subsidiaries**			
	Jabalpur Transmission Company Limited	Subsidiary	13,767.85	-
	Bhopal Dhule Transmission Company Limited	Subsidiary	8,731.79	-
	RAPP Transmission Company Limited	Subsidiary	2,550.18	-
	Purulia & Kharagpur Transmission Company Limited	Subsidiary	3,987.65	-
	Maheshwaram Transmission Limited	Subsidiary	3,740.15	-
2	**Interest income from subsidiaries**			
	Jabalpur Transmission Company Limited	Subsidiary	1,561.34	-
	Bhopal Dhule Transmission Company Limited	Subsidiary	1,014.26	-
	RAPP Transmission Company Limited	Subsidiary	47.16	-
	Purulia & Kharagpur Transmission Company Limited	Subsidiary	73.74	-
	Maheshwaram Transmission Limited	Subsidiary	69.17	-
3	**Repayment of loan from subsidiaries**			
	Jabalpur Transmission Company Limited	Subsidiary	1,638.52	-
	Bhopal Dhule Transmission Company Limited	Subsidiary	91.81	-
	RAPP Transmission Company Limited	Subsidiary	0.94	
4	**Purchase of non convertible debentures of SGL1**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	5,880.36	-
5	**Purchase of equity shares of SGL1**			
	Sterlite Power Grid Ventures Limited **	Sponsor and Project Manager/Entity with significant influence	-	-
6	**Subscription to optionally convertible redeemable preference shares**			
	Sterlite Grid 1 Limited	Subsidiary	1,001.96	
7	**Reimbursement of expenses paid**			
	Sterlite Investment Managers Limited	Investment Manager	15.56	-

Note 15: Related Party Transactions

Sr. No.	Particulars	Relation	April 01, 2017 to March 31, 2018	October 21, 2016 to March 31, 2017 (refer note 25)
8	**Issue of unit capital**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	5,880.36	-
	Pravin Agarwal	Director of Sponsor	91.34	-
9	**Dividend paid**			
	Sterlite Power Grid Ventures Limited	Sponsor and Project Manager/Entity with significant influence	373.47	
	Pravin Agarwal	Director of Sponsor	5.99	
10	**Advance receivable in cash**			
	Sterlite Grid 1 Limited	Subsidiary	4.60	
11	**Trustee Fee**			
	Axis Trustee Services Limited (ATSL)	Trustee	2.94	-

IV. Outstanding balances as at year end

(Rs in Million)

Sr. No.	Particulars	Relation	As at March 31, 2018	As at March 31, 2017 (refer note 23)
1	**Unsecured loan receivable**			
	Jabalpur Transmission Company Limited	Subsidiary	12,129.32	-
	Bhopal Dhule Transmission Company Limited	Subsidiary	8,639.98	-
	RAPP Transmission Company Limited	Subsidiary	2,549.25	-
	Purulia & Kharagpur Transmission Company Limited	Subsidiary	3,987.65	-
	Maheshwaram Transmission Limited	Subsidiary	3,740.15	-
2	**Interest receivable from subsidiaries**			
	Purulia & Kharagpur Transmission Company Limited	Subsidiary	6.80	
	Maheshwaram Transmission Limited	Subsidiary	0.23	
3	**Advance receivable in cash**			
	Sterlite Grid 1 Limited	Subsidiary	4.60	-
4	**Non-Convertible Debentures of subsidiary (including accrued interest on EIR)**			
	Sterlite Grid 1 Limited	Subsidiary	5,811.09	-
5	**Investment in equity shares of subsidiary (excluding provision for impairment)**			
	Sterlite Grid 1 Limited#	Subsidiary	1,122.60	-
6	**Optionally convertible redeemable preference shares**			
	Sterlite Grid 1 Limited	Subsidiary	1,001.96	-
7	**Trustee fee**			
	Axis Trustee Services Limited (ATSL)	Trustee	0.54	

** IndiGrid acquired NCDs and Equity Shares of SGL1 in exchange of its units amounting to Rs. 5,880.36 million. Since the nominal value of NCDs was Rs. 6,658.24 million. Hence the entire consideration was allocated to NCDs.

Includes amount of Rs. 525.10 million towards equity component of Non- Convertible Debentures issued by Sterlite Grid 1 Limited and Rs 579.50 million towards payable to SPGVL in respect of acquisition of BDTCL. Refer note 4 and 16 for details.

Details in respect of related party transactions involving acquisition of InvIT assets as required by Para 4.4(b)(iv) of Section A of Annexure A to SEBI Circular dated October 20, 2016 are as follows:

(A) Summary of the valuation reports (issued by the independent valuer appointed under the InvIT Regulations):

(Rs in Million)

Particulars	BDTCL	JTCL
Enterprise value		
- Base case (based on tariff as per TSA)	20,406	14,949
- Incremental revenue (based on additional tariff claimed under petition with CERC)	1,135	1,176
Total Enterprise value	**21,541**	**16,125**
Method of valuation	Discounted Cash Flow	
Discounting rate (WACC):		
- Base case (based on tariff as per TSA)	8.19%	8.14%
- Incremental revenue (based on additional tariff claimed under petition with CERC)	8.69%	8.64%

(B) Material conditions or obligations in relation to the transactions:

Acquisition of BDTCL and JTCL (through acquisition of SGL1):

Pursuant to the Project Implementation and Management Agreement dated November 10, 2016 as amended on April 25, 2017 ("PIMA") executed among SIML, ATSL, SPGVL, SGL1, BDTCL and JTCL, IndiGrid would issue additional units to SPGVL in the event CERC approves additional tariff for BDTCL and/or JTCL in respect of cost escalations in those projects for which petitions were filed with CERC. The units to be issued to SPGVL shall be equivalent to 80% of the Cost Escalation for each of BDTCL and JTCL as approved by CERC.

SPGVL will be entitled to additional units only if the cost escalation and the resultant revision in levelised transmission charges is received during the period commencing from the date of the PIMA and until the date which is 18 months of listing of units of IndiGrid (being the date of receipt of final listing and trading approvals for the units).

CERC vide Order dated May 8, 2017 approved cost escalation of Rs. 1,699.90 million for JTCL. Accordingly, IndiGrid issued additional units of Rs. 1,359.92 million (being 80% of the cost escalation approved by CERC) to SPGVL. The petition for cost escalation for BDTCL is currently pending with CERC.

(C) No external financing has been obtained for the acquisition of BDTCL and JTCL and no fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Note 16: Significant accounting judgements, estimates and assumptions

The preparation of the Trust's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Trust's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Classification of Unitholders' funds

Under the provisions of the InvIT Regulations, IndiGrid is required to distribute to Unitholders not less than ninety percent of the net distributable cash flows of IndiGrid for each financial year. Accordingly, a portion of the unitholders' funds contains a contractual obligation of the Trust to pay to its Unitholders cash distributions. The Unitholders' funds could therefore have been classified as compound financial instrument which contain both equity and liability components in accordance with Ind AS 32 - Financial Instruments: Presentation. However, in accordance with SEBI Circulars (No. CIR/IMD/DF/114/2016 dated 20-Oct-2016 and No. CIR/IMD/DF/127/2016 dated 29-Nov-2016) issued under the InvIT Regulations, the unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated 20-Oct-2016 dealing with the minimum disclosures for key financial statements. In line with the above, the dividend payable to unit holders is recognised as liability when the same is approved by the Investment Manager.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or fair value disclosures within the next financial year, are described below. The Trust based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Trust. Such changes are reflected in the assumptions when they occur.

Payable for project acquisition

BDTCL had filed petition dated October 15, 2016 with CERC for grant of incremental tariff to compensate for additional expenditure incurred on BDTCL project. Pursuant to the Project Implementation and Management Agreement dated November 10, 2016 as amended ("PIMA"), the Trust will issue additional units to Sterlite Power Grid Ventures Limited ("SPGVL") in case any additional tariff is approved by CERC. The units that will be issued would be to the extent of 80% of the additional capital expenditure as approved by CERC in respect of the pending petition. Accordingly, the Trust has estimated and recorded an amount of Rs. 579.50 million towards the units issuable to SPGVL in accordance with PIMA as payable for asset acquisition. The consideration would be discharged in the form of units of the Trust. The number of units that will be issued is variable since the pricing of the units will be based on Regulation 76 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended, hence the same has been classified as financial liability. Since the management expects to receive the CERC Order within 12 months, there is no material change in the fair value of the contingent consideration as at March 31, 2018.

Fair valuation and disclosures

SEBI Circulars issued under the InvIT Regulations require disclosures relating to net assets at fair value and total returns at fair value (refer Note 17 and 18). In estimating the fair value of investments in subsidiaries (which constitute substantial portion of the net assets), the Trust engages independent qualified external valuers to perform the valuation. The management works closely with the valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the valuation report and findings to the Board of the Investment Manager half yearly to explain the cause of fluctuations in the fair value of the transmission projects. The inputs to the valuation models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as WACC, Tax rates, Inflation rates, etc. Changes in assumptions about these factors could affect the fair value. (refer Note 17 for details).

Impairment of non-financial assets

Non-financial assets of the Trust primarily comprise of investments in subsidiaries. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amounts for the investments in subsidiaries are based on the fair values less costs of disposal/value in use of the underlying projects. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budgets/forecasts over the life of the projects. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash flows.

As at March 31, 2018, an amount of Rs 496.03 million has been provided as impairment on investment in subsidiary. The recoverable amount of the investment in subsidiary has been computed based on value in use calculation for the underlying projects. The discount rate (WACC) used for the valuation of the underlying projects is in the range of 7.86% to 8.08%.

Note 17: Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Trust's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying value		Fair value	
	31 March 2018 Rs'Million	31 March 2017 Rs'Million	31 March 2018 Rs'Million	31 March 2017 Rs'Million
Financial assets				
Investment in NCDs of subsidiary	5,811.09	-	5,811.09	-
Cash and cash equivalents*	1,184.25	-	1,184.25	-
Loans to subsidiaries	31,046.35	-	31,046.35	-
Other financial assets*	12.69	-	12.69	-
	38,054.38	**-**	**38,054.38**	**-**
Financial liabilities				
Borrowings	(9,941.47)	-	(9,941.47)	-
Other financial liabilities*	(5.61)	-	(5.61)	-
	(9,947.08)	**-**	**(9,947.08)**	**-**

*The management assessed that cash and cash equivalents, other financial assets and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The management has further assessed that investment in NCDs of subsidiary, borrowings availed and loans given approximate their carrying amounts largely due to movements in interest rates from the recognition of such financial instrument till period end not being material.

The Trust is required to present the Statement of total assets at fair value and Statement of total returns at fair value as per SEBI Circular No. CIR/IMD/DF/114/2016 dated October 20, 2016 as a part of these financial statements - Refer Statement of Net assets at fair value and Statement of Total Returns at fair value.

The inputs to the valuation models for computation of fair value of assets for the above mentioned statements are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as WACC, Tax rates, Inflation rates, etc.

The significant unobservable inputs used in the fair value measurement required for disclosures as above categorised within Level 3 of the fair value hierarchy as above together with a quantitative sensitivity analysis as at 31 March 2018 are as shown below

Description of significant unobservable inputs to valuation: **Rs in million**

Significant unobservable inputs	Input	Sensitivity of input to the fair value	Increase /(decrease) in fair value	
			31 March 2018	31 March 2017
WACC	7.86% to 8.08%	+ 0.5%	(2,479.63)	-
		- 0.5%	2,768.61	-
Tax rate (normal tax and MAT)	Normal Tax - 29.12%	+ 2%	(325.90)	-
	MAT - 21.55%	- 2%	296.36	-
Inflation rate	5.95%	+ 1%	(444.44)	-
		- 1%	366.13	-
Additional tariff (applicable only for BDTCL)	2.58%	+ 1%	154.00	-
		- 1%	(154.00)	-

Note 18: Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Trust's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2018:

		Fair value measurement using		
	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:				
Investment in equity instruments of subsidiary	31 March 2018	-	-	1,628.53
Non- Convertible Debentures of subsidiary	31 March 2018	-	5,811.09	-
Loans to subsidiaries	31 March 2018	-	31,046.35	-
Liabilities for which fair values are disclosed:				
Borrowings (Note 17)	31 March 2018	-	9,941.47	-

There have been no transfers between Level 1 and Level 2 during the year ended 31 March 2018. There were no assets/liabilities as at 31 March 2017. Hence disclosures for previous year have not been given. Refer Note 25.

Note 19: Financial risk management objectives and policies

The Trust's principal financial liabilities comprise of borrowings and other financial liabilities. The main purpose of these financial liabilities is to finance the Trust's operations. The Trust's principal financial assets include investments, loans, cash and bank balances and other financial assets that derive directly from its operations.

The Trust may be exposed to market risk, credit risk and liquidity risk. The Investment Manager oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Trust's policy that no trading in derivatives for speculative purposes may be undertaken. The management reviews and agrees policies for managing each of these risks, which are summarised below.

The Risk Management policies of the Trust are established to identify and analyse the risks faced by the Trust, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust's activities.

Management has overall responsibility for the establishment and oversight of the Trust's risk management framework.

(A) 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 three types of risk: interest rate risk, currency risk and other price risk such as equity price risk. Financial instruments affected by market risk include loans and borrowings and investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust's borrowings are at fixed rate, hence the Trust is not exposed to Interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Trust did not have any exposure in foreign currency as at March 31, 2018.

Equity price risk

The Trust's investments in equity shares of subsidiaries are susceptible to market price risk arising from uncertainties about future values of those investments. Reports on the equity portfolio are submitted to the senior management on a regular basis. The Board of Directors of the Investment Manager reviews and approves all equity investment decisions.
At the reporting date, the exposure to equity investments in subsidiary at carrying value was Rs. 1,628.53 million (31 March 2017: Nil). Sensitivity analyses of significant unobservable inputs used in the fair value measurement are disclosed in Note 18.

(B) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Trust is exposed to credit risk from its investing activities including loans to subsidiaries, deposits with banks and other financial instruments. As at March 31, 2018, the credit risk is considered low since substantial transactions of the Trust are with its subsidiaries.

(C) Liquidity risk

Liquidity risk is the risk that the Trust may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Trust's objective is to, at all times times, maintain optimum levels of liquidity to meet its cash and collateral obligations. The Trust requires funds both for short term operational needs as well as for long term investment programs mainly in transmission projects. The Trust closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, liquid investments and sufficient committed fund facilities, will provide liquidity.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The other financial liabilities are with short term durations. The table below summarises the maturity profile of the Trust's financial liabilities based on contractual undiscounted payments:

Rs in million

Particulars	**3 months to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
31 March 2018				
Borrowings	-	-	9,941.47	9,941.47
Other financial liabilities*	585.11	-	-	585.11
Total	**585.11**	**-**	**9,941.47**	**10,526.58**

* Includes amount of Rs 579.50 million being payable towards project acquired which will be settled by issue of units.

Particulars	**3 months to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
31 March 2017				
Borrowings	-	-	-	-
Other financial liabilities	-	-	-	-
Total	**-**	**-**	**-**	**-**

Note 20: Capital management

For the purpose of the Trust's capital management, capital includes issued unit capital and all other reserves attributable to the unit holders of the Trust. The primary objective of the Trust's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise unit holder value.

The Trust manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Trust may adjust the dividend payment to unitholders (subject to the provisions of InvIT regulations which require distribution of at least 90% of the net distributable cash flows of the Trust to unit holders), return capital to unitholders or issue new units. The Trust monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Trust's policy is to keep the gearing ratio optimum. The Trust includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents, other bank balances and short term investments.

Particulars	31 March 2018 Rs in million	31 March 2017 Rs in million
Long term borrowings	9,941.47	-
Other financial liabilities	585.11	-
Less: Cash and cash equivalents	(1,184.25)	-
Net debt (A)	**9,342.33**	**-**
Unit capital	28,380.00	-
Other equity	774.01	-
Total capital (B)	**29,154.01**	**-**
Capital and Net debt [(C) = (A) + (B)]	**38,496.34**	**-**
Gearing ratio (C) / (A)	**24.3%**	

Note 21: Acquisition of Transmission Assets and IPO
During the year, IndiGrid acquired 100% of the equity share capital of SGL1, which in turn holds 100% of the equity share capital of BDTCL and JTCL pursuant to the Securities Purchase Agreement dated May 8, 2017, including 665,824,156 non-convertible debentures of face value Rs 10 each of SGL1 from SPGVL in exchange of 45,203,627 units issued by IndiGrid to SPGVL.

IndiGrid raised funds of Rs. 22,500 million through Initial Public Offering. These funds were utilised to provide loans to BDTCL and JTCL pursuant to the facility agreements dated May 5, 2017, entered into between the Trustee (on behalf of IndiGrid), the Investment Manager, and each of BDTCL and JTCL, respectively.

IndiGrid further issued 13,599,200 units to SPGVL pursuant to Project Implementation and Management Agreement dated November 10, 2016 as amended ("PIMA") towards the additional transmission charges for JTCL as approved by CERC vide its order dated May 8, 2017 for the additional expenditure incurred by JTCL. The additional units were issued at Rs. 100 per unit to the extent of 80% of the additional capital expenditure approved by CERC which is Rs. 1,359.92 million.

Note 22: Subsequent event
On April 24, 2018, the Board of directors of the Investment Manager approved a dividend of Rs. 3 per unit for the period January 1 , 2018 to March 31, 2018 to be paid on or before 15 days from the date of declaration.

Note 23: Commitments
The Trust has entered into Share Purchase Agreement on February 19, 2018 with Techno Power Grid Company Limited, Techno Electric and Engineering Company Limited and Patran Transmission Company Limited ('PTCL') pursuant to which the Trust has agreed to purchase entire share capital of PTCL at cost of approx. Rs 2,320 million based on the valuation report obtained by the management. The transaction is expected to complete in the first quarter of financial year 2018-19.

Note 24: Segment reporting
The Trust's activities comprise of owning and investing in transmission SPVs to generate cash flows for distribution to uniholders. Based on the guiding principles given in Ind AS - 108 "Operating Segments", this activity falls within a single operating segment and accordingly the disclosures of Ind AS -108 have not separately been given

Note 25: Previous year figures

IndiGrid was registered as an irrevocable trust under the Indian Trusts Act, 1882 on October 21, 2016 and registered as an Infrastructure Investment Trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 on November 28, 2016. However, there were no transactions during the period October 21, 2016 to March 31, 2017. Hence, corresponding figures for previous period have not been presented.

As per our report of even date

For S R B C & Co LLP
Firm Registration No. 324982E/E300003
Chartered Accountants

per Paul Alvares
Partner
Membership Number : 105754

Place: Princeton, USA
Date: 24 April 2018

For and on behalf of the Board of Directors of
Sterlite Investment Managers Limited
(as Investment Manager of India Grid Trust)

Pratik Agarwal
CEO & Whole Time Director
DIN: 03040062

Harsh Shah
CFO & Whole Time Director
DIN: 02496122

Swapnil Patil
Company Secretary

Place: Mumbai
Date: 24 April 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of NER II Transmission Limited

Report on the audit of the accompanying Ind AS financial statements

Opinion

We have audited the accompanying Ind AS financial statements of NER II Transmission Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity for the year then ended, and notes to the accompanying Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for opinion

We conducted our audit of the accompanying Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the accompanying Ind AS financial statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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 audit opinion on the accompanying Ind AS financial statements.

Other information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the director's report but does not include the accompanying Ind AS financial statements and our auditor's report thereon.

Our opinion on the accompanying Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accompanying Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the accompanying Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these accompanying Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 accompanying Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the accompanying Ind AS 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

Auditor's responsibilities for the audit of the accompanying Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the accompanying Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accompanying Ind AS 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 accompanying Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to the accompanying Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's

report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the accompanying Ind AS financial statements, including the disclosures, and whether the accompanying Ind AS 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.

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 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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 purpose of our audit;

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

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

(d) In our opinion, the aforesaid accompanying Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these accompanying Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company as no managerial remuneration is paid to its directors for the year ended March 31, 2020;

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

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Huzefa Ginwala
Partner
Membership Number: 111757
UDIN: 20111757AAAADF6865
Place of Signature: Pune
Date: September 07, 2020

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: NER II Transmission Limited (the "Company")

i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

b. All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

c. According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

ii. The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.

v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

vi. To the best of our knowledge and as explained, the cost records prescribed by the Central Government under Section 148(1) of the Companies Act, 2013, are not applicable to the Company for the year ended March 31, 2020.

vii a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, goods and service tax and other material statutory dues applicable to it. The Company did not have any statutory dues towards provident fund, employees' state insurance, duty of customs and cess.

b. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, goods and service tax and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

c. According to the information and explanations given to us, there are no dues of income tax and goods and service tax which have not been deposited on account of any dispute.

viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to bank and financial institutions. The Company did not have any loans or borrowing in respect of government or dues to the debenture holders during the year.

ix. In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised though idle / surplus funds which were nor required for immediate utilization have been gainfully invested in deposits with banks. The maximum amount of idle/surplus funds invested during the year was Rs. 630 million, out of which Nil was outstanding at the end of the year. Further, according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments.

x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the accompanying Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

xi. According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Companies Act, 2013 is not applicable to the Company and hence not commented upon.

xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Companies Act, 2013.

xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Huzefa Ginwala
Partner
Membership Number: 111757
UDIN: 20111757AAAADF6865
Place of Signature: Pune
Date: September 07, 2020

Annexure 2 referred to in paragraph 2(f) under the heading "Report on other legal and regulatory requirements" of our report of even date

Report on the internal financial controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of NER II Transmission Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the accompanying Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

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

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these accompanying Ind AS financial statements 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 as specified 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 with reference to these accompanying Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these accompanying Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to these accompanying Ind AS financial statements included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the accompanying Ind AS 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 internal financial controls system over financial reporting with reference to these accompanying Ind AS financial statements.

Meaning of internal financial controls over financial reporting with reference to these accompanying Ind AS financial statements

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

Inherent limitations of internal financial controls over financial reporting with reference to these accompanying Ind AS financial statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these accompanying Ind AS financial statements and such internal financial controls over financial reporting with reference to these accompanying Ind AS financial statements were operating effectively as at March 31, 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.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Huzefa Ginwala
Partner
Membership Number: 111757
UDIN: 20111757AAAADF6865
Place of Signature: Pune
Date: September 07, 2020

NER II TRANSMISSION LIMITED
BALANCE SHEET AS ON 31 MARCH 2020
(All amounts in Rs. millions unless otherwise stated)

	Notes	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
ASSETS			
Non-current assets			
Property, plant and equipment	3	58.44	28.17
Capital work-in-progress	3	20,018.81	10,207.85
Financial assets			
Non-current investments	4	0.00*	-
Other non-current assets	7B	1,697.85	3,095.56
		21,775.10	**13,331.58**
Current assets			
Financial assets			
i. Trade receivables	5	3.44	-
ii. Cash and cash equivalents	6	487.82	310.48
iii. Others	7A	0.17	0.21
Other current assets	7B	56.56	98.66
		547.99	**409.35**
Total assets		**22,323.09**	**13,740.93**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	8	22.12	20.19
Share application money pending allotment	9	550.01	-
Other equity			
Share premium	9	2,563.22	1,260.16
Retained earnings	9	(4.74)	(1.17)
Total equity		**3,130.61**	**1,279.18**
Non-current liabilities			
Financial liabilities			
Borrowings	10	15,225.20	7,265.20
		15,225.20	**7,265.20**
Current liabilities			
Financial liabilities			
i. Borrowings	11	2,618.23	2,567.72
ii. Trade payables	12	1.55	-
iii. Others	13	1,302.36	2,610.00
Other current liabilities	14	44.24	18.83
Current tax liability		0.90	-
		3,967.28	**5,196.55**
Total equity and liabilities		**22,323.09**	**13,740.93**
Summary of significant accounting policies	2.2		

*Amount below is Rs. 0.01 million

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
NER II TRANSMISSION LIMITED

per Huzefa Ginwala
Partner
Membership Number : 111757
Place: Pune
Date: September 07, 2020

Amarendranath Reddy Tatimakula
Director
DIN: 07107290
Place: New Delhi
Date: September 07, 2020

Vivek Singhal
Director
DIN: 08502245
Place: Noida
Date: September 07, 2020

NER II TRANSMISSION LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020
(All amounts in Rs. millions unless otherwise stated)

	Notes	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Income			
Revenue from operations	15	3.19	-
Total income (I)		**3.19**	**-**
Expenses			
Other expenses	16	4.25	0.61
Total expenses		**4.25**	**0.61**
Earning before interest, tax, depreciation and amortisation (EBITDA)		**(1.06)**	**(0.61)**
Depreciation and amortisation expense	17	0.21	0.17
Finance costs		-	-
Finance income		-	-
Loss before tax		**(1.27)**	**(0.78)**
Tax expense	18	1.98	-
Income tax for earlier years		0.32	-
Total tax expenses		**2.30**	**-**
Loss for the year		**(3.57)**	**(0.78)**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Total comprehensive income		**(3.57)**	**(0.78)**
Earnings per equity share			
Basic and diluted			
Computed on the basis of loss for the year (Rs.)	19	(1.71)	(0.39)
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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Date: September 07, 2020

NER II TRANSMISSION LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2020
(All amounts in Rs. millions unless otherwise stated)

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Cash flow from operating activities		
Net loss as per statement of profit and loss	**(3.57)**	**(0.78)**
Adjustment for taxation	2.30	-
Loss before tax	**(1.27)**	**(0.78)**
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation expenses	0.21	0.17
Operating loss before working capital changes	**(1.06)**	**(0.61)**
Movements in working capital :		
Trade receivables	(3.44)	-
Other current financial asset	-	0.38
Other current assets	42.10	(98.15)
Trade payables	1.55	-
Other current financial liabilities	(3.22)	2.19
Other current liabilities	25.41	17.77
Change in working capital	**62.40**	**(77.81)**
Cash generated/ (used in) from operations	**61.34**	**(78.42)**
Direct taxes paid (net of refunds)	(1.21)	(0.19)
Net cash flow from / (used in) operating activities (A)	**60.13**	**(78.61)**
Cash flow from investing activities		
Purchase of property plant and equipment, including capital work-in-progress and capital advances	(8,199.74)	(5,270.72)
Investment in equity shares	0.00*	-
Interest income	0.04	(0.21)
Net cash flow (used in) investing activities (B)	**(8,199.70)**	**(5,270.93)**
*Amount below is Rs. 0.01 million		
Cash flow from financing activities		
Proceeds from issue of share capital (including premium) (net of proceeds from loan conversion)	1,249.99	-
Proceeds from share application money pending allotment	550.01	-
Proceeds of short term borrowings from holding company (net)	105.51	1,950.45
Proceeds from long term borrowings	7,960.00	4,094.85
Finance costs (including Rs. 1548.57 million (31 March 2019: Rs. 385.72 million) Capitalised as PPE, refer note 22)	(1,548.60)	(386.61)
Net cash flow from financing activities (C)	**8,316.91**	**5,658.69**
Net increase in cash and cash equivalents (A + B + C)	177.34	309.15
Cash and cash equivalents as at beginning of year	310.48	1.33
Cash and cash equivalents as at year end	487.82	310.48

Components of Cash and cash equivalents:

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Balances with banks:		
- On current accounts	187.12	1.23
- Deposit with maturity less than 3 months	300.70	309.25
Total cash and cash equivalents (refer note 6)	**487.82**	**310.48**

Reconciliation between opening and closing balances for liabilities arising from financing activities:

Particulars	Long term borrowings	Short term borrowings
01 April 2018	3,170.35	617.27
Cash flow		
- Interest	(386.61)	-
- Proceeds/(repayments)	4,094.85	1,950.45
Non cash changes		
- classified as current maturities	(0.49)	-
Accrual	387.10	-
31 March 2019	**7,265.20**	**2,567.72**
Cash flow		
- Interest	(1,548.60)	-
- Proceeds/(repayments)	9,508.60	105.51
Non cash changes		
- conversion of loan into equity shares	-	(55.00)
31 March 2020	**15,225.20**	**2,618.23**

Summary of significant accounting policies 2.2

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
NER II TRANSMISSION LIMITED

per Huzefa Ginwala
Partner
Membership Number : 111757
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Vivek Singhal
Director
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Place: Noida
Date: September 07, 2020

NER II TRANSMISSION LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020
(All amounts in Rs. millions unless otherwise stated)

A. Equity share capital

	No. in million	Rs. in million
Equity shares of Rs 10 each issued, subscribed and fully paid		
Balance as at April 01, 2018	2.02	20.19
Changes in equity share capital during the year	-	-
Balance as at March 31, 2019	**2.02**	**20.19**
Changes in equity share capital during the year	0.19	1.93
Balance As at March 31, 2020	**2.21**	**22.12**

B. Other equity **(Rs. in million)**

	Securities premium	Retained earnings	Total equity
As at 01 April 2018	**1,260.16**	**(0.39)**	**1,259.77**
Loss for the year	-	(0.78)	(0.78)
As at 31 March 2019	**1,260.16**	**(1.17)**	**1,258.99**
Loss for the year	-	(3.57)	(3.57)
Conversion of loan into equity shares	54.91	-	54.91
Issue of share capital	1,248.15	-	1,248.15
As at 31 March 2020	**2,563.22**	**(4.74)**	**2,558.48**

Summary of significant accounting policies 2.2

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
NER II TRANSMISSION LIMITED

per Huzefa Ginwala
Partner
Membership Number : 111757
Place: Pune
Date: September 07, 2020

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Director
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Place: New Delhi
Date: September 07, 2020

Vivek Singhal
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DIN: 08502245
Place: Noida
Date: September 07, 2020

1. Corporate information

NER II Transmission Limited ('the Company') is a wholly owned subsidiary of Sterlite Grid 4 Limited. The Company is a developer on Build, Own, Operate and Maintain ('BOOM') basis, for the designing, finalizing, construction and maintenance of power transmission lines in the state of Assam, Arunachal Pradesh and Tripura which include establishment of transmission systems for "NBR System Strengthening Scheme- II (Part B) and V. The Company would operate and maintain the same for a minimum period of 35 years.

The Company was incorporated on 21 April 2015 under the Companies Act, 2013 as a wholly owned subsidiary of REC Transmission Company Limited ("REC TPCL") a wholly owned subsidiary of Rural Electrification Corporation Limited ("REC"). The registered office of the Company is located at F-1, The Mira Corporate Suits, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi 110065. Consequent to the selection of Successful Bidder as per "Guidelines for Determination of Tariff by bidding process for procurement of power by Distribution Licenses" issued by Ministry of Power, Government of India and as per bidding documents (as amended from time to time), the Company was transferred to Sterlite Grid 4 Limited vide Share Purchase Agreement dated 31 March 20l7. The CIN of the Company is U40106DL2015GOI279300.

The financial Statements were authorised for issue in accordance with resolution passed by the Board of Directors of the Company on 07 September 2020.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared and presented in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, (as amended from time to time), as notified under Section 133 of the Companies Act 2013 (the 'Act').

The financial statements have been prepared on a historical cost basis, except for the certain financial assets which have been measured at fair value (refer accounting policy regarding financial instruments). The financial statements are presented in Indian Rupees Million, except when otherwise indicated.

2.2 Summary of significant accounting policies

The following is the summary of significant accounting policies applied by the Company in preparing its financial statements:

a) Current versus 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 realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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 the 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 the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

The Company has identified twelve months as its operating cycle.

b) Foreign currencies

The Company's financial statements are presented in INR, which is its functional currency. The Company does not have any foreign operation and has assessed the functional currency to be INR.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

c) Fair value measurement

The Company measures financial instruments such as investments in mutual funds at fair value at each balance sheet.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either.

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

In estimating the fair value of transmission projects/assets, the Company engages independent external valuers to perform the valuation. Involvement of external valuers is decided by the management on a need basis and with relevant approvals. The valuers involved are selected based on criteria like market knowledge, reputation, independence and professional standards. The management decides after discussion with the external valuers, which valuation techniques and inputs to use for the valuation.

At each reporting date, the management analyses the movement of assets and liabilities which are required to be remeasured or reassessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management in conjunction with the external valuers also compares the change in fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

d) Revenue recognition

License fees

Initial license fees is recognised over the period of time for use of infrastructure assets.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividends

Income from dividend on investments is accrued in the year in which it is declared, whereby the Company's right to receive is established.

e) Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date.

Current income tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Goods and service taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of goods and service tax paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the balance sheet.

f) Property, plant and equipment

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred. No decommissioning liabilities are expected or be incurred on the assets of plant and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

(Life in number of years)

Asset category	Useful life considered	Useful life (Schedule II #)
Plant and machinery	5	15

Schedule II to the companies act 2013

The Company, based on technical assessments made by technical experts and management estimates, depreciates the certain items plant and machinery over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

h) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations. These budgets are prepared for the entire project life.

Impairment losses of continuing operations are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

i) 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

j) 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

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 that are attributable to the acquisition of the financial asset. However, in case of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (d) Revenue from contracts with customers.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

i. Debt instruments at amortised cost
ii. Debt instruments at fair value through other comprehensive income (FVTOCI)
iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

Debt instrument at fair value through OCI (FVTOCI)
A 'debt instrument' is classified as the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. The Company does not have significant financial assets which are subsequently measured at FVTOCI.

Debt instrument at FVTPL
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

This category is generally applied to trade and other receivables, cash and short-term deposits.

Equity investments
All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's combined balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Majority of the financial assets of the Company pertains to trade and other receivables. Considering the nature of business, the Company does not foresee any credit risk on its trade and other receivables which may cause an impairment. As per the TSA, the receivables are covered by clause of payment security mechanism which ensures receipt of all trade receivables. Also, the Company does not have any past history of impairment of Trade receivables.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include borrowings and related costs and trade and other payables.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to borrowings.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial 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 in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets
The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in statement of profit or loss.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to statement of profit or loss at the reclassification date.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the combined 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.

k) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

l) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

m) Presentation of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. This is not required by the Ind AS 1. The EBITDA is not defined in the Ind AS. Ind AS compliant schedule III allows companies to present line items, sub line items and sub totals to be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the Company's financial position or performance.

Accordingly, the Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortisation expense, finance income, finance costs and tax expense.

2.3 Other Amendments to Standards or new standards which are either not applicable to the Company or the impact is not expected to be material

(a) Ind AS 116 Leases

(b) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

(c) Amendments to Ind AS 109: Prepayment Features with Negative Compensation

(d) Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

(e) Amendments to Ind AS 28: Long-term interests in associates and joint ventures

(f) Annual improvement to Ind AS (2018):

- Amendments to Ind AS 103: Party to a Joint Arrangements obtains control of a business that is a Joint Operation
- Amendments to Ind AS 111: Joint Arrangements
- Amendments to Ind AS 12: Income Taxes

Note 3: Property, plant and equipment

(Rs. in million)

Particulars	Freehold land	Plant and machinery	Total
Cost			
At 1 April 2018	25.83	-	**25.83**
Additions	1.46	1.05	**2.51**
At 31 March 2019	**27.29**	**1.05**	**28.34**
Additions during the year	30.48	-	**30.48**
At 31 March 2020	**57.77**	**1.05**	**58.82**
Depreciation			
At 1 April 2018			
Charge for the year	-	0.17	**0.17**
At 31 March 2019	**-**	**0.17**	**0.17**
Charge for the year	-	0.21	**0.21**
At 31 March 2020	**-**	**0.38**	**0.38**
Net block			
At 31 March 2019	**27.29**	**0.88**	**28.17**
At 31 March 2020	**57.77**	**0.67**	**58.44**

Capital work in progress*

Particulars	**(Rs. in million)**
At 31 March 2020	20,018.81
At 31 March 2019	10,207.85

*mainly includes transmission lines and sub-stations

Note 4: Investments

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Non-current		
Investment in equity shares (unquoted) (at cost)		
Sterlite Edindia Foundation		
1 equity share (31 March 2019: Nil) nominal value of Rs. 10 each full paid up	0.00*	-
Total	**0.00***	**-**

*Amount below is Rs. 0.01 million

Note 5: Trade receivables

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Unsecured, considered good		
Service revenue receivable (refer note 21)	3.44	-
Total	**3.44**	**-**

As at 31 March 2020, (31 March 2019: Nil) there are no trade receivables which have significant increase in credit risk or receivables where credit is impaired.
No trade or other receivable (31 March 2019: Nil) are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable (31 March 2019: Nil) are due from firms or private companies respectively in which any director is a partner, a director or a member.
Trade receivables are generally non-interest bearing and are generally on terms of 30 to 90 days.
See note 25 on credit risk of trade receivables, which explains how the Company manages and measures credit quality of trade receivables that are neither past due nor impaired.

Note 6: Cash and cash equivalents

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Balance with banks on current accounts	187.12	1.23
Deposit with original maturity of less than 3 months	300.70	309.25
Total	**487.82**	**310.48**

Note 7A: Other financial assets

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Current		
Interest accrued	0.17	0.21
Total	**0.17**	**0.21**

Note 7B: Other assets

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Non-current		
Capital advances (unsecured, considered good) (refer note 21)	1,697.85	3,095.37
Advance income tax, including TDS (net of provisions)	-	0.19
Total	**1,697.85**	**3,095.56**
Current assets		
Prepaid expenses	56.56	98.66
Total	**56.56**	**98.66**

Note 8: Share capital

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Authorised shares		
3 million (31 March 2019: 3 million) equity shares of Rs.10 each	30.00	30.00
Issued, subscribed and fully paid-up shares		
2.21 million (31 March 2019: 2.019 million) equity shares fully paid-up	22.12	20.19
Total issued, subscribed and fully paid-up share capital	**22.12**	**20.19**

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	Number of shares (in million)	Equity share (Rs. in million)
As at 01 April 2018	2.02	20.19
Increase during the year	-	-
As at 31 March 2019	**2.02**	**20.19**
Increase during the year*	0.19	1.93
As at 31 March 2020	**2.21**	**22.12**

* The Company has issued 192,867 shares, face value of Rs. 10 each (31 March 2019: Nil shares). Out of which 184,550 shares has been issued on right basis and 8,317 shares on account of conversion of unsecured loan from the holding company.

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The Company has not declared any dividend in current year (31 March 2019: Nil).

c. Shares held by holding/ ultimate holding company and/or their subsidiaries/associates

	31 March 2020		31 March 2019	
	Number of shares (Rs. in million)	% holding	Number of shares (Rs. in million)	% holding
Sterlite Grid 4 Limited (immediate holding company)*	2.21	100%	2.02	100%

d. Details of shareholders holding more than 5% of shares in the Company

	31 March 2020		31 March 2019	
	Nos. in million	% holding	No. in million	% holding
Sterlite Grid 4 Limited (immediate holding company)	2.21	100%	2.02	100%

* Out of total 2,211,867 equity shares 6 equity shares (March 31, 2019 : 6 equity shares) are held by nominee shareholders.

The shareholding information is based on the legal ownership of shares and has been extracted from the record of the Company including register of shareholders / member.

Note 9: Other equity

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Securities premium		
Balance as per last financial statements	1,260.16	1,260.16
Add: Securities premium on issue of share capital	1,303.06	-
Total Securities premium	**2,563.22**	**1,260.16**
Retained earnings		
Balance as per last financial statements	(1.17)	(0.39)
Add: Loss for the year	(3.57)	(0.78)
Total retained earnings	**(4.74)**	**(1.17)**
Share application money pending allotment		
Balance as per last financial statements	-	-
Add: Received during the year	550.01	-
Total share application money pending allotment*	**550.01**	**-**

*80,268 shares have been alloted subsequent to year end on 25 April, 2020.

Note 10: Long term borrowings

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Term loans (Secured)		
Indian rupee term loan from Financial Institutions	13,077.50	4,937.50
Domestic bill discounting	2,147.70	2,327.70
Total	**15,225.20**	**7,265.20**
Current maturities :		
Term loans		
Interest accrued	0.46	0.49
	0.46	**0.49**
Less: Amount disclosed under the head "Other current financial liabilities" (refer note 13)	(0.46)	(0.49)
Net amount	-	-

Notes:

i. Indian rupee term loan from financial institutions of Rs.13,077.50 million (31 March 2019: Rs. 4,937.50 million) carries interest at the rate of 10.50%- 12.65% p.a payable monthly (linked to the Lead Lenders Benchmark Rate with Spread).Total loan amount is repayable in 47 structured quarterly instalments post 6 months moratorium period in accordance with amortisation schedule (tenure of 15 year). The loan is secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, current assets, all the accounts and intangible assets both present and future. Loans are also secured by assignment by way of security of all the right, title, interest benefits, claims and demands whatsoever of the Company in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time; all rights, title, interest and benefits of the Company in to and under all clearances pertaining to the project (including transmission license) to the extent same are assignable; all rights, title, interest, benefits, claims and demands whatsoever of the Company in any letter of credit, guarantee including contract guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the project document; all rights, title, interest, benefits, claims and demands whatsoever of the borrower in, to and under all insurance contracts and insurance proceeds pertaining to the project. Loans are also secured by non disposable undertaking from sponsor directly/ indirectly to hold at least 51% of equity share capital till final settlement date. Upon occurrence of event of default the negative lien shall be converted in pledge of 51% of the equity share capital of the Company.

ii. Domestic bill discounting amounting to Rs. 2,147.70 (31 March 2019 : Rs. 2,327.70 million) carries interest rate 9% p.a. This facility has been sanctioned as a sublimit of the rupee term loan and carries same terms, conditions and securities as described above. The bills are due for maturity within 303 days and upon maturity gets automatically converted into rupee term loan hence this has been classified under long-term borrowings.

Financial covenants

The Company is required to ensure compliance of certain financial covenants, after completion of one financial year of full operations of the project, pertaining to maintenance of minimum debt service coverage ratio, debt equity ratio in respect of long term loans obtained from financial institutions. However, as at 31 March 2020, these covenants are not applicable.

Note 11: Short term borrowings

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Unsecured loan from holding company (refer note 21) *	2,618.23	2,567.72
Total	**2,618.23**	**2,567.72**

* Unsecured loan from holding company is repayable on demand and carries Nil (31 March 2019 : Nil) rate of interest.

Note 12: Trade payables

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Current		
Trade payables		
- total outstanding dues of micro enterprises and small enterprises*	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	1.55	-
Total	**1.55**	**-**

* Above disclosure has been compiled based on the information received from "suppliers" regarding their status under Micro, Small and Medium Enterprises Development Act, 2006. As there are no micro and small enterprises, disclosures, if any, related to interest paid/ payable required under the said act are not applicable.

Trade payables are not-interest bearing and are normally settled on 30-90 days terms.

For explanation on the Company's risk management policies, refer note 25.

Note 13: Other current financial liabilities

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Current maturities of long-term borrowings	0.46	0.49
Payable for purchase of property, plant and equipment (refer note 21)	1,300.96	2,605.35
Management fees payable (refer note 21)	0.01	0.01
Reimbursement of Expenses	-	-
Others (including reimbursement of expenses) (refer note 21)	0.93	4.15
Total	**1,302.36**	**2,610.00**

NER II TRANSMISSION LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
(All amounts in Rs. millions unless otherwise stated)

Note 14: Other current liabilities

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
TDS payable	43.14	18.83
Others	1.10	-
Total	**44.24**	**18.83**

Note 15: Revenue from operations

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Other operating revenue		
Initial license fees (refer note 21)	3.19	-
Total	**3.19**	**-**

Initial License fees is recognised based on monthly license fees agreed between the Company and licensee's for use of infrstructure assets.

Note 16: Other expenses*

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Provision for expense under CERC regulation	1.59	-
Legal and professional expenses	0.43	-
Payment to auditors		
Statutory audit fee (including taxes)	0.59	0.59
Management fees	-	0.01
Rates and taxes	1.64	0.01
Total	**4.25**	**0.61**

*Other expenses are net of amounts capitalised to property, plant and equipment (refer note 22)

Note 17: Depreciation expense

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Depreciation of tangible assets	0.21	0.17
Total	**0.21**	**0.17**

Note 18: Deferred tax assets

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Deferred tax asset		
Property, plant and equipment: Impact of difference between tax depreciation and depreciation for financial reporting*	-	-
Gross deferred tax assets (A)	**-**	**-**
Net deferred tax assets (A)	**-**	**-**

*Deferred tax assets of INR 0.02 million (31 March 2019: Nil) has not recognised in the absence of reasonable certainty of taxable profits in the near future.

The major components of income tax expense for the years ended 31 March 2020 and 31 March 2019 are:

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Current income tax charge	1.98	-
Income tax for earlier years	0.32	-
Total	**2.30**	**-**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2020 and 31 March 2019:

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Accounting loss before income tax	(1.27)	-
At India's statutory income tax rate of 25.17% (31 March 2019: 29.12%)	(0.32)	-
Permanent disallowance of expenditure under income tax act	0.41	-
Tax expenses on finance income capitalised in property, plant and equipment in accounting	1.91	-
Deferred tax assets not recognised	(0.02)	-
Income tax for earlier years	0.32	-
At the effective income tax rate	**2.30**	**-**
Income tax expense reported in the statement of profit and loss	2.30	-

The Company has opted for lower tax rate as per Section 115BAA of Income Tax Act, 1961. Accordingly, the Company has recognised provision for income tax for the year ended 31 March 2020 and remeasured deferred tax liabilities and assets at revised lower tax rate.

Note 19: Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit/loss attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the loss and share data used in the basic and diluted EPS computation

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Loss after tax for calculating basic and diluted EPS	**(3.57)**	**(0.78)**
Weighted average number of equity shares in calculating basic and diluted EPS (No. in million)*	2.09	2.02
Earnings Per Share		
Basic and diluted (on nominal value of Rs.10 per share) Rupees/share	**(1.71)**	**(0.39)**

* Includes 80,268 shares alloted on 25 April, 2020 against share application money.

Note 20: Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Applicability of Appendix & Service Concession Arrangements of Ind AS 115 Revenue from contract with customers

The Company is a transmission licensee under the Electricity Act 2003 holding valid license for 25 years. It has also entered into a Transmission Services Agreement ("TSA") with Long Term Transmission Customers ("LTTC") through a tariff based bidding process and is required to Build, Own, Operate and Maintain ("BOOM") the transmission infrastructure for a period of 35 years. The management of the Company is of the view that the grantor as defined under Appendix C of Ind AS 115 ("Appendix C") requires transmission licensee to obtain various approvals under the regulatory framework to conduct its operations both during the period of the license as well as at the end of the license period. However, in the view of management, the grantor’s involvement and approvals are to protect public interest and are not intended to control through ownership, beneficial entitlement or otherwise, any significant residual interest in the transmission infrastructure at the end of the term of the arrangement. Accordingly, management is of the view that Appendix C is not applicable to the Company.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. For the purpose of assessment for impairment, the management has compared the carrying value of an asset or cash generating unit with the value in use. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and other assumptions.

Note 21: Related Party Disclosures

(A) Name of related party and nature of its relationship:

Related parties where control exists

Sterlite Grid 4 Limited	Immediate holding company
Sterlite Power Grid Ventures Limited	Intermediate holding company
Sterlite Power Transmission Limited	Intermediate holding company
Twin Star Overseas Limited, Mauritius	Intermediate holding company
Volcan Investments Limited, Bahamas	Ultimate holding company
Sterlite Grid 5 Limited	Fellow subsidiary
Sterlite Edindia Foundation	Subsidiary of intermediate holding company
Sterlite Interliks Limited	Associate of intermediate holding company

(B) The transactions with related parties during the year and their outstanding balances are as follows:-

(Rs. in millions)

	Sterlite Grid 4 Limited		**Sterlite Power Grid Ventures Limited**		**Sterlite Grid 5 Limited**		**Sterlite Edindia foundation**		**Sterlite Interlinks Limited**	
Particulars	**2019-20**	**2018-19**	**2019-20**	**2018-19**	**2019-20**	**2018-19**	**2019-20**	**2018-19**	**2019-20**	**2018-19**
Transactions during the year										
Advance given against purchase of property, plant and equipment	-	-	460.00	-	90.37	-	-	-	-	-
Purchase for property, plant and equipment (excluding of tax)	-	-	6,261.06	7,527.43	-	-	-	-	-	-
Conversion of loan into equity shares (including premium)	55.00	-	-	-	-	-	-	-	-	-
Issue of equity shares (share application money)	550.01	-	-		-	-	-	-	-	-
Isuue of equity shares (including share premium)	1,249.99	-	-	-	-	-	0.00*	-	-	-
Unsecured loan taken (net)	105.51	1,950.45	-	-	-	-	-	-	-	-
Initial license fees (net of tax)	-	-	-	-	-	-	-	-	3.19	-
Reimbursement of expenses	-	-	-	3.38	-	-	-	-	-	-
Management fees expense	-	0.01	-	-	-	-	-	-	-	-
Outstanding balances	**31 March 2020**	**31 March 2019**	**31 March 2020**	**31 March 2019**	**31 March 2020**	**31 March 2019**	**31 March 2020**	**31 March 2019**	**31 March 2020**	**31 March 2019**
Payable for purchase of property, plant and equipment	-	-	1,189.54	2,605.35	81.33	-	-	-	-	-
Advance outstanding for purchase of property, plant and equipment	-	-	1,481.90	2,349.88	-	-	-	-	-	-
Trade receivable	-	-	-	-	-	-	-	-	3.44	-
Unsecured loan payable	2,618.23	2,567.72	-	-	-	-	-	-	-	-
Reimbursement of expenses (paid or payable)	-	-	-	3.38	-	-	-	-	-	-
Management fees payable	0.01	0.01	-	-	-	-	-	-	-	-

*amount below Rs. 0.01 million

Note 22: Capitalization of expenditure

During the year, the Company has capitalised the following expenses to the cost of fixed assets/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company:

	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
A. Opening balance	**1,057.78**	**667.94**
B. Additions during the year		
Professional fees	5.28	2.87
Other expenses	19.16	1.25
Finance cost	1,548.57	385.72
Total (B)	**1,573.01**	**389.84**
C. Transferred to property, plant and equipment during the year	-	-
D. Closing balance of expenditure in CWIP (A+B-C)	**2,630.79**	**1,057.78**

Note 23: Capital and other commitments

As at 31 March 2020, the Company has a commitment of Rs. 4,368.52 million (31 March 2019 - Rs. 9,956.91 million) relating to the completion of 2520 MVA transmission line, net of capital advances.

The Company has entered into transmission services agreement (TSA) with long term transmission customers pursuant to which the Company has to transmit power of contracted capacity and ensure minimum availability of transmission line over the period of the TSA. The TSA contains provision for disincentives and penalties in case of certain defaults.

Note 24: Segment reporting

The Company’s activities comprise of transmission of electricity in certain states in India. On review of all the relevant aspects including, in particular, the system of internal financial reporting to the Board of Directors which is the Chief Operating Decision Maker ('CODM') and considering the economic characteristics of the Company's operations, the Company is of the view that it operates in a single primary segment. The said treatment is in accordance with the guiding principles enacted in Indian Accounting Standard 108 Operating Segment (Ind AS 108).

Note 25: Financial risk management objectives and policies

The Company’s principal financial liabilities comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company’s operations. The Company's principal financial assets include trade and other receivables, cash and short-term deposits and other financial assets that derive directly from its operations.
The Company is exposed to market risk, credit risk and liquidity risk. The Company’s senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company’s policy that no trading in derivatives for speculative purposes may be undertaken. The management reviews and agrees policies for managing each of these risks, which are summarised below.

The Risk Management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. In performing its operating, investing and financing activities, the Company is exposed to the Credit Risk, Liquidity Risk and Market risk.

(A) Credit risk

Credit risk is the risk that a 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 mainly from trade receivables. The Company is engaged in transmission infrastructure development business under BOOM (Build, Own, Operate and Maintain) model and currently derive its revenue primarily from BOOM contracts with long term transmission customers ('LTTC'). Being transmission licensee, the Company receives payments as per the pooling arrangements specified under the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 ('Pooling Regulations'). In the PoC method, the transmission charges to be recovered from the entire system are allocated between users based on their location in the grid. Under the PoC mechanism, all the charges collected by the Central Transmission Utility ('CTU') from LTTC's are disbursed pro-rata to all Transmission Service Providers ('TSPs') from the pool in proportion of the respective billed amount. Due to this, the TSPs are shielded against any potential default by a particular customer. If a particular customer delays or defaults, the delay or shortfall is prorated amongst all the TSPs. Based on past history of payments, payments due have always been paid and there have been no write-off's for due amounts. Due to the payment mechanism explained above as well as due to no history of any write-off's of payments which were due, the Company has not considered any expected credit loss on the financial assets in the nature of trade receivables. During the various periods presented, there has been no change in the credit risk of trade receivables. However, this assessment may need a review if there is any change in the Pooling Regulations.

Credit risk from balances deposited/invested with banks and financial institutions is managed by the Company’s treasury department in accordance with the Company’s policy. Investments of surplus funds are made only with approved counterparties and within limits assigned to each counterparty. Counterparty limits are reviewed by the top management on an annual basis, and may be updated throughout the year subject to approval of the Board of Directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty’s potential failure to make payments. Based on this policy, the Company does not foresee any risk on account of credit losses, either in the bank deposits which are made with AAA rated banks and also in regard to mutual funds which is primarily debt oriented funds. No loss allowances have been provided for any trade receivables, or other receivables from financing activities like cash and bank deposits, mutual funds and other similar deposits. Also, there have been no modifications in contractual cash flows on financial assets.

The Company’s maximum exposure to credit risk for the components of the Balance Sheet as at 31 March 2020 and 31 March 2019 is the carrying amounts of trade receivables, bank balances and other financial assets as disclosed in Note 5, 6 and 7A. However, the credit risk is low due to reasons mentioned above.

(B) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Company's objective is to, at all times times maintain optimum levels of liquidity to meet its cash and collateral obligations. The Company requires funds both for short term operational needs as well as for long term investment programs mainly in projects. The Company closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, liquid investments and sufficient committed fund facilities, will provide liquidity.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 30 days. The other payables are with short term durations. The carrying amounts are assumed to be reasonable approximation of fair value. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

(Rs. in million)

Particulars	Payable on demand	Less than 3 months	3 months to 12 months	1 to 5 years	More than 5 years	Total
31 March 2020						
Borrowings	2,618.23	-	-	4,114.00	11,111.20	17,843.43
Trade payables	-	1.55	-	-	-	1.55
Other financial liabilities	-	0.46	1,301.90	-	-	1,302.36
Total	**2,618.23**	**2.01**	**1,301.90**	**4,114.00**	**11,111.20**	**19,147.34**
31 March 2019						
Borrowings	2,567.72	-	-	3,344.00	3,921.20	9,832.92
Other financial liabilities	-	0.49	2,609.51	-	-	2,610.00
Total	**2,567.72**	**0.49**	**2,609.51**	**3,344.00**	**3,921.20**	**12,442.92**

(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: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings, bank deposits, Investments in short-term mutual funds, and derivative financial instruments. As at 31 March 2020 and 31 March 2019, the Company did not have any financial instrument subject to market risk.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate primarily relates to the Company's long term debt obligations with floating interest rates.

Interest rate sensitivity
The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on that portion of loans and borrowings affected. With all the other variables held constant, the Company's loss before tax is affected through the impact on floating rate borrowings, as follows:

(Rs. in million)

Particulars	Increase/Decrease in Basis Points	Effect on capital expenditure*
31 March 2020		
Base Rate	+50	42.36
Base Rate	-50	(42.36)
31 March 2019		
Base Rate	+50	5.83
Base Rate	-50	(5.83)

* Since the projects are in progress, any change in the interest rate would be adjusted to the cost of property, plant and equipment.

Note 26: Effect of COVID-19 Pandemic

The management has evaluated the impact of COVID 19 pandemic and lockdown imposed by the Government of India on the Company. The Company has undertaken project to build, own, operate and maintain power transmission lines and substations ('power transmission infrastructure'). The Company is governed by section 63 of The Electricity Act 2003 wherein as per the Transmission Service Agreements ('TSAs') tariff revenue will be accrued based on availability of power transmission infrastructure. Further, the Government of India has declared power transmission as "an essential service", therefore the Company is able to continue its construction activities during the lockdown period.

However, the project of the Company is at a start-up stage and various uncertainties are created due to COVID-19. The Company has made an assessment of its liquidity for next one year and of the recoverability of property, plant and equipment (including capital work in progress), other assets, etc and concluded there are no material adjustments required to such balances. Further, the management believes that it has considered all the internal and external information up to the date of approval of these Ind AS financial statements including communication from regulatory agencies and Long-Term Transmission Customers (LTTC's) in this assessment. Further, the management believes that there is no risk in the Company's ability to continue as going concern and meeting its liabilities as and when they fall due. Based on current estimates made by the management, the Company believes to have a short-term impact and no impact on medium-term to long term basis on its profitability, liquidity position and ability to service debt. The management will continue to monitor and assess impact of economic conditions arising due to COVID 19. The impact of COVID 19 may differ from that expected at the date of approval of these Ind AS financial statements.

Note 27: Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio optimum. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents, other bank balances and short term investments

Particulars	31 March 2020 (Rs. in million)	31 March 2019 (Rs. in million)
Borrowings*	17,843.43	9,832.92
Trade payables	1.55	-
Other financial liabilities	1,302.36	2,610.00
Less: Cash and cash equivalents, other bank balances and short term investments	(487.82)	(310.48)
Net debt	**18,659.52**	**12,132.44**
Equity share capital	572.13	20.19
Other equity (including share application money pending allotment)	3,108.49	1,258.99
Total capital	**3,680.62**	**1,279.18**
Gearing ratio (in times) (Net debt / equity)	**5.07**	**9.48**

* includes loans of Rs. 2,618.23 million (31 March 2019 : Rs. 2,567.72 million) from the immediate holding company.
No changes were made in the objectives, policies or processes for managing capital during the period ended 31 March 2020 and 31 March 2019.

Note 28: Fair value measurement

There are no financial instruments which are measured at fair value as at period end. The management assessed that fair values of cash and cash equivalents, other bank balances, trade payables and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair values of borrowings (other than fixed rate) approximate their carrying amounts mainly due to the variable interest rates. For fixed rate borrowings, the fair values approximate their carrying amounts largely due to movements in interest rates from the recognition of such financial instrument till period end not being material.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

per Huzefa Ginwala
Partner
Membership Number : 111757
Place: Pune
Date: September 07, 2020

For and on behalf of the Board of Directors of
NER II TRANSMISSION LIMITED

Amarendranath Reddy Tatimakula
Director
DIN: 07107290
Place: New Delhi
Date: September 07, 2020

Vivek Singhal
Director
DIN: 08502245
Place: Noida
Date: September 07, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of NER II Transmission Limited

Report on the Ind AS Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the 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 March 31, 2019, its loss including other comprehensive income its cash flows and changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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 audit opinion on the Ind AS financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the board report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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

Auditor's Responsibility for the audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS 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 Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of

accounting estimates and related disclosures made by management.

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

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 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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 purpose 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representation from the directors as on March 31, 2019, and taken on record by Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company as no managerial remuneration is paid to its directors for the year ended March 31, 2019;

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

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754
Place of Signature: Mumbai
Date: May 14, 2019

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: NER II Transmission Limited (the "Company")

i. a The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

b All items of property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

c According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.

ii. The company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.

v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable

vi. To the best of our knowledge and as explained, the cost records prescribed by the Central Government under Section 148(1) of the Companies Act, 2013, are not applicable to the Company for the year ended March 31, 2019.

Vii a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, goods and service tax, and other material statutory dues applicable to it. The Company did not have any statutory dues towards provident fund, employees' state insurance, wealth-tax, sales-tax, duty of customs, duty of excise and cess.

b. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, goods and service tax and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

c. According to the information and explanations given to us, there are no dues of income tax, goods and service tax which have not been deposited on account of any dispute.

viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to bank and financial institution. The Company did not have any loans or borrowing in respect of government or due to debenture holders during the year.

ix. In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised though idle / surplus funds which were nor required for immediate utilization have been gainfully invested in deposits with banks. The maximum amount of idle/surplus funds invested during the year was Rs. 309.25 million, which was outstanding at the end of the year. Further, according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments

x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

xi. According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Companies Act, 2013 is not applicable to the Company and hence not commented upon.

xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Companies Act, 2013.

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xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754
Place of Signature: Mumbai
Date: May 14, 2019

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF NER II TRANSMISSION LIMITED

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

We have audited the internal financial controls over financial reporting of NER II Transmission Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's 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 as specified 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 material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS 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 internal financial controls system over financial reporting with these standalone financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial 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 March 31, 2019, 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.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754
Place of Signature: Mumbai
Date: May 14, 2019

NER II TRANSMISSION LIMITED
BALANCE SHEET AS ON 31 MARCH 2019
(All amounts in Rs. Millions unless otherwise stated)

	Notes	31 March 2019 (Rs. in millions)	31 March 2018 (Rs. in millions)
ASSETS			
Non-current assets			
Property, plant & equipment	3	28.17	25.83
Capital work-in-progress	3	10,207.85	751.81
Other non current assets	6	3,095.56	4,369.39
		13,331.58	**5,147.03**
Current assets			
Financial assets			
i. Cash and cash equivalents	4	310.48	1.33
ii. Others	5	0.21	0.38
Other current assets	6	98.66	0.32
		409.35	**2.03**
Total assets		**13,740.93**	**5,149.06**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	7	20.19	20.19
Other equity			
Securities premium	8	1,260.16	1,260.16
Retained earnings	8	(1.17)	(0.39)
Total Equity		**1,279.18**	**1,279.96**
Non-current liabilities			
Financial Liabilities			
i. Borrowings	9	7,265.20	3,170.35
		7,265.20	**3,170.35**
Current liabilities			
Financial liabilities			
i. Borrowings	10	2,567.72	617.27
ii. Others	11	2,610.00	80.42
Other current liabilities	12	18.83	1.06
		5,196.55	**698.75**
Total equity and liabilities		**13,740.93**	**5,149.06**
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
NER II TRANSMISSION LIMITED

per Paul Alvares
Partner
Membership Number : 105754
Place: Mumbai
Date: 14 May 2019

Amarendranath Reddy Tatimakula
Director
DIN: 07107290
Place: New Delhi
Date: 14 May 2019

Sanjay Arvind Johari
Director
DIN: 08378064
Place: New Delhi
Date: 14 May 2019

NER II TRANSMISSION LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019
(All amounts in Rs. millions unless otherwise stated)

	Notes	31 March 2019 (Rs. in millions)	31 March 2018 (Rs. in millions)
Income		-	-
Expenses			
Other expenses	13	0.61	0.18
Total expenses		**0.61**	**0.18**
Earning before interest, tax, depreciation and amortisation (EBITDA)		**(0.61)**	**(0.18)**
Depreciation and amortisation expense	14	0.17	-
Finance costs		-	-
Finance Income		-	-
Loss before tax		**(0.78)**	**(0.18)**
Tax expense		-	-
Loss for the year		**(0.78)**	**(0.18)**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Total Comprehensive income		**(0.78)**	**(0.18)**
Earnings per equity share			
Basic and diluted			
Computed on the basis of loss for the year (Rs.)	15	(0.39)	(0.33)
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
NER II TRANSMISSION LIMITED

per Paul Alvares
Partner
Membership Number : 105754
Place: Mumbai
Date: 14 May 2019

Amarendranath Reddy Tatimakula
Director
DIN: 07107290
Place: New Delhi
Date: 14 May 2019

Sanjay Arvind Johari
Director
DIN: 08378064
Place: New Delhi
Date: 14 May 2019

NER II TRANSMISSION LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019
(All amounts in Rs. millions unless otherwise stated)

A. Equity share capital

Equity shares of Rs 10 each issued, subscribed and fully paid	Nos. in millions	Rs. in millions
Balance as at 01 April 2017	0.05	0.50
Changes in equity share capital during the year	1.97	19.69
Balance as at 31 March 2018	**2.02**	**20.19**
Changes in equity share capital during the year	-	-
Balance As at 31 March 2019	**2.02**	**20.19**

B. Other equity **(Rs. in millions)**

	Securities premium	Retained Earnings	Total equity
As at 01 April 2017	-	**(0.21)**	**(0.21)**
Loss for the year	-	(0.18)	(0.18)
Other comprehensive income	-	-	-
Issue of share capital on conversion of loan into equity	1,260.16	-	1,260.16
As at 31 March 2018	**1,260.16**	**(0.39)**	**1,259.77**
Loss for the year	-	(0.78)	(0.78)
Other comprehensive income	-	-	-
As at 31 March 2019	**1,260.16**	**(1.17)**	**1,258.99**

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
NER II TRANSMISSION LIMITED

per Paul Alvares
Partner
Membership Number : 105754
Place: Mumbai
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NER II TRANSMISSION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019
(All amounts in Rs. million unless otherwise stated)

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Cash flow from operating activities		
Net loss as per statement of profit and loss	**(0.78)**	**(0.18)**
Adjustment for taxation	-	-
Loss before tax	**(0.78)**	**(0.18)**
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expenses	0.17	-
Operating loss before working capital changes	**(0.61)**	**(0.18)**
Movements in working capital :		
- Decrease/(Increase) in other current financial asset	0.38	(0.38)
- (Increase) in other assets	(98.15)	(0.32)
- Increase in other current financial liabilities	2.19	1.97
- Increase in other current liabilities	17.77	1.03
Change in working capital	**(77.81)**	**2.30**
Cash generated from/ (used in) operations	**(78.42)**	**2.12**
Direct taxes paid (net of refunds)	(0.19)	-
Net cash flow from/ (used in) operating activities (A)	**(78.61)**	**2.12**
Cash flow from investing activities		
Purchase of property plant & equipment, including capital work-in-progress and capital advances	(5,270.72)	(4,445.08)
Interest income	(0.21)	-
Net cash flow used in investing activities (B)	**(5,270.93)**	**(4,445.08)**
Cash flow from financing activities		
Proceeds of borrowings from holding company	1,950.45	1,683.73
Proceeds from long term borrowings	4,094.85	3,170.35
Finance costs	(386.61)	(409.81)
Net cash flow from financing activities (C)	**5,658.69**	**4,444.27**
Net Increase in cash and cash equivalents (A + B + C)	309.15	1.31
Cash and cash equivalents as at beginning of year	1.33	0.02
Cash and cash equivalents as at year end	310.48	1.33

NER II TRANSMISSION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019
(All amounts in Rs. million unless otherwise stated)

Components of Cash and cash equivalents:

	31 March 2019 (Rs. in million)	31 March 2018 (Rs. in million)
Balances with banks:		
- On current accounts	1.23	1.33
- Deposit with maturity less than 3 months	309.25	-
Total cash and cash equivalents (refer note 4)	**310.48**	**1.33**

Reconciliation between opening and closing balances for liabilities arising from financing activities:

Particulars	Long term borrowings	Short term borrowings
01 April 2017	-	213.39
Cash flow		
- Interest	(409.81)	-
- Proceeds/(repayments)	3,170.35	1,683.73
<u>Non cash changes</u>		
Conversion of loan into equity shares (including premium)	-	(1,279.85)
Classified as current maturities	(1.38)	
Accrual	411.19	-
31 March 2018	**3,170.35**	**617.27**
Cash flow		
- Interest	(386.61)	-
- Proceeds/(repayments)	4,094.85	1,950.45
<u>Non cash changes</u>		
- classified as current maturities	(0.49)	-
Accrual	387.10	-
31 March 2019	**7,265.20**	**2,567.72**

Summary of significant accounting policies 2.2

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
NER II TRANSMISSION LIMITED

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Partner
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Sanjay Arvind Johari
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DIN: 08378064
Place: New Delhi
Date: 14 May 2019

1. Corporate information

NER II Transmission Limited ('the Company') is a wholly owned subsidiary of Sterlite Grid 4 Limited. The Company is a developer on Build, Own, Operate and Maintain ('BOOM') basis, for the designing, finalizing, construction and maintenance of power transmission lines in the state of Assam, Arunachal Pradesh and Tripura which include establishment of transmission systems for "NER System Strengthening Scheme- II (Part B) and V. The Company would operate and maintain the same for a minimum period of 35 years.

The Company was incorporated on 21 April 2015 under the Companies Act, 2013 as a wholly owned subsidiary of REC Transmission Company Limited ("REC TPCL") a wholly owned subsidiary of Rural Electrification Corporation Limited ("REC"). Consequent to the selection of Successful Bidder as per "Guidelines for Determination of Tariff by bidding process for procurement of power by Distribution Licenses" issued by Ministry of Power, Government of India and as per bidding documents (as amended from time to time), the Company was transferred to Sterlite Grid 4 Limited vide Share Purchase Agreement dated 31 March 2017.

The financial Statements were authorised for issue in accordance with resolution passed by the Board of Directors of the Company on 14 May 2019.

2. Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended, prescribed under Section 133 of the Companies Act, 2013 ("Ind AS").

The financial statements have been prepared on a historical cost basis, except for the following assets which have been measured at fair value or revalued amount:

- Certain financial assets measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Indian Rupees Millions, except when otherwise indicated.

2.2 Summary of significant accounting policies

The following is the summary of significant accounting policies applied by the Company in preparing its financial statements:

a) Current versus 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 realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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 the 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 the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

Operating cycle of the Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company has identified twelve months as its operating cycle.

b) Foreign currencies

The Company's financial statements are presented in INR, which is its functional currency. The Company does not have any foreign operation and has assessed the functional currency to be INR.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

c) Fair value measurement

The Company measures financial instruments such as investments in mutual funds at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

In estimating the fair value of transmission assets/projects, the Company engages independent qualified external valuers to perform the valuation. The management works closely with the external valuers to establish the appropriate valuation techniques and inputs to the model. The management in conjunction with the external valuers also compares the change in fair value with relevant external sources to determine whether the change is reasonable. The valuation results are discussed at the Audit Committee.

At each reporting date, the management analyses the movement of assets and liabilities which are required to be remeasured or reassessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management in conjunction with the external valuers also compares the change in fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

d) Interest income/Dividend income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Income from dividend on investments is accrued in the year in which it is declared, whereby the company's right to receive is established.

e) Taxation

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales/value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the balance sheet.

f) Property, plant and equipment

Capital work in progress, property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred. No decommissioning liabilities are expected or be incurred on the assets of plant and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

(Life in number of years)

Asset Category	**Useful Life considered**	**Useful life (Schedule II#)**
Transmission lines (including components)	25-35	40
Plant & Machinery	5	15

Schedule II to the Companies Act, 2013

The Company, based on technical assessments made by technical experts and management estimates, depreciates the certain items of building, plant and equipment, data processing equipment's, furniture and fittings and office equipment's over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

h) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations. These budgets are prepared for the entire project life.

Impairment losses of continuing operations are recognised in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

i) 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

j) 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

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 that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

i. Debt instruments at amortised cost
ii. Debt instruments at fair value through other comprehensive income (FVTOCI)
iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss. The Company does not have significant financial assets which are subsequently measured at amortised cost.

Debt instrument at FVTOCI
A 'debt instrument' is classified as the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. The Company does not have significant financial assets which are subsequently measured at FVTOCI.

Debt instrument at FVTPL
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

This category is generally applied to Investments in short-term mutual funds, Trade and other receivables and Cash and short-term deposits.

Equity investments
All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

The Company does not have significant investments in the nature of Equity investments.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's combined balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Majority of the financial assets of the Company pertain to Trade and other receivables. Considering the nature of business, the Company does not foresee any credit risk on its trade and other receivables which may cause an impairment. As per the TSA, the receivables are covered by clause of payment security mechanism which ensures receipt of all trade receivables. Also, the Company does not have any past history of impairment of Trade receivables.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include borrowings and related costs and trade and other payables.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to borrowings. For more information refer note 9.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial 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 in the respective carrying amounts is recognised in the statement of profit or loss.

Embedded derivatives
An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Reclassification of financial assets
The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	**Revised Classification**	**Accounting Treatment**
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in statement of profit or loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to statement of profit or loss at the reclassification date.

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.

k) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

l) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

m) Presentation of EBITDA

The company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. This is not required by the Ind AS 1. The EBITDA is not defined in the Ind AS. Ind AS compliant schedule III allows companies to present line items, sub line items and sub totals to be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial position or performance.

Accordingly, the company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortisation expense, finance income, finance costs and tax expense.

2.3 Standards issued but not yet effective

The standards/amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Ind AS 116 Leases

Ind AS 116 shall be applied for accounting of leases by lessee and lessor in their respective books. Compared to previous Standard (Ind AS 17) on leases which shall be omitted w.e.f. April 1, 2019, principles of Ind AS 116 for lessor are substantially same. However, there is significant change in the way a lessee shall account for leases in its books

It provides that an entity, being a lessee, shall treat almost all leases, except leases for short-term and leases of low value assets, as finance leases. The entity shall recognise a right-of-use asset and a lease liability whenever it takes any asset on lease. The right-of-use asset shall be measured at cost that comprises of initial value of lease liability, lease payments made on or before the commencement of lease, initial direct costs incurred by the entity and an initial estimated cost of dismantling & removing the leased asset and restoring the site on which the asset is located. The lease liability shall be measured at the present value of the lease payments due. The interest rate implicit in the lease or lessee's incremental borrowing may be used to arrive at the present value. Subsequently, at each balance sheet date, the right-of-use asset shall be depreciated and lease liability shall be increased by interest amount & decreased by amount paid. The right-of-use asset may also be measured at revalued amount under revaluation model. The Company intends to adopt these standards from 1st April 2019. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its Financial Statements.

Other Amendments to Standards, issued but not effective, which are either not applicable to the Company or the impact is not expected to be material

(a) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

(b) Amendments to Ind AS 109: Prepayment Features with Negative Compensation

(c) Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

(d) Amendments to Ind AS 28: Long-term interests in associates and joint ventures

(e) Annual improvement to Ind AS (2018):

- Amendments to Ind AS 103: Party to a Joint Arrangements obtains control of a business that is a Joint Operation
- Amendments to Ind AS 111: Joint Arrangements
- Amendments to Ind AS 12: Income Taxes
- Amendments to Ind AS 23: Borrowing Costs

NER II TRANSMISSION LIMITED
Notes to financial statements for the year ended 31 March 2019

Note 3: Property Plant and Equipment

(Amount in million)

Particulars	Freehold Land	Plant & Machinery	Total
Cost			
At 01 April 2017			
Additions	25.83	-	**25.83**
At 31 March 2018	**25.83**	**-**	**25.83**
Additions during the year	1.46	1.05	**2.51**
At 31 March 2019	**27.29**	**1.05**	**28.34**
Depreciation			
At 1 April 2017			
Charge for the year	-	-	**-**
At 31 March 2018	**-**	**-**	**-**
Charge for the year	-	0.17	**0.17**
At 31 March 2019	**-**	**0.17**	**0.17**
Net Block			
At 31 March 2018	**25.83**	**-**	**25.83**
At 31 March 2019	**27.29**	**0.88**	**28.17**

Capital Work in Progress*

Particulars	**(Rs. in million)**
At 31 March 2019	10,207.85
At 31 March 2018	751.81

*mainly includes Transmission Lines

NER II TRANSMISSION LIMITED
Notes to Financial Statements for the year ended 31 March 2019

Note 4: Cash and cash equivalents

	31 March 2019 (Rs. in millions)	31 March 2018 (Rs. in millions)
Balance with banks on current accounts	1.23	1.33
Deposit with original maturity of less than 3 months	309.25	-
Total	**310.48**	**1.33**

Note 5: Other Financial assets

	31 March 2019 (Rs. in millions)	31 March 2018 (Rs. in millions)
Current		
Advances recoverable in cash or kind (unsecured, considered good)	-	0.38
Interest accrued on investments	0.21	-
Total	**0.21**	**0.38**

Note 6: Other assets

	31 March 2019 (Rs. in millions)	31 March 2018 (Rs. in millions)
Non-current		
Capital advances (unsecured, considered good)	3,095.37	4,369.39
Advance income tax, including TDS (net of provisions)	0.19	-
Total	**3,095.56**	**4,369.39**
Current assets		
Prepaid expenses	98.66	0.32
Total	**98.66**	**0.32**

Note 7: Share capital

	31 March 2019 (Rs. in millions)	31 March 2018 (Rs. in millions)
Authorised shares		
3 million (31 March 2018: 3 million) equity shares of Rs.10 each	30.00	30.00
Issued, subscribed and fully paid-up shares		
2.019 million (31 March 2018: 2.019 million) equity shares fully paid - up	20.19	20.19
Total issued, subscribed and fully paid-up share capital	**20.19**	**20.19**

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	Number of shares (in millions)	Equity share (Rs in million)
As at 01 April 2017	0.05	0.50
Increase during the year	1.97	19.69
As at 31 March 2018	**2.02**	**20.19**
Increase during the year	-	-
As at 31 March 2019	**2.02**	**20.19**

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding/ ultimate holding company and/or their subsidiaries/associates

	31 March 2019		31 March 2018	
	Number of shares (Rs. in millions)	% holding	Number of shares (Rs. in millions)	% holding
Sterlite Grid 4 Limited (immediate holding company)	2.02	100%	2.02	100%

d. Details of shareholders holding more than 5% of shares in the company

	31 March 2019		31 March 2018	
	Nos. in million	% holding	No. in million	% holding
Sterlite Grid 4 Limited (immediate holding company)	2.02	100%	2.02	100%

NER II TRANSMISSION LIMITED
Notes to Financial Statements for the year ended 31 March 2019

Note 8: Other equity

	31 March 2019 (Rs. in millions)	31 March 2018 (Rs. in millions)
Securities premium		
Balance as per last financial statements	1,260.16	-
Add: Securities premium on issue of share capital	-	1,260.16
Total retained earnings	**1,260.16**	**1,260.16**
Retained earnings		
Balance as per last financial statements	(0.39)	(0.21)
Add: Loss for the year	(0.78)	(0.18)
Total retained earnings	**(1.17)**	**(0.39)**

Note 9: Long term borrowings

	31 March 2019 (Rs. in millions)	31 March 2018 (Rs. in millions)
Term loans (Secured)		
Indian rupee term loan from Financial Institutions	4,937.50	82.65
Domestic bill discounting	2,327.70	3,087.70
Total	**7,265.20**	**3,170.35**
Current maturities :		
Term loans		
Interest accrued but not due on borrowings	0.49	1.38
	0.49	**1.38**
Less: Amount disclosed under the head "Other current financial liabilities" (refer note 11)	(0.49)	(1.38)
Net amount	-	-

Notes:

i. Indian rupee loan from financial institution carries interest rate linked to the Lead Lenders Benchmark rate with spread. 70% of total loan amount is repayable in 47 structured quarterly instalments post 6 months moratorium period in accordance with amortisation schedule starting from 30 june 2021.balance 30% of the total loan amount shall be repayable as a bullet repayment as a last installment as on 30 september 2032.The loan is secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, current assets, all the accounts and intangible assets both present and future. Loans are also secured by assignment by way of security of all the right, title, interest benefits, claims and demands whatsoever of the Company in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time; all rights, title, interest and benefits of the Company in to and under all clearances pertaining to the project (including transmission license) to the extent same are assignable; all rights, title, interest, benefits, claims and demands whatsoever of the Company in any letter of credit, guarantee including contract guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the project document; all rights, title, interest, benefits, claims and demands whatsoever of the borrower in, to and under all insurance contracts and insurance proceeds pertaining to the project. Loans are also secured by non disposable undertaking from sponsor directly/ indirectly to hold at least 51% of equity share capital till final settlement date. Upon occurrence of event of default the negative lien shall be converted in pledge of 51% of the equity share capital of the Company.

ii. Domestic bill discounting carries interest rate 7.20% p.a. to 9.00% p.a. This facility has been sanctioned as a sublimit of the rupee term loan and carries same terms, conditions and securities as described above. The bills are due for maturity within 270 to 720 days and upon maturity gets automatically converted into rupee term loan hence this has been classified under

Financial Covenants

The Company is required to ensure compliance of certain financial covenants pertaining to maintenance of minimum debt service coverage ratio, debt equity ratio in respect of long term loans obtained from financial institutions. However, as at March 31, 2019, these covenants are not applicable.

Note 10: Short term borrowings

	31 March 2019 (Rs. in millions)	31 March 2018 (Rs. in millions)
Unsecured loan from immediate holding company (refer note 17) *	2,567.72	617.27
Total	**2,567.72**	**617.27**

* Unsecured loan from immediate holding company is repayable on demand and carries nil rate of interest.

Note 11: Other current financial liabilities

	31 March 2019 (Rs. in millions)	31 March 2018 (Rs. in millions)
Interest accrued but not due on borrowings (refer note 9)	0.49	1.38
Payable for purchase of property, plant and equipments (refer note 17)	2,605.35	77.07
Management fees payable (refer note 17)	0.01	-
Others (Including reimbursement of expenses) (refer note 17)	4.15	1.97
Total	**2,610.00**	**80.42**

Payables for purchase of property, plant and equipment are not-interest bearing and are normally settled on 90-180 days terms
For explanation on the Company's risk management policies, refer note 21.

Note 12: Other current liabilities

	31 March 2019 (Rs. in millions)	31 March 2018 (Rs. in millions)
TDS payable	18.83	1.06
Total	**18.83**	**1.06**

Note 13: Other expenses*

	31 March 2019 (Rs. in millions)	31 March 2018 (Rs. in millions)
Payment to auditors		
Statutory audit fee (including taxes)	0.59	0.18
Management fees	0.01	-
Rates & taxes	0.01	-
Total	**0.61**	**0.18**

*Other expenses as above are net of amounts capitalised to property, plant and equipment (refer note 18).

NOTE 14: DEPRECIATION AND AMORTISATION EXPENSE

	31 March 2019 (Rs. in millions)	31 March 2018 (Rs. in millions)
Depreciation of tangible assets	0.17	-
Total	**0.17**	**-**

Note 15: Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.
Diluted EPS amounts are calculated by dividing the profit/loss attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the loss and share data used in the basic and diluted EPS computation

	31 March 2019 (Rs. in millions)	31 March 2018 (Rs. in millions)
Loss after tax for calculating basic and diluted EPS	**(0.78)**	**(0.18)**
Weighted average number of equity shares in calculating basic and diluted EPS (No. millions)	2.02	0.54
Earnings Per Share		
Basic and Diluted (On Nominal Value of Rs. 10 Per Share) Rupees/share	**(0.39)**	**(0.33)**

Note 16: Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. For the purpose of assessment for impairment, the management has compared the carrying value of an asset or cash generating unit with the value in use. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and other assumptions.

NER II TRANSMISSION LIMITED
Notes to Financial Statements for the year ended 31 March 2019

Note 17: Related Party Disclosures

(A) Name of related party and nature of its relationship:

Related parties where control exists

Sterlite Grid 4 Limited	Immediate holding company
Sterlite Power Grid Ventures Limited	Intermediate holding company
Sterlite Power Transmission Limited	Intermediate holding company
Twin Star Overseas Limited, Mauritius	Intermediate holding company
Volcan Investments Limited, Bahamas	Ultimate holding company

(B) The transactions with related parties during the year and their outstanding balances are as follows:-

(Rs. in millions)

Particulars	Sterlite Grid 4 Limited		Sterlite Power Grid Ventures Limited	
	2018-19	**2017-18**	**2018-19**	**2017-18**
Transactions during the year				
Advance given against capital goods	-	-	-	4,060.65
Purchase of Capital goods and services (excluding Taxes)	-	-	7,527.43	78.91
Conversion of loan into equity shares (including premium)	-	1,279.85	-	-
Unsecured Loan taken	1,950.45	1,683.73	-	-
Reimbursement of expenses (paid or payable)	-	-	3.38	-
Management Fees Expense	0.01	-	-	-
Outstanding balances	**31 March 2019**	**31 March 2018**	**31 March 2019**	**31 March 2018**
Payable for purchase of fixed assets	-	-	2,605.35	77.07
Advance outstanding for purchase of fixed assets	-	-	2,349.88	4,369.39
Unsecured loan payable	2,567.72	617.27	-	-
Reimbursement of expenses (paid or payable)	-	-	3.38	-
Management Fees payable	0.01	-	-	-

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NER II TRANSMISSION LIMITED
Notes to Financial Statements for the year ended 31 March 2019

Note 18: Capitalisation of expenditure

During the year, the Company has capitalised the following expenses to the cost of fixed assets/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company:

	31 March 2019 (Rs. in millions)	31 March 2018 (Rs. in millions)
A. Opening Balance	**667.94**	**248.51**
B. Additions during the year		
Professional fees	2.87	4.14
Other expenses	1.25	4.06
Miscellaneous expenses	-	0.04
Finance Cost	385.72	411.19
Total (B)	**389.84**	**419.43**
C. Transferred to property, plant and equipment during the year	-	-
D. Closing Balance of expenditure in CWIP (A+B-C)	**1,057.78**	**667.94**

Note 19: Capital and other Commitments

(a) As at 31 March 2019, the Company has a commitment of Rs. 9,956.91 million (31 March 2018 : Rs. 17,669.38 million) relating to the completion of 2520 MVA transmission line, net of capital advances.

The Company has entered into transmission services agreement (TSA) with long term transmission customers pursuant to which the Company has to transmit power of contracted capacity and ensure minimum availability of transmission line over the period of the TSA. The TSA contains provision for disincentives and penalties in case of certain defaults.

Note 20: Segment reporting

The Company's activities comprise of transmission of electricity in certain states in India. Based on the guiding principles given in Ind AS - 108 "Operating Segments", this activity falls within a single operating segment and accordingly the disclosures of Ind AS -108 have not separately been given.

Note 21: Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, cash and short-term deposits and other financial assets that derive directly from its

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The management reviews and agrees policies for managing each of these risks, which are summarised below.
The Risk Management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.
Management has overall responsibility for the establishment and oversight of the Company's risk management framework. In performing its operating, investing and financing activities, the Company is exposed to the Credit Risk, Liquidity Risk and Market risk.

(A) Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. As at March 31, 2019 the Company did not have any credit risk towards above.

(B) Liquidity risk
Liquidity risk is the risk that the Company may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Company's objective is to, at all times times maintain optimum levels of liquidity to meet its cash and collateral obligations. The Company requires funds both for short term operational needs as well as for long term investment programs mainly in projects. The Company closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, liquid investments and sufficient committed fund facilities, will provide liquidity.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 30 days. The other payables are with short term durations. The carrying amounts are assumed to be reasonable approximation of fair value. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Rs in Millions

Particulars	Payable on demand	Less than 3 months	3 months to 12 months	1 to 5 years	More than 5 years	Total
31 March 2019						
Borrowings	2,567.72	-	-	3,344.00	3,921.20	9,832.92
Other financial liabilities	-	0.49	2,609.51	-	-	2,610.00
Total	**2,567.72**	**0.49**	**2,609.51**	**3,344.00**	**3,921.20**	**12,442.92**
31 March 2018						
Borrowings	617.27	-	-	2,112.00	1,058.35	3,787.62
Other financial liabilities	-	80.42	-	-	-	80.42
Total	**617.27**	**80.42**	**-**	**2,112.00**	**1,058.35**	**3,868.04**

(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: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings, bank deposits, Investments in short-term mutual funds, and derivative financial instruments. As at 31 March 2019, the Company did not have any financial instrument subject to market risk.

Interest rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate primarily relates to the Company's long term debt obligations with floating interest rates.

Interest rate sensitivity
The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on that portion of loans and borrowings affected. With all the other variables held constant, the Company's loss before tax is affected through the impact on floating rate borrowings, as follows:

(Rs. in Million)

Particulars	Increase/Decrease in Basis Points	Effect on capital expenditure*
March 31, 2019		
Base Rate	+50	5.83
Base Rate	-50	(5.83)
March 31, 2018		
Base Rate	+50	0.05
Base Rate	-50	(0.05)

* Since the project was under construction during the given period, any change in the interest rate would have been adjusted to the cost of property, plant and equipment.

Note 22: Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio optimum. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents, other bank balances and short term investments

Particulars	31 March 2019 (Rs. in millions)	31 March 2018 (Rs. in millions)
Borrowings*	9,832.92	3,787.62
Other financial liabilities	2,610.00	80.42
Less: Cash and cash equivalents, other bank balances and short term investments	(310.48)	(1.33)
Net debt	**12,132.44**	**3,866.71**
Equity share capital	20.19	20.19
Other equity	(1.17)	1,259.77
Total capital	**19.02**	**1,279.96**
Capital and net debt	**12,151.46**	**5,146.67**
Gearing ratio	99.8%	75.1%

* includes loans of Rs. 2,567.72 million (31 March 2018 : Rs.617.27 million) from the immediate holding company.

Note 23: Fair value measurement
There are no financial instruments which are measured at fair value as at period end. The management assessed that fair values of cash and cash equivalents, other bank balances, trade payables and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair values of borrowings (other than fixed rate) approximate their carrying amounts mainly due to the variable interest rates. For fixed rate borrowings, the fair values approximate their carrying amounts largely due to movements in interest rates from the recognition of such financial instrument till period end not being material.

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
NER II TRANSMISSION LIMITED

per Paul Alvares
Partner
Membership Number : 105754
Place: Mumbai
Date: 14 May 2019

Amarendranath Reddy Tatimakula
Director
DIN: 07107290
Place: New Delhi
Date: 14 May 2019

Sanjay Arvind Johari
Director
DIN: 08378064
Place: New Delhi
Date: 14 May 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of NER II Transmission Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of NER II Transmission Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 1' a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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 purpose 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure 2' to this report;

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

    i. The Company does not have any pending litigations which would impact its financial position;

    ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

[This space has been intentionally left blank]

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

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754
Place of Signature: Mumbai
Date: May 11, 2018

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: NER II Transmission Limited (the "Company")

i. a The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

b All items of property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

c According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.

ii. The company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.

v. The Company has not accepted any deposits from the public.

vi. To the best of our knowledge and as explained, the cost records prescribed by the Central Government under Section 148(1) of the Companies Act, 2013, are not applicable to the Company for the year ended March 31, 2018.

Vii a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, service tax, value added tax and other material statutory dues applicable to it. The Company did not have any statutory dues towards provident fund, employees' state insurance, wealth-tax, sales-tax, duty of customs, duty of excise and cess.

b. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, service tax, value added tax and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

c. According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, value added tax and cess which have not been deposited on account of any dispute.

viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to bank and financial institution. The Company did not have any loans or borrowing in respect of government or debenture holders during the year.

ix. In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised.

x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

xi. According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Companies Act, 2013 is not applicable to the Company and hence not commented upon.

xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Companies Act, 2013.

xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754
Place of Signature: Mumbai
Date: May 11, 2018

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF NER II TRANSMISSION LIMITED

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

We have audited the internal financial controls over financial reporting of NER II Transmission Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor’s 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 as specified 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 material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the Ind AS 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 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 Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial 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 March 31, 2018, 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.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754
Place of Signature: Mumbai
Date: May 11, 2018

NER II TRANSMISSION LIMITED
BALANCE SHEET AS ON 31 MARCH 2018
(All amounts in Rs. Million unless otherwise stated)

	Note	31 March 2018 (Rs. in Million)	31 March 2017 (Rs. in Million)
ASSETS			
Non-current assets			
Property, Plant & Equipment	3	25.83	-
Capital work-in-progress	3	751.81	248.52
Other non-current assets	6	4,369.39	-
		5,147.03	**248.52**
Current assets			
Financial assets			
i. Cash and cash equivalents	4	1.33	0.02
ii. Other financial assets	5	0.38	-
Other current assets	6	0.32	-
		2.03	**0.02**
Total assets		**5,149.06**	**248.54**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	7	20.19	0.50
Other equity			
Securities premium	8	1,260.16	-
Retained earnings	8	(0.39)	(0.21)
Total Equity		**1,279.96**	**0.29**
Non-current liabilities			
Financial Liabilities			
i. Borrowings	9	3,170.35	-
		3,170.35	-
Current liabilities			
Financial liablities			
i. Borrowings	10	617.27	213.39
ii. Other financial liabilities	11	80.42	34.84
Other current liabilities	12	1.06	0.02
		698.75	**248.25**
Total equity and liabilities		**5,149.06**	**248.54**
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
NER II TRANSMISSION LIMITED

per Paul Alvares
Partner
Membership Number: 105754
Place: Mumbai
Date: 11 May 2018

Ramesh Sharma
Director
DIN: 07679989
Place: Mumbai
Date: 11 May 2018

Amarendranath Reddy Tatimakula
Director
DIN: 05298459
Place: Mumbai
Date: 11 May 2018

NER II TRANSMISSION LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Million unless otherwise stated)

	Notes	31 March 2018 (Rs. in Million)	31 March 2017 (Rs. in Million)
Income		-	-
Expenses			
Other expenses	13	0.18	0.17
Total expenses		**0.18**	**0.17**
Earning before interest, tax, depreciation and amortisation (EBITDA)		**(0.18)**	**(0.17)**
Depreciation and amortisation expense		-	-
Finance costs		-	-
Loss before tax		**(0.18)**	**(0.17)**
Tax expense		-	-
Loss for the year		**(0.18)**	**(0.17)**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Total comprehensive income for the year, net of tax		**(0.18)**	**(0.17)**
Earnings per equity share			
Basic and diluted			
Computed on the basis of loss for the year (Rs.)	14	(0.33)	(3.45)
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754
Place: Mumbai
Date: 11 May 2018

For and on behalf of the Board of Directors of
NER II TRANSMISSION LIMITED

Ramesh Sharma
Director
DIN: 07679989
Place: Mumbai
Date: 11 May 2018

Amarendranath Reddy Tatimakula
Director
DIN: 05298459
Place: Mumbai
Date: 11 May 2018

NER II TRANSMISSION LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in Rs. Million unless otherwise stated)

A. Equity share capital

Equity shares of Rs 10 each issued, subscribed and fully paid	Nos. in Million	Rs. in Million
Balance as at 1 April 2016	0.05	0.50
Changes in equity share capital during the year	-	-
Balance as at 31 March 2017	0.05	0.50
Changes in equity share capital during the year	**1.97**	**19.69**
Balance as at 31 March 2018	**2.02**	**20.19**

B. Other equity (Rs. in Million)

	Securities premium	Retained Earnings	Total equity
As at 1 April 2016	-	**(0.04)**	**(0.04)**
Loss for the year	-	(0.17)	(0.17)
Other comprehensive income	-	-	-
As at 31 March 2017	-	**(0.21)**	**(0.21)**
Loss for the year	-	(0.18)	(0.17)
Other comprehensive income	-	-	-
Issue of share capital	1,260.16	-	1,260.16
As at 31 March 2018	**1,260.16**	**(0.39)**	**1,259.78**

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754
Place: Mumbai
Date: 11 May 2018

For and on behalf of the Board of Directors of
NER II TRANSMISSION LIMITED

Ramesh Sharma
Director
DIN: 07679989
Place: Mumbai
Date: 11 May 2018

Amarendranath Reddy Tatimakula
Director
DIN: 05298459
Place: Mumbai
Date: 11 May 2018

NER II TRANSMISSION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	31 March 2018 (Rs. in million)	31 March 2017 (Rs. in million)
Cash flow from operating activities		
Loss before tax	**(0.18)**	**(0.17)**
Non-cash adjustment to reconcile profit before tax to net cash flows	-	-
Operating profit before working capital changes	**(0.18)**	**(0.17)**
Movements in working capital :		
- (Increase)/decrease in other financial assets	(0.38)	-
- (Increase)/decrease in other assets	(0.32)	-
- Increase/(Decrease) in Other current financial liabilities	1.97	-
- Increase/(Decrease) in Other current liabilities	1.03	0.17
Change in working capital	**2.30**	**0.17**
Cash generated from operations	**2.12**	**-**
Direct taxes paid (net of refunds)	-	-
Net cash flow from operating activities (A)	**2.12**	**-**
Cash flow from investing activities		
Purchase of property plant & equipment, including capital work-in-progress and capital advances	(4,445.08)	(199.07)
Net cash flow used in investing activities (B)	**(4,445.08)**	**(199.07)**
Cash flow from financing activities		
Proceeds from long term borrowings	3,170.35	199.07
Proceeds of loan from holding company	1,683.73	-
Finance costs	(409.81)	-
Net cash flow from financing activities (C)	**4,444.27**	**199.07**
Net (Decrease)/Increase in cash and cash equivalents (A + B + C)	1.31	-
Cash and cash equivalents as at beginning of year	0.02	0.02
Cash and cash equivalents as at year end	1.33	0.02

Components of Cash and cash equivalents:	31 March 2018 (Rs. in millions)	31 March 2017 (Rs. in millions)
Balances with banks:		
- On current accounts	1.33	0.02
Total cash and cash equivalents (refer note 4)	**1.33**	**0.02**

NER II TRANSMISSION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Reconciliation between opening and closing balances for liabilities arising from financing activities:

Particulars	**Long term borrowings**	**Short term borrowings**
31 March 2017	**-**	**213.39**
Cash flow		
- Interest	(409.81)	-
- Proceeds/(repayments)	3,170.35	1,683.73
Non cash changes		
Conversion of loan into equity shares (including premium)	-	(1,279.85)
Accrual	411.19	-
31 March 2018	**3,171.73**	**617.27**

Summary of significant accounting policies 2.2

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
NER II TRANSMISSION LIMITED

per Paul Alvares
Partner
Membership Number: 105754
Place: Mumbai
Date: 11 May 2018

Ramesh Sharma
Director
DIN: 07679989
Place: Mumbai
Date: 11 May 2018

Amarendranath Reddy Tatimakula
Director
DIN: 05298459
Place: Mumbai
Date: 11 May 2018

1. Corporate information

NER II Transmission Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The registered office of the Company is located at F-1, The Mira Corporate Suits, Ishwar Nagar, New Delhi 110065.

The Company is a developer on Build Own Operate and Maintain ('BOOM') basis, for the designing, finalizing, construction and maintenance of power transmission lines in the state of Assam, Arunachal Pradesh, Tripura which include establishment of Transmission system for "NER System Strengthening Scheme- II (Part B) and V. Transmission lines would be commissioned within 38 months and the Company would operate and maintain the same for a minimum period tenure of 35 years thereafter.

The Company was incorporated as a wholly owned subsidiary of REC Transmission Company Limited. Consequent to the selection of successful bidder as per "Guidelines for Determination of Tariff by bidding process for procurement of power by Distribution Licenses" issued by Ministry of Power. Government of Power, Government of India and as per bidding documents (as amended from time to time), the Company was transferred to Sterlite Grid 4 Limited vide Share Purchase Agreement dated 31 March 2017.

The financial Statements were authorised for issue in accordance with resolution passed by the Board of Directors of the Company on 11 May 2018.

2. Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended, prescribed under Section 133 of the Companies Act, 2013 ("Ind AS").

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Indian Rupees Millions, except when otherwise indicated.

2.2 Summary of significant accounting policies

The following is the summary of significant accounting policies applied by the Company in preparing its financial statements:

a) Current versus 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 realised or intended to be sold or consumed in the normal operating cycle
§ Held primarily for the purpose of trading
§ Expected to be realised 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 the 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 the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

Operating cycle of the Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company has identified twelve months as its operating cycle**.**

b) Foreign currencies

The Company's financial statements are presented in INR, which is its functional currency. The Company does not have any foreign operation.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

c) Fair value measurement

The Company measures financial instruments such as investments in mutual funds at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
§ In the principal market for the asset or liability, or
§ In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets such as property plant and equipment. Involvement of external valuers is decided by the management on a need basis and with relevant approvals. The valuers involved are selected based on criteria like market knowledge, reputation, independence and professional standards. The management decides after discussion with the external valuers, which valuation techniques and inputs to use for the valuation.

At each reporting date, the management analyses the movement of assets and liabilities which are required to be remeasured or reassessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management in conjunction with the external valuers also compares the change in fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. The valuation results are discussed at the Audit Committee.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is reduced for estimated rebates and other similar allowances.

The specific recognition criteria described below must also be met before revenue is recognised.

Rendering of services
Income from power transmission services is recognised on a pro-rata basis as and when services are rendered based on availability and the tariff charges approved under the respective CERC tariff orders and includes unbilled revenues accrued up to the end of the accounting period.

Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividends
Income from dividend on investments is accrued in the year in which it is declared, whereby the Company's right to receive is established.

e) Taxation

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

§ When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- § In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- § When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- § In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales/value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/value added taxes paid, except:

- § When the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- § When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the balance sheet.

f) Property, plant and equipment

Capital work in progress, property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred. No decommissioning liabilities are expected or be incurred on the assets of plant and equipment. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

h) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations. These budgets are prepared for the entire project life.

Impairment losses of continuing operations are recognised in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

i) 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

j) 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

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 that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

i. Debt instruments at amortised cost
ii. Debt instruments at fair value through other comprehensive income (FVTOCI)
iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

Debt instrument at FVTOCI
A 'debt instrument' is classified as the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method. The Company does not have significant financial assets which are subsequently measured at FVTOCI.

Debt instrument at FVTPL
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

This category is most relevant to the Company. This category is generally applied to Investments in short-term mutual funds, Trade and other receivables and Cash and short-term deposits.

Equity investments
All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present

in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

The Company does not have significant investments in the nature of Equity investments.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's combined balance sheet) when:

§ The rights to receive cash flows from the asset have expired, or
§ The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
Majority of the financial assets of the Company pertain to Trade and other receivables. Considering the nature of business, the Company does not foresee any credit risk on its trade and other receivables which may cause an impairment. As per the TSA, the receivables are covered by clause of payment security mechanism which ensures receipt of all trade receivables. Also, the Company does not have any past history of impairment of Trade receivables.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include borrowings and related costs and trade and other payables.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to borrowings. For more information refer Note 9.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial 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 in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets
The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	**Revised Classification**	**Accounting Treatment**
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in statement of profit or loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to statement of profit or loss at the reclassification date.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the combined 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.

k) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

l) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

m) Presentation of EBITDA

The company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. This is not required by the Ind AS 1. The EBITDA is not defined in the Ind AS. Ind AS compliant schedule III allows companies to present line items, sub line items and sub totals to be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial position or performance.

Accordingly, the company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortisation expense, finance income, finance costs and tax expense.

2.3 Standards issued but not yet effective:

The standards and amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standards:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Ind AS 115 is not expected to have material impact on the Company.

Other Amendments to standards, issued but not effective, which are either not applicable to the Company or the impact is not expected to be material:

a) Amendments to Ind 112 Disclosure of Interests in Other Entities:
The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

b) Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

c) Transfers of Investment Property - Amendments to Ind AS 40
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

d) Ind AS 28 Investments in Associates and Joint Ventures
The amendments clarify that:
- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

e) Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration
The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

NER II TRANSMISSION LIMITED
Notes to Financial Statements for the year ended 31 March 2018

Note 3: Property, Plant and Equipment

(Amount in Million)

Particulars	Freehold Land	Total
Cost		
At 1 April 2016	-	-
Additions	-	-
Disposals	-	-
At 31 March 2017	-	-
Additions	25.83	**25.83**
Disposals	-	-
At 31 March 2018	**25.83**	**25.83**
Depreciation		
At 1 April 2016	-	-
Charge for the year	-	-
Disposals	-	-
At 31 March 2017	-	-
Charge for the year	-	-
Disposals	-	-
At 31 March 2018	-	-
Net Block		
At 31 March 2017	-	-
At 31 March 2018	**25.83**	**25.83**

Capital work in progress*	**(Rs. in million)**
At 31 March 2018	751.81
At 31 March 2017	248.52

*mainly includes Transmission Lines

NER II TRANSMISSION LIMITED
Notes to Financial Statements for the year ended 31 March 2018

Note 4: Cash and cash equivalents

	31 March 2018 (Rs. in Million)	31 March 2017 (Rs. in Million)
Balance with banks on current accounts	1.33	0.02
Total	**1.33**	**0.02**

Note 5: Other financial assets

	31 March 2018 (Rs. in Million)	31 March 2017 (Rs. in Million)
Advances recoverable in cash or kind	0.38	-
Total	**0.38**	**-**

Note 6: Other assets

	31 March 2018 (Rs. in Million)	31 March 2017 (Rs. in Million)
Non-current		
Capital advances (unsecured, considered good) (refer note 17)	4,369.39	-
Total	**4,369.39**	**-**
Current		
Prepaid expenses	0.32	-
Total	**0.32**	**-**

Note 7: Share capital

	31 March 2018 (Rs. in Million)	31 March 2017 (Rs. in Million)
Authorised shares		
3 million (31 March 2017: 0.05 million) equity shares of Rs.10 each	30.00	0.50
Issued, subscribed and fully paid-up shares		
2.019 million (31 March 2017: 0.05 million) equity shares fully paid - up	20.19	0.50
Total issued, subscribed and fully paid-up share capital	**20.19**	**0.50**

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	Number of shares (in Million)	Equity share (Rs in million)
As at 1 April 2016	0.05	0.50
Issued during the period	-	-
As at 31 March 2017	0.05	0.50
Increase during the year	1.97	19.69
As at 31 March 2018	**2.02**	**20.19**

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding/ ultimate holding company and/or their subsidiaries/associates

	31 March 2018		31 March 2017	
	Number of shares (Rs. in Million)	% holding	Number of shares (Rs. in Million)	% holding
Sterlite Grid 4 Limited (immediate holding company)	2.02	100%	0.05	100%

d. Details of shareholders holding more than 5% of shares in the company

	31 March 2018		31 March 2017	
	Nos. in million	% holding	No. in million	% holding
Sterlite Grid 4 Limited (immediate holding company)	2.02	100%	0.05	100%

NER II TRANSMISSION LIMITED
Notes to Financial Statements for the year ended 31 March 2018

Note 8: Other equity

	31 March 2018 (Rs. in Million)	31 March 2017 (Rs. in Million)
Securities premium		
Balance as per last financial statements	-	-
Add: Securities premium on issue of share capital	1,260.16	-
Total	**1,260.16**	**-**
Retained earnings		
Balance as per last financial statements	(0.21)	(0.04)
Add: Loss for the period	(0.18)	(0.17)
Total	**(0.39)**	**(0.21)**

Note 9: Long term borrowings

	31 March 2018 (Rs. in Million)	31 March 2017 (Rs. in Million)
Non-current		
Term loans (Secured)		
Indian rupee loan from financial institution	82.65	-
Domestic bill discounting	3,087.70	-
Total	**3,170.35**	**-**
The above amount includes		
Secured borrowings	3,170.35	-
Unsecured borrowings	-	-
Total non-current borrowings	**3,170.35**	**-**
Current maturities		
Term loan (secured)		
Interest accrued but not due on borrowings	1.38	-
Total current borrowings	**1.38**	-
Less: Amount disclosed under the head "Other current financial liabilities" (refer note 11)	1.38	-
Total	**-**	**-**

Notes:

i. Indian rupee loan from financial institution carries interest at the rate of 10.75% p.a payable monthly (PFL PLR as on date being 15.9% minus spread of 5.15% ("spread") presently 10.75% for a period of one year from first disbursement date. Thereafter interest rate would be resat annually (1 year after the first disbursement date). Total loan amount is repayable in 47 structured quarterly instalments post 6 months moratorium period in accordance with amortisation schedule (tenuar of 15 year). The loan is secured by first charge on all the immovable assets pertaining to the project, tangible movable assets, current assets, all the accounts and intangible assets both present and future. Loans are also secured by assignment by way of security of all the right, title, interest benefits, claims and demands whatsoever of the Company in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time; all rights, title, interest and benefits of the Company in to and under all clearances pertaining to the project (including transmission license) to the extent same are assignable; all rights, title, interest, benefits, claims and demands whatsoever of the Company in any letter of credit, guarantee including contract guarantees and liquidated damages, consent agreements, side letters and performance bond provided by any party to the project document; all rights, title, interest, benefits, claims and demands whatsoever of the borrower in, to and under all insurance contracts and insurance proceeds pertaining to the project. Loans are also secured by non disposable undertaking from sponsor directly/ indirectly to hold at least 51% of equity share capital till final settlement date. Upon occurrence of event of default the negative lien shall be converted in pledge of 51% of the equity share capital of the Company.

ii. Domestic bill discounting carries interest rate 7.85% p.a. This facility has been sanctioned as a sublimit of the rupee term loan and carries same terms, conditions and securities as described above. The bills are due for maturity within 90 days and upon matuiry gets automatically converted into rupee term loan hence this has been classified under long-term borrowings.

Financial Covenants

The Company is required to ensure compliance of certain financial covenants pertaining to maintenance of minimum debt service coverage ratio, debt equity ratio in respect of long term loans obtained from financial institutions. However, as at March 31, 2018, these covenants are not applicable.

NER II TRANSMISSION LIMITED
Notes to Financial Statements for the year ended 31 March 2018

Note 10: Short term borrowings

	31 March 2018 (Rs. in Million)	31 March 2017 (Rs. in Million)
Loan from holding company (unsecured) (refer note 17)	617.27	213.39
Total	**617.27**	**213.39**

Unsecured loan from holding company is repayable on demand and carries nil rate of interest.

Note 11: Other financial liabilities

	31 March 2018 (Rs. in Million)	31 March 2017 (Rs. in Million)
Current		
Interest accrued but not due on borrowings (refer note 9)	1.38	-
Payable for purchase of property, plant and equipment (refer note 17)	77.07	34.84
Others	1.97	-
Total	**80.42**	**34.84**

Note 12: Other current liabilities

	31 March 2018 (Rs. in Million)	31 March 2017 (Rs. in Million)
TDS payable	1.06	0.02
Total	**1.06**	**0.02**

Note 13: Other expenses

	31 March 2018 (Rs. in Million)	31 March 2017 (Rs. in Million)
Payment to auditors (including taxes)		
Statutory audit fees	0.18	0.17
Total	**0.18**	**0.17**

Note 14: Earnings per share (EPS)
Basic EPS amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.
Diluted EPS amounts are calculated by dividing the profit/loss attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the loss and share data used in the basic and diluted EPS computation

	31 March 2018 (Rs. in Million)	31 March 2017 (Rs. in Million)
Loss after tax for calculating basic and diluted EPS	**(0.18)**	**(0.17)**
Weighted average number of equity shares in calculating basic and diluted EPS (No. Million)	0.54	0.05
Earnings Per Share		
Basic and Diluted (On Nominal Value of Rs. 10 Per Share) Rupees/share	**(0.33)**	**(3.45)**

Note 15: Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Applicability of Appendix A-Service Concession Arrangements of Ind AS 11 Construction Contracts

The Company is a transmission licensee under the Electricity Act 2003 holding valid license for 25 years. It has also entered into a Transmission Services Agreement ("TSA") with Long Term Transmission Customers ("LTTC") through a tariff based bidding process and is required to Build, Own, Operate and Maintain ("BOOM") the transmission infrastructure for a period of 35 years. The management of the Company is of the view that the grantor as defined under Appendix A of Ind AS 11 ("Appendix A") requires transmission licensee to obtain various approvals under the regulatory framework to conduct its operations both during the period of the license as well as at the end of the license period. However, in the view of management, the grantor's involvement and approvals are to protect public interest and are not intended to control through ownership, beneficial entitlement or otherwise, any significant residual interest in the transmission infrastructure at the end of the term of the arrangement. Accordingly, management is of the view that Appendix A is not applicable to the Company.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. For the purpose of assessment for impairment, the management has compared the carrying value of an asset or cash generating unit with the value in use. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and other assumptions.

Note 16: Capitalization of expenditure

During the year, the Company has capitalised the following expenses to the cost of fixed assets/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company:

	31 March 2018 (Rs. in Million)	31 March 2017 (Rs. in Million)
A. Opening Balance	**248.51**	**14.92**
B. Additions during the year		
Professional Fees	4.14	172.50
Rates and Taxes	4.06	-
Finance cost	411.19	3.02
Miscellaneous expenses	0.04	58.07
Total (B)	**419.43**	**233.59**
C. Transferred to property, plant and equipment during the year	-	-
D. Closing Balance of expenditure in CWIP (A+B-C)	**667.94**	**248.51**

NER II TRANSMISSION LIMITED
Notes to Financial Statements for the year ended 31 March 2018

Note 17: Related Party Disclosures

(A) Name of related party and nature of its relationship:

Related parties where control exists

Till 30 March 2017

REC Transmission Projects Company Limited	Immediate holding company

From 31 March 2017

Sterlite Grid 4 Limited	Immediate holding company
Sterlite Power Grid Ventures Limited	Intermediate holding company
Sterlite Power Transmission Limited	Intermediate holding company
Twin Star Overseas Limited, Mauritius	Intermediate holding company
Volcan Investments Limited, Bahamas	Ultimate holding company

(B) The transactions with related parties during the year and their outstanding balances are as follows:-

(Rs. in million)

Particulars	Sterlite Grid 4 Limited		Sterlite Power Grid Ventures Limited		REC Transmission Projects Company Limited	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Transactions during the year						
Advance given against capital goods (including tax)	-	-	4,060.65		-	-
Purchase of Capital goods and services (Net of taxes)	-	-	78.91		-	-
Conversion of loan into equity shares (including premium)	1,279.85	-	-	-	-	-
Unsecured Loan taken	1,683.73	213.39	-	-	-	-
Unsecured Loan paid		-	-		-	14.32
Reimbursement of expenses (paid or payable)	-	-	-	34.68	-	-
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Outstanding balances						
Payable for purchase of fixed assets	-	-	77.07	-	-	-
Advance outstanding for purchase of fixed assets	-	-	4,369.39		-	-
Unsecured loan payable	617.27	213.39	-	-	-	-
Reimbursement of expenses (paid or payable)	-	-	-	34.68	-	-

NER II TRANSMISSION LIMITED
Notes to Financial Statements for the year ended 31 March 2018

Note 18: Capital and other Commitments

(a) As at 31 March 2018, the Company has a commitment of Rs.17,669.38 million (31 March 2017 - Nil) relating to the completion of 2520 MVA transmission line, net of capital advances.

(b) The Company has entered into transmission services agreement (TSA) with long term transmission customers pursuant to which the Company has to transmit power of contracted capacity and ensure minimum availability of transmission line over the period of the TSA. The TSA contains provision for disincentives and penalties in case of certain defaults.

Note 19: Segment reporting

The Company’s activities comprise of transmission of electricity in certain states in India. Based on the guiding principles given in Ind AS - 108 “Operating Segments”, this activity falls within a single operating segment and accordingly the disclosures of Ind AS -108 have not separately been given.

Note 20: Financial risk management objectives and policies

The Company’s principal financial liabilities comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company’s operations. The Company's principal financial assets include cash and short-term deposits and other financial assets that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company’s senior management oversees the management of these risks. The management reviews and agrees policies for managing each of these risks, which are summarised below.

The Risk Management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. In performing its operating, investing and financing activities, the Company is exposed to the Credit Risk, Liquidity Risk and Market risk.

(A) Credit risk
Credit risk is the risk that a 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 mainly from advances given to its vendors. However the vendor to whom the advances have been given is the holding company and hence the risk is considered low.

The Company’s maximum exposure to credit risk for the components of the Balance Sheet as at March 31, 2018 and March 31, 2017 is the carrying amounts of Other Assets as disclosed in Note 6. However, the credit risk is low due to reasons mentioned above.

(B) Liquidity risk
Liquidity risk is the risk that the Company may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Company's objective is to, at all times times maintain optimum levels of liquidity to meet its cash and collateral obligations. The Company requires funds both for short term operational needs as well as for long term investment programs mainly in projects. The Company closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, liquid investments and sufficient committed fund facilities, will provide liquidity.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 30 to 60 days. The other payables are with short term durations. The carrying amounts are assumed to be reasonable approximation of fair value. The table below summarises the maturity profile of the Copmpany’s financial liabilities based on contractual undiscounted payments:

Rs in Million

Particulars	Payable on demand	Less than 3 months	3 months to 12 months	1 to 5 years	More than 5 years	Total
31 March 2018						
Borrowings	617.27	-	-	2,112.00	1,058.35	**3,787.62**
Other financial liabilities	-	80.42	-	-	-	**80.42**
Total	**617.27**	**80.42**	**-**	**2,112.00**	**1,058.35**	**3,868.04**
31 March 2017						
Borrowings	213.39	-	-	-	-	213.39
Other financial liabilities		-	34.84	-	-	34.84
Total	**213.39**	**-**	**34.84**	**-**	**-**	**248.23**

(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: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings, bank deposits, Investments in short-term mutual funds, and derivative financial instruments.
The sensitivity analysis in the following sections relate to the position as at March 31, 2018 and March 31, 2017.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant as at March 31, 2018 and March 31, 2017.

The following assumption has been made in calculating the sensitivity analyses:
• The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate primarily relates to the Company's long term debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on that portion of loans and borrowings affected. With all the other variables held constant, the Company's loss before tax is affected through the impact on floating rate borrowings, as follows:

(Rs. in Million)

Particulars	Increase/Decrease in Basis Points	Effect on capital expenditure*
March 31, 2018		
Base Rate	+50	0.05
Base Rate	-50	(0.05)

There were no floating rate borrowings as at March 31, 2017

* Since the project was under construction during the given period, any change in the interest rate would have been adjusted to the cost of property, plant and equipment.

Note 21: Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio optimum. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents, other bank balannces and short term investments

Particulars	31 March 2018 (Rs. in Million)	31 March 2017 (Rs. in Million)
Borrowings*	3,787.62	213.39
Other financial liabilities	80.42	34.84
Less: Cash and cash equivalents, other bank balannces and short term investments	(1.33)	(0.02)
Net debt (A)	**3,866.71**	**248.21**
Equity share capital	20.19	0.50
Other equity	1,259.77	(0.38)
Total capital (B)	**1,279.96**	**0.12**
Capital and net debt (A+B)	**5,146.67**	**248.33**
Gearing ratio - (A)/(A+B)	75%	100%

* includes loans of Rs. 617.27 million (31 March 2017 : Rs.213.39 million) from the holding company

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. For the financial years ended 31 March 2018 and 31 March 2017, the Company was not required to comply with the said covenants.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

Note 22: Fair value measurement

There are no financial instruments which are measured at fair value as at period end. The management assessed that fair values of cash and cash equivalents, other bank balances, trade payables and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair values of borrowings (other than fixed rate) approximate their carrying amounts mainly due to the variable interest rates. For fixed rate borrowings, the fair values approximate their carrying amounts largely due to movements in interest rates from the recognition of such financial instrument till period end not being material.

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of
NER II TRANSMISSION LIMITED

per Paul Alvares
Partner
Membership Number: 105754
Place: Mumbai
Date: 11 May 2018

Ramesh Sharma
Director
DIN: 07679989
Place: Mumbai
Date: 11 May 2018

Amarendranath Reddy Tatimakula
Director
DIN: 05298459
Place: Mumbai
Date: 11 May 2018

APAS & Co.
CHARTERED ACCOUNTANTS

606, 6th FLOOR, PP CITY CENTRE
ROAD NO. 44, PITAMPURA,
D E L H I – 1 1 0 0 3 4
TEL.: 011-49058720
E-MAIL: apas.delhi@gmail.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Parbati Koldam Transmission Company Limited
Report on the Audit of the Interim Standalone Financial Statements

Opinion

We have audited the accompanying interim standalone financial statements of **Parbati Koldam Transmission Company Limited** (the "Company"), which comprise the Balance Sheet as at December 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income) for nine months period ended on that date, the Statement of Changes in Equity and the Statement of Cash Flows for the nine months period ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "interim standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standard 34 Interim Financial Reporting ("Ind AS 34') prescribed under section 133 of the Act and other accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2020, the profit and total comprehensive income for nine months period ended on that date, changes in equity and its cash flows for the nine months period ended on that date.

Basis for Opinion

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

Management Responsibilities for the Standalone Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these interim standalone financial statements that give a true and fair view of the financial position, financial performance including total comprehensive income, changes in equity and cash flows of the Company in accordance with Ind AS 34 and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the interim 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 interim 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.

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

Auditor's Responsibilities for the Audit of the Interim Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the interim standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim 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 interim standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Company's internal financial controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim standalone financial statements, including the disclosures, and whether the interim standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the interim standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the interim standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the interim standalone financial statements.

We also 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.

Other matters

1. We draw attention to the following matter in respect of revenue.
   The Company during the period has recognized the Transmission Service Charges (TSC) which is based on the final tariff order approved by the CERC and applicable as on March 31,2019 as tariff petition for the tariff period 2019 -2024 is yet to be filed by the Company. Difference in the Revenue recognised and the tariff approved for tariff period 2019-24 shall be recognised once the tariff petition is filed by the Company and the same is approved by the CERC for the tariff period 2019-2024.

The amount billed is Rs. 13,244.20 lacs. (Previous period Rs. 14,984.52 lacs).

2. The comparative figures for the period ended December 31, 2019 are unaudited and are taken as per financials reviewed by the predecessor audit firm. In addition, comparative figures for the year ended March 31, 2020 are taken as per audited financial statement for the year audited by predecessor audit firm M/s Pathak H D & Associates LLP, Chartered Accountants.

For APAS & CO.
CHARTERED ACCOUNTANTS
Firm Regn. No. 000340C

(RAJEEV RANJAN)
PARTNER
M. No. 535395

PLACE : NEW DELHI
DATED :
UDIN :

Parbati Koldam Transmission Company Limited
Balance Sheet as at December 31, 2020
(All amounts in INR Lakh, unless otherwise stated)

Particulars	Notes	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
ASSETS				
Non-Current Assets				
a. Property, Plant and Equipment	3	**70,107.25**	75,256.19	73,944.07
b. Financial Assets				
(i) Loans	4(a)	**6.57**	9.57	8.82
(ii) Other Financial Assets	4(b)	**-**	550.00	550.00
Total Non-Current Assets (A)		**70,113.82**	75,815.76	74,502.89
Current Assets				
a. Financial Assets				
(i) Trade Receivables	6 (a)	**12,127.41**	14,517.48	11,868.72
(ii) Cash and Cash Equivalents	6 (b)	**526.26**	5,933.62	9,557.84
(iii) Bank Balances other than (ii) above	6 (c)	**8,709.50**	2,342.50	2,342.50
(iv) Loans	4(a)	**3.00**	3.00	3.00
(v) Other Financial Assets	4(b)	**496.84**	390.45	491.23
b. Other Current Assets	5	**1.70**	4.04	1.18
Total Current Assets (B)		**21,864.71**	23,191.09	24,264.47
Regulatory deferral account debit balances and related deferred tax balances (C)	7	**-**	-	-
Total Assets and Regulatory Deferral Account debit balances (A+B+C)		**91,978.53**	99,006.85	98,767.36
EQUITY AND LIABILITIES				
Equity				
a. Equity Share Capital	8 (a)	**27,283.70**	27,283.70	27,283.70
b. Other Equity	8 (b)	**13,751.74**	15,464.55	16,731.26
Total Equity (D)		**41,035.44**	42,748.25	44,014.96
LIABILITIES				
Non-Current Liabilities				
a. Financial Liabilities				
- Borrowings	9	**36,204.54**	41,050.03	39,838.62
b. Provisions	10	**40.53**	102.41	56.78
c. Deferred Tax Liability (Net)	11 (e)	**1,352.50**	1,455.10	1,429.80
Total Non-Current Liabilities (E)		**37,597.57**	42,607.54	41,325.20
Current Liabilities				
a. Financial Liabilities				
(i) Trade Payables	12			
- Total outstanding dues of micro enterprise and small enterprises		**-**	-	-
- Total outstanding dues of creditors other than micro enterprise and small enterprise		**20.78**	19.85	20.67
(ii) Other Financial Liabilities	13	**13,223.38**	13,319.93	13,224.68
b. Other Current Liabilities	14	**5.79**	9.82	11.33
c. Provisions	10	**3.06**	6.43	5.65
d. Current Tax Liabilities (Net)	15	**92.51**	295.03	164.87
Total Current Liabilities (F)		**13,345.52**	13,651.06	13,427.20
Total Liabilities (G=E+F)		**50,943.09**	56,258.60	54,752.40
Regulatory deferral account credit balances and related deferred tax balances (H)	7	**-**	-	-
Total Equity and Liabilities (D+G)		**91,978.53**	99,006.85	98,767.36

The above balance sheet should be read in conjunction with the accompanying notes (1 - 28).

As per our attached Report of even date

For APAS & CO.
Chartered Accountants
Firm Registration No.000340C

For and on behalf of the Board

Alok K. Roy
Director
DIN: 01952393

Rajeev Ranjan
Partner
Membership No. 535395
Place: New Delhi
Date:

Rupin Rawat
Chief Financial Officer
Place: Gurugram
Date:

Parbati Koldam Transmission Company Limited
Statement of Profit and Loss for the period ended December 31, 2020
(All amounts in INR Lakh, unless otherwise stated)

Particulars	Note	For the quarter ended on			For the period ended		For the year ended
		December 31, 2020	September 30, 2020	December 31, 2019	**December 31, 2020**	December 31, 2019	March 31, 2020
(I) Revenue from Operations	16	**4,565.03**	4,169.47	4,107.32	**12,863.16**	14,850.61	18,940.68
(II) Other Income	17	**218.01**	227.99	169.61	**733.70**	1,693.82	1,962.09
(III) Total Income (I+II)		**4,783.04**	4,397.46	4,276.93	**13,596.86**	16,544.43	20,902.77
(IV) Expenses							
Employee Benefits Expense	18	**52.61**	96.84	116.63	**248.37**	327.33	342.48
Finance Costs	19	**1,067.37**	1,157.07	1,233.39	**3,405.45**	3,531.93	4,745.69
Depreciation Expense	3	**1,337.20**	1,329.13	1,319.21	**3,981.01**	3,964.79	5,276.76
Other Expenses	20	**166.67**	58.88	99.70	**320.41**	310.15	546.18
Total Expenses (IV)		**2,623.85**	2,641.92	2,768.93	**7,955.24**	8,134.20	10,911.11
(V) Profit before Regulatory Defferal Account Balances (III-IV)		**2,159.19**	1,755.54	1,508.00	**5,641.62**	8,410.23	9,991.66
Add: Regulatory Income/(Loss) (Net of taxes)	7	**(227.99)**	(365.68)	81.31	**(1,238.22)**	1,542.99	488.28
(VI) Profit before tax		**1,931.20**	1,389.86	1,589.31	**4,403.40**	9,953.22	10,479.94
(VII) Income Tax Expense	11(a)						
1. Current Tax		**351.46**	348.10	259.53	**1,038.77**	1,169.97	1,823.90
2. Deferred Tax (Asset) / Liability (Net)		**(302.12)**	(605.41)	72.67	**(1,577.66)**	1,792.36	489.05
3. Income tax for earlier years		**(5.19)**	0.15	26.88	**183.61**	26.88	(55.82)
		44.15	(257.16)	359.08	**(355.28)**	2,989.21	2,257.13
(VIII) Profit for the Period / Year (VI-VII)		**1,887.05**	1,647.02	1,230.23	**4,758.68**	6,964.01	8,222.81
(IX) Other Comprehensive Income							
Items that will not be reclassified to profit or loss							
Remeasurements of Net Defined Benefit Plans : (Gains) / Loss		**(27.54)**	(4.37)	(1.16)	**(36.46)**	(6.33)	(15.61)
Income tax relating to above		**4.81**	0.77	0.25	**6.37**	1.36	2.73
Total Other Comprehensive (Income)/Loss for the period / year (IX)		**(22.73)**	(3.60)	(0.91)	**(30.09)**	(4.97)	(12.88)
Total Comprehensive Income for the period / year (VIII+IX)		**1,909.78**	1,650.62	1,231.14	**4,788.77**	6,968.98	8,235.69
		INR	INR	INR	**INR**	INR	INR
Earnings per Equity Share of Rs . 10/- each including movement in Regulatory Defferal Account Balances:	25						
Basic		**0.69**	0.60	0.45	**1.74**	2.55	3.01
Diluted		**0.69**	0.60	0.45	**1.74**	2.55	3.01
Earnings per Equity Share of Rs . 10/- each excluding movement in Regulatory Defferal Account Balances:							
Basic		**0.78**	0.74	0.42	**2.21**	1.99	2.84
Diluted		**0.78**	0.74	0.42	**2.21**	1.99	2.84

The above statement of profit and loss should be read in conjunction with the accompanying notes (1 - 28).

As per our attached Report of even date

For APAS & CO.
Chartered Accountants
Firm Registration No.000340C

Rajeev Ranjan
Partner
Membership No. 535395
Place: New Delhi
Date:

For and on behalf of the Board

Alok K. Roy
Director
DIN:01952393

Rupin Rawat
Chief Financial Officer
Place: Gurugram
Date:

Parbati Koldam Transmission Company Limited
Statement of Cash Flows for the period ended December 31, 2020
(All amounts in INR Lakh, unless otherwise stated)

Particulars	**Period Ended December 31, 2020**	Period ended December 31, 2019	Year Ended March 31, 2020
A. Cash Flow from Operating Activities			
Profit before Tax	**4,403.40**	9,953.22	10,479.94
Adjustments for:			
Depreciation	**3,981.01**	3,964.79	5,276.76
Interest Expenses	**3,405.45**	3,531.93	4,745.69
Provision for Leave Encashment and Gratuity	**17.62**	(22.31)	59.44
(Profit) / Loss on sale/discard of Fixed Assets (Net)	**-**	-	0.20
Regulatory Income (Net of taxes)	**1,238.22**	(1,542.99)	(488.28)
Filing Fees	**7.41**	0.29	0.38
Interest Income	**(352.66)**	(265.64)	(440.19)
Cash Generated from Operations before Working Capital Changes	**12,700.45**	15,619.29	19,515.06
Working Capital Adjustments :			
(Increase) / Decrease in Other Financial Assets	**(30.12)**	6,050.06	6,111.67
(Increase) / Decrease in Trade Receivables	**(254.56)**	(4,375.84)	(1,878.51)
(Increase) / Decrease in Other Assets	**(0.52)**	(1.97)	(0.25)
Increase / (Decrease) in Other Current Liabilities	**(5.30)**	0.88	(8.77)
Increase / (Decrease) in Trade Payables	**0.11**	(19.43)	(18.60)
Cash Generated from Operations	**12,410.06**	17,272.99	23,720.60
Income Taxes Paid (Net of Refund)	**(1,038.97)**	(1,343.44)	(1,822.90)
Net Cash Generated from Operating Activities	**11,371.09**	15,929.55	21,897.70
B. Cash Flows from Investing Activities			
Payments for Acquisition of Property, Plant and Equipment (including Capital Advances and Capital Creditors)	**(4.11)**	(12.06)	(19.04)
Redemption /(Investment) in Bank Deposits (Net)	**(5,817.00)**	62.00	62.00
Interest Income	**379.42**	314.72	403.40
Net Cash Generated from / (used) in Investing Activities	**(5,441.69)**	364.66	446.36
C. Cash Flow From Financing Activities			
Filing Fees	**(7.41)**	(0.29)	(0.38)
Repayment of Long Term Borrowings	**(3,658.07)**	(3,658.06)	(4,877.42)
Payment of Interest and Finance Charges	**(3,383.23)**	(3,507.20)	(4,713.38)
Dividends Paid to Shareholders	**(7,912.27)**	(3,819.74)	(3,819.74)
Dividend Distribution Tax	**-**	(785.13)	(785.13)
Net Cash Used in Financing Activities	**(14,960.98)**	(11,770.42)	(14,196.05)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	**(9,031.58)**	4,523.79	8,148.01
Cash and Cash Equivalents at the beginning of the Period / Year	**9,557.84**	1,409.83	1,409.83
Cash and Cash Equivalents at end of the Period / Year	**526.26**	5,933.62	9,557.84
Net Increase / (Decrease) as disclosed above	**(9,031.58)**	4,523.79	8,148.01
Components of Cash and Cash Equivalents (Refer Note 6 (b))	**526.26**	5,933.62	9,557.84

The above statement of cash flows should be read in conjunction with the accompanying notes (1 - 28).

As per our attached Report of even date

For APAS & CO.
Chartered Accountants
Firm Registration No.000340C

Rajeev Ranjan
Partner
Membership No. 535395
Place: New Delhi
Date:

For and on behalf of the Board

Alok K. Roy
Director
DIN:01952393

Rupin Rawat
Chief Financial Officer
Place: Gurugram
Date:

Parbati Koldam Transmission Company Limited
Statement of Changes in Equity
(All amounts in INR Lakh, unless otherwise stated)

EQUITY

A. Equity Share Capital (Refer Note: 8 (a))

Particulars	Balance at the beginning of the period / year	Changes in equity share capital during the period / year	Balance at the end of the period / year
As at March 31, 2020	27,283.70	-	27,283.70
As at December 31, 2019	27,283.70	-	27,283.70
As at December 31, 2020	**27,283.70**	**-**	**27,283.70**

B. Other Equity (Refer Note: 8 (b))

Particulars	Attributable to Owners of the Company		
	Reserves and Surplus		
	Self Insurance Reserve	Retained Earnings	Total
Balance as at April 01, 2019	**479.98**	**12,620.46**	**13,100.44**
Profit for the year	-	8,222.81	8,222.81
Other Comprehensive income for the year			
Items that will not be reclassified to profit or loss			
Remeasurement Loss on Defined Benefit Plan (Net of Tax)	-	12.88	12.88
Total Comprehensive Income for the year	**-**	**8,235.69**	**8,235.69**
Transfer to Self Insurance Reserve	-	(100.63)	(100.63)
Transfer from Retained Earnings	100.63	-	100.63
Transaction with owners, recorded directly in equity			
Dividend Paid	-	(3,819.74)	(3,819.74)
Tax on Dividend	-	(785.13)	(785.13)
Balance as at March 31, 2020	**580.61**	**16,150.65**	**16,731.26**
Balance as at April 01, 2019	**479.98**	**12,620.46**	**13,100.44**
Profit for the period	-	6,964.01	6,964.01
Other Comprehensive income for the period			
Items that will not be reclassified to profit or loss			
Remeasurement Loss on Defined Benefit Plan (Net of Tax)	-	4.97	4.97
Total Comprehensive Income for the period	**-**	**6,968.98**	**6,968.98**
Transaction with owners, recorded directly in equity			
Dividend Paid	-	(3,819.74)	(3,819.74)
Tax on Dividend	-	(785.13)	(785.13)
Balance as at December 31, 2019	**479.98**	**14,984.57**	**15,464.55**
Balance as at April 01, 2020	**580.61**	**16,150.65**	**16,731.26**
Profit for the period	-	4,758.68	4,758.68
Other Comprehensive income for the period			
Items that will not be reclassified to profit or loss			
Remeasurement Loss on Defined Benefit Plan (Net of Tax)	-	30.09	30.09
Total Comprehensive Income for the period	**-**	**4,788.77**	**4,788.77**
Adjustments of earlier year	-	143.98	143.98
Transaction with owners, recorded directly in equity			
Dividend Paid	-	(7,912.27)	(7,912.27)
Balance as at December 31, 2020	**580.61**	**13,171.13**	**13,751.74**

The above statement of changes in equity should be read in conjunction with the accompanying notes (1 - 28).

As per our attached Report of even date

For APAS & CO.
Chartered Accountants
Firm Registration No.000340C

Rajeev Ranjan
Partner
Membership No. 535395
Place: New Delhi
Date:

For and on behalf of the Board

Alok K. Roy
Director
DIN:01952393

Rupin Rawat
Chief Financial Officer
Place: Gurugram
Date:

Parbati Koldam Transmission Company Limited
Notes forming part of Financial Statements

Note 1: Corporate Information

Parbati Koldam Transmission Company Limited (PKTCL) is a Company limited by shares, incorporated and domiciled in India. The registered office of the Company is located at 5th Floor, JMD Galleria, Sector-48, Sohna Road, Gurugram-122018.

PKTCL was incorporated on September 02, 2002 by Powergrid Corporation of India Limited (PGCIL). Pursuant to shareholders agreement dated November 23, 2007, between PGCIL and Reliance Infrastructure Limited (R Infra), 74% shareholding of PKTCL has been transferred to R Infra and its nominee shareholders and balance 26% shareholding vests with PGCIL and its nominee shareholders. With this the Company has become a joint venture between RInfra and PGCIL with the object of establishing a suitable power evacuation capacity for Parbati-II Hydro Electric Power Station and Koldam Hydro Electric Power Station, both in the State of Himachal Pradesh, India. The Company has undertaken implementation of these transmission systems/projects on Build, Own and Operate (BOO) basis.

These financial statements of the Company for the period ended December 31, 2020 were authorised for issue by the board of directors on . Pursuant to the provisions of section 130 of the Act the Central Government, income tax authorities, other statutory regulatory body and section 131 of the Act the board of directors of the Company have powers to amend / re-open the financial statements approved by the board / adopted by the members of the Company.

Note 2: Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of Preparation

(i) Compliance with Indian Accounting Standard (Ind AS)

The financial statements of the Company comply in all material aspects with Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with relevant rules and other accounting principles.

These financial statements are presented in 'Indian Rupees', which is also the Company's functional currency and all amounts, are rounded to the nearest Lakh, unless otherwise stated.

The financial statements have been prepared in accordance with the requirements of the information and disclosures mandated by Schedule III to the Act, applicable Ind AS, other applicable pronouncements and regulations. The tariff in respect of Company's business is subject to approval from Regulatory Authorities. The basis of accounting for regulatory deferral balances of such businesses is in accordance with the provisions of Ind AS 114 "Regulatory Deferral Accounts" read with the Guidance Note on Rate Regulated Activities issued by The Institute of Chartered Accountants of India (ICAI).

(ii) Basis of Measurement - Historical Cost Convention

The financial statements have been prepared on a historical cost convention on accrual basis, except for certain assets and liabilities measured at fair value.

(iii) Financial statements have been prepared on a going concern basis in accordance with the applicable accounting standards prescribed in the Companies (Indian Accounting Standards), Rules, 2015 issued by the Central Government.

(b) Current versus Non-Current classification

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

An asset is treated as current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Expected to be realised 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 due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

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

Regulatory Assets / Liabilities are presented as separate line item distinguished from assets and liabilities as per Ind AS 114.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(c) Foreign currency translation

(i) 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 entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions, and from translation of monetary assets and liabilities at the reporting date exchange rates are recognised in the Statement of Profit and Loss.

(d) Rate Regulated Activities

The Company determines revenue gaps (i.e. surplus / shortfall in actual revenue over revenue entitled) in respect of its operations, as given in the Guidance Note on Rate Regulated Activities and based on the principles laid down under the relevant Tariff Regulations / Tariff Orders notified by the Central Electricity Regulatory Commission (CERC) and the actual or expected actions of the regulator under the applicable regulatory framework. Appropriate adjustments in respect of such revenue gaps are made in the revenue of the respective year for the amounts which are reasonably determinable and no significant uncertainty exists in such determination. These adjustments/ accruals are as per the principle of Ind AS 114 "Regulatory Deferral Accounts", representing revenue gaps are carried forward as Regulatory Assets / Regulatory Liabilities and the Company presents separate line items in the balance sheet for:

i. the total of all regulatory deferral account debit balances and related deferred tax balances; and
ii. the total of all regulatory deferral account credit balances and related deferred tax balances.

A separate line item is presented in the profit or loss section of the statement of profit and loss for the net movement in all regulatory income/(expenses) net of deferred tax for the reporting period.

(e) Revenue from Contracts with Customers and Other Income

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

There is no impact on application of standards on the financial statements.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of cash discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the economic benefits associated with the transaction will flow to the entity. However, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectible amount or the amount in respect of which recovery has ceased to be probable is recongised as an expense, rather than as an adjustment of the amount of revenue originally recongised.

Revenue from Transmission Service Charge is accounted for based on tariff orders issued by the Central Electricity Regulatory Commission (CERC). In case there is no tariff order (provisional / final) but petition has been filed, transmission income is accounted based on the tariff norms and other amendments issued by the CERC in similar cases. Difference, if any, is accounted on issuance of final tariff orders by the CERC. Transmission Service Charges in respect of additional capital expenditure incurred after the date of commercial operation is considered based on actual expenditure incurred on year to year basis as per tariff norms of the CERC tariff regulation.

Surcharge recoverable from trade receivables are recognized when no significant uncertainty as to measurability and collectability exists.

The Transmission System Incentive/disincentive is accounted for based on the certification of availability by the respective regional power committee and in accordance with the norms notified / approved by the CERC.

Others:

Interest Income is recognized using Effective Interest Rate Method.
Dividend on Investment is recognized in the Statement of Profit and Loss when the right to receive payment is established.

(f) Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income tax expense for the period comprises of current tax and deferred tax. Income tax is recognized in the Statement of Profit and Loss except to the extent that it relates to items recognized in 'Other comprehensive income' or directly in equity, in which case the tax is recognized in 'Other comprehensive income' or directly in equity, respectively.

(g) Leases

The Company has obtained certain office premises on lease which are of Short term nature and are also of low value leases. For these short term and low value leases, the Company recognizes the lease payments as an expense on straight line basis over the period of lease. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit and loss unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(h) Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Chief operating decision maker's function is to allocate the resources of the entity and access the performance of the operating segment of the entity.

The Board assesses the financial performance and position of the Company and makes strategic decisions. It is identified as being the chief operating decision maker for the Company.

(i) Impairment of Non-Financial Assets

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Indefinite-life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognizing the impairment loss as an expense in the Statement of Profit and Loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. An impairment loss recognized for goodwill is not reversed in subsequent periods.

(j) Cash and Cash Equivalents

Cash and Cash Equivalent in the balance sheet comprise cash at Bank and Short Term Deposits with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(k) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financial activities of the Company are segregated based on the available information.

(l) Financial Instruments

The Company recognises financial assets and liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognised at fair values on initial recognition, except for trade receivables which are initially measured at transaction price.

(I) Financial Assets :

(i) Classification:

The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

Initial

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs of financial assets carried at fair value through profit or loss are expensed in Statement of Profit or Loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

- **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 and is not part of a hedging relationship is recognised in Statement of Profit and 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**.**

- **Fair value through profit or loss**:

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the Statement of Profit and Loss and presented net in the Statement of Profit and Loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequently measures all equity investments at fair value.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in Statement of Profit and Loss.

(iii) Impairment of Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company measures the expected credit loss associated with its trade receivables based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(iv) De recognition of Financial Assets

A financial asset is derecognised only when:

- Right to receive cash flow from 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 asset, but assumes a contractual obligation to pay the received cash flows in full without material delay to a 3rd party under a "pass through" arrangement.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(II) Financial Liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payable,

Subsequent measurement

Financial liabilities at amortized cost: After initial measurement, such financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial 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 in the respective carrying amounts is recognized in the Statement of Profit and Loss.

Trade and Other Payable

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(m) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(n) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(o) Property, Plant and Equipment

Transmission system assets are considered as ready for intended use after successful completion of trial operation as prescribed under CERC Tariff Regulations and capitalized accordingly.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Revalued assets were carried in the balance sheet on the basis of fair valuations performed.

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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount are included in statement of profit and loss.

When significant parts of the property, plant and equipments are required to be replaced, the Company derecognises the replaced parts and recognise the new part with its own associated useful life and it is depreciated accordingly. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation on the assets related to transmission business is provided on straight line method following the rates and methodology notified by the Central Electricity Regulatory Commission.

Depreciation on additions to/deductions from property, plant and equipment during the period is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

Once the individual asset is depreciated to the extent of seventy (70) percent, remaining depreciable value as on 31st March of the year closing shall be spread over the balance useful life of the asset, as provided in the Regulation. The residual values are not more than 10% of the cost of the assets.

The assets' residual values, useful life and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(p) Capital Work in Progress (CWIP)

All project related expenditure viz. civil works, machinery under erection, construction and erection materials, preoperative expenditure incidental / attributable to the construction of projects, borrowing cost incurred prior to the date of commercial operations and trial run expenditure are shown under CWIP. These expenses are net of recoveries and income (net of tax) from surplus funds arising out of project specific borrowings.

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

(q) Borrowing Costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. 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 effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. 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.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(r) Provisions

Provisions for legal claims and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance costs.

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the group.

(s) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is probable that an outflow of resources will not be required to settle the obligation. However, if the possibility of outflow of resources, arising out of present obligation, is remote, it is not even disclosed as contingent liability.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the notes to financial statements. A Contingent asset is neither disclosed nor recognized in financial statements.

(t) Employee Benefits

(i) Short-Term Obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other Long-Term Employee Benefit Obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-Employment Obligations

The Company operates the following post-employment schemes:

(a) defined benefit plans such as gratuity, leave encashment; and
(b) defined contribution plans such as provident fund, superannuation fund etc.

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in statement of profit and loss as past service cost.

Leave encashment

Long-term leave encashment is provided for on the basis of an actuarial valuation carried out at the end of the year on the projected unit credit method. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

Defined Contribution plans

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. Superannuation plan, a defined contribution scheme is administered by Life Insurance Corporation of India. The Company makes annual contributions based on a specified percentage of each eligible employee's salary.

(u) Self Insurance Reserve

Self Insurance reserve is created @ 0.1% p.a. on Gross Block of Fixed Assets (except assets covered under any other insurance policy) as at the end of the year by appropriating current year profit towards future losses which may arise from un-insured risks and taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers.

(v) Contributed Equity

Equity shares are classified as equity.

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

(w) Dividend

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 including tax deduction at source (TDS) on distribution of dividend is recognised directly in equity.

(x) Earnings per Share

(i) Basic Earnings per Share (BEPS)

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

(ii) Diluted Earnings per Share (DEPS)

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Both BEPS and DEPS have been calculated with and without considering rate regulated activities Income in the Net Profit attributable to Equity Shareholders.

(y) Rounding of Amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakh as per the requirement of Schedule III, unless otherwise stated.

(z) Critical Estimates and Judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement 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. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates and judgements are:

Estimation of Uncertainties relating to the Global Health Pandemic from COVID – 19 ("COVID–19")

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and Property Plant and Equipment. The operations of the transmission lines are covered under essential services which are actively engaged in the transmission of power. Hence the Transmission industry is amongst the businesses that are least impacted due to outbreak of COVID 19 and is running its business and operations as usual without any major disruption. Thus, the Company believes that the probability of the occurrence of their forecasted transactions have no material impact due to COVID-19 pandemic as at the date of approval of these financial results and the Company expects to recover the full carrying amount of the assets & revenue recognized.

Regulatory Assets and Revenue:

The Company determines revenue gap for the period (i.e. shortfall in actual returns over assured returns) based on the principles laid down under the CERC Regulations and Tariff Orders issued by CERC. In respect of such revenue gaps, appropriate adjustments, have been made for the respective periods on a conservative basis in accordance with accounting policy and the requirement of Ind AS 114 "Regulatory Deferral Accounts" read with Guidance Note on Rate Regulated Activities issued by the Institute of Chartered Accountants of India.

Estimation of deferred tax assets recoverable:

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the same can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company has Rs 7,080.30 Lakh (March 31, 2020: Rs 7,176.35 Lakh; December 31, 2019: Rs 6,746.36 Lakh) of Minimum Alternate Tax (MAT) credit entitlement assets. According to management's estimate, these balances will expire and may not be used to offset taxable income. The Company neither has any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these MAT credit entitlement as deferred tax assets. On this basis, the Company has determined that it cannot recognise deferred tax assets on these balances.

Estimation of defined benefit obligation:

The cost of the defined benefit gratuity plan and other post-employment employee benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at valuation date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Parbati Koldam Transmission Company Limited
Notes formning part of Financial Statements
(All amounts in INR Lakh, unless otherwise stated)

Note 3: Property, Plant and Equipment

Particulars	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipment	Computers	Electrical Installations	Total
Year Ended March 31, 2020								
Gross carrying amount								
Opening gross carrying amount	312.54	1,217.57	96,307.50	84.09	22.60	16.78	49.81	98,010.89
Additions	-	-	-	-	0.29	1.04	-	1.33
Deletion / Other Adjustments	-	-	-	(0.06)	(0.24)	(0.49)	-	(0.79)
Closing gross carrying amount as on March 31, 2020	**312.54**	**1,217.57**	**96,307.50**	**84.03**	**22.65**	**17.33**	**49.81**	**98,011.43**
Accumulated depreciation								
Opening accumulated depreciation	-	118.65	18,625.75	17.61	6.45	13.39	9.33	18,791.18
Depreciation charge during the year	-	41.12	5,221.44	5.49	1.81	3.75	3.15	5,276.76
Deletion / Other Adjustments	-	-	-	(0.02)	(0.07)	(0.49)	-	(0.58)
Closing accumulated depreciation as on March 31, 2020	**-**	**159.77**	**23,847.19**	**23.08**	**8.19**	**16.65**	**12.48**	**24,067.36**
Net carrying amount as on March 31, 2020	**312.54**	**1,057.80**	**72,460.31**	**60.95**	**14.46**	**0.68**	**37.33**	**73,944.07**
Period Ended December 31, 2019								
Gross carrying amount								
Opening gross carrying amount	312.54	1,217.57	96,307.50	84.09	22.60	16.78	49.81	98,010.89
Additions	-	-	-	-	0.23	1.04	-	1.27
Deletion / Other Adjustments	-	-	-	-	-	-	-	-
Closing gross carrying amount as on December 31, 2019	**312.54**	**1,217.57**	**96,307.50**	**84.09**	**22.83**	**17.82**	**49.81**	**98,012.16**
Accumulated depreciation								
Opening accumulated depreciation	-	118.65	18,625.75	17.61	6.45	13.39	9.33	18,791.18
Depreciation charge during the period	-	30.90	3,923.22	4.13	1.37	2.80	2.37	3,964.79
Deletion / Other Adjustments	-	-	-	-	-	-	-	-
Closing accumulated depreciation as on December 31, 2019	**-**	**149.55**	**22,548.97**	**21.74**	**7.82**	**16.19**	**11.70**	**22,755.97**
Net carrying amount as on December 31, 2019	**312.54**	**1,068.02**	**73,758.53**	**62.35**	**15.01**	**1.63**	**38.11**	**75,256.19**
Period Ended December 31, 2020								
Gross carrying amount								
Opening gross carrying amount	312.54	1,217.57	96,307.50	84.03	22.65	17.33	49.81	98,011.43
Additions	-	-	202.67	-	0.21	-	-	202.88
Deletion / Other Adjustments	-	-	-	-	-	(2.25)	-	(2.25)
Closing gross carrying amount as on December 31, 2020	**312.54**	**1,217.57**	**96,510.17**	**84.03**	**22.86**	**15.08**	**49.81**	**98,212.06**
Accumulated depreciation								
Opening accumulated depreciation	-	159.77	23,847.19	23.08	8.19	16.65	12.48	24,067.36
Depreciation charge during the period	-	30.98	3,942.03	4.13	1.37	0.12	2.38	3,981.01
Deletion / Other Adjustments	-	-	58.69	-	-	(2.25)	-	56.44
Closing accumulated depreciation as on December 31, 2020	**-**	**190.75**	**27,847.91**	**27.21**	**9.56**	**14.52**	**14.86**	**28,104.81**
Net carrying amount as on December 31, 2020	**312.54**	**1,026.82**	**68,662.26**	**56.82**	**13.30**	**0.56**	**34.95**	**70,107.25**

(i) During the period ended December 31, 2020, the Company has capitalised Rs 202.67 Lacs towards differential Interest during Construction pertaining for earlier year.

Parbati Koldam Transmission Company Limited
Notes formning part of Financial Statements
(All amounts in INR Lakh, unless otherwise stated)

(i) Property, Plant and Equipment pledged as security (Refer Note 9):

Particulars	**As at December 31, 2020**	As at December 31, 2019	As at March 31, 2020
Freehold Land	**312.54**	312.54	312.54
Buildings	**1,026.82**	1,068.02	1,057.80
Plant and Equipment - Transmission System	**68,662.26**	73,758.53	72,460.31
Furniture and Fixtures	**56.82**	62.35	60.95
Office Equipment	**13.30**	15.01	14.46
Computers	**0.56**	1.63	0.68
Electrical Installations	**34.95**	38.11	37.33
Total Property Plant and Equipments pledged as security	**70,107.25**	75,256.19	73,944.07

Parbati Koldam Transmission Company Limited
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Note 4(a): Loans

Particulars	As at December 31, 2020		As at December 31, 2019		As at March 31, 2020	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Education Loan to Employees - Unsecured, considered good	**3.00**	**6.25**	3.00	9.25	3.00	8.50
Security Deposits	**-**	**0.32**	-	0.32	-	0.32
Total	**3.00**	**6.57**	3.00	9.57	3.00	8.82

Note 4(b): Other Financial Assets

Particulars	As at December 31, 2020		As at December 31, 2019		As at March 31, 2020	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Tariff receivable (unbilled)	**257.47**	**-**	257.47	-	257.47	-
Bank Deposits with Maturity of more than 12 months*	**-**	**-**	-	550.00	-	550.00
Interest Accrued on Bank Deposits	**192.09**	**-**	132.98	-	218.85	-
Advance Gratuity Fund	**47.28**	**-**	-	-	14.91	-
Total	**496.84**	**-**	390.45	550.00	491.23	550.00

*Represents Bank Deposit of Rs. NIL (March 31, 2020 - 550.00 lakh, December 31, 2019 - Rs. 550 lakh) earmarked for Self Insurance Reserve.

Note 5: Other Assets

Particulars	As at December 31, 2020		As at December 31, 2019		As at March 31, 2020	
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Prepaid Expenses	**-**	**-**	1.14	-	-	-
Advance to Employees	**1.70**	**-**	2.90	-	1.18	-
Total	**1.70**	**-**	4.04	-	1.18	-

Note 6 (a): Trade Receivables

Particulars	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Unsecured, Considered Good	**12,127.41**	14,517.48	11,868.72
Total	**12,127.41**	14,517.48	11,868.72

Note:

1. Trade Receivables includes Rs. 7,344.68 Lakh (March 31, 2020 - Rs 7,344.68 Lakh; December 31, 2019: Rs. 7,344.68 Lakh) billed on NTPC for the period from the readiness of the Transmission Lines to the date of actual Power Flow. As per the order issued by the CERC, tariff for this is period was to be paid by NTPC. NTPC has filed appeal with the Appellate Tribunal of Electricity against the order of the CERC. NTPC has also filed an stay application against the bill raised by the Company. APTEL has admitted the stay application and asked no coercieve action should be taken place till the hearing of the said application. The matters are listed for hearing on February 08, 2021.
2. These Trade Receivables are given as security to the Lenders of the Company- Refer note 9

Note 6 (b): Cash and Cash Equivalents

Particulars	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Balances with Banks in -			
Current Accounts	**100.26**	39.02	26.84
Bank Deposit with original maturity of less than 3 months	**426.00**	5,894.60	9,531.00
Total	**526.26**	5,933.62	9,557.84

Note 6 (c) Bank Balances other than Cash and Cash Equivalents

Particulars	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Bank Deposit with maturity of more than 3 months but less than 12 months*	**8,709.50**	2,342.50	2,342.50
Total	**8,709.50**	2,342.50	2,342.50

*Includes Bank Deposit of Rs. 550.00 lakh (March 31, 2020 - NIL, December 31, 2019 - Rs. NIL) earmarked for Self Insurance Reserve, Rs. 0.50 lakh (March 31, 2020 - Rs. 0.50 lakh, December 31, 2019 - Rs. 0.50 lakh) pledged with Sales Tax Department and Rs 2,225.00 lakh (March 31, 2020 - Rs. 2,342.00 lakh, December 31, 2019 - Rs. 2,342.00 lakh) reserved for servicing debt under facility agreement with the Lenders.

Parbati Koldam Transmission Company Limited
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Note 7: Regulatory Deferral Account Balances
Regulatory Assets / (Liability)
In accordance with accounting policy (Refer note 2(d)) and in accordance with the Guidance Note on Rate Regulated Activities issued by ICAI, the reconciliation of the Regulatory Assets / (Liabilities) of the Company as on December 31, 2020 is as under:

	Particulars	**As at December 31, 2020**	As at December 31, 2019	As at March 31, 2020
I	**Regulatory Asset / (Liability)**			
A	Opening Balance	**-**	119.78	119.78
B	Add: Accrued during the period			
1	For Current Period / Year			
	- Return on Equity	**-**	(119.78)	(119.78)
2	Regulatory Asset / (Liability) on account of Deffered Tax	**(1,500.36)**	1,869.66	591.65
	Less: Income Tax on Deferred Tax	**262.14**	(326.67)	(103.37)
	Total (1+2)	**(1,238.22)**	1,423.21	368.50
C	Less: Payable / (Recoverable) from beneficiaries	**1,238.22**	(1,542.99)	(488.28)
D	**Closing Balance (A+B+C)**	**-**	-	-
II	**Deferred Tax Liability**			
	Opening Balance	**7,877.62**	7,285.97	7,285.97
	Add: Deferred Tax Liability during the period / year	**(1,500.36)**	1,869.66	591.65
	Total	**6,377.26**	9,155.63	7,877.62
	Less: Recoverable from beneficiaries	**(6,377.26)**	(9,155.63)	(7,877.62)
	Closing Balance	**-**	-	-

Net tax recoverable from beneficiaries:
1. In accordance with the CERC tariff regulation for determination of tariff, the income-tax paid is considered for tariff determination (truing up). Accordingly, the Company has considered Rs. 6,377.26 Lakh (March 31, 2020 - Rs. 7,877.62 Lakh, December 31, 2019 - Rs 9,155.63 Lakh) of deferred tax liability as on December 31, 2020 as “Net tax recoverable from beneficiaries”.
2. As per the Standard, deferred tax on timing differences which reverse during the tax holiday period should not be recognised. For this purpose, the reversal during the tax holiday period is adjusted against the deferred tax liability created till FY 2019-2020. Therefore, the reversal of timing difference of Rs. 1,500.36 Lakhs during the tax holiday period, would be considered to be out of the timing difference as at March 31, 2020 and reversed during the period ended December 31, 2020.

Parbati Koldam Transmission Company Limited
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(All amounts in INR Lakh, unless otherwise stated)

Note 8: Equity Share Capital and Other Equity
Note 8(a): Equity Share Capital

Authorised Equity Share Capital	**As at December 31, 2020**	As at December 31, 2019	As at March 31, 2020
33,10,00,000 Equity Shares of INR 10 each	**33,100.00**	33,100.00	33,100.00
Total Authorised Equity Share Capital	**33,100.00**	33,100.00	33,100.00

Issued, Subscribed and Paid up Equity Share Capital	**As at December 31, 2020**	As at December 31, 2019	As at March 31, 2020
27,28,37,000 Equity Shares of INR 10 each	**27,283.70**	27,283.70	27,283.70
Total Issued, Subscribed and Paid up Equity Share Capital	**27,283.70**	27,283.70	27,283.70

(i) Reconciliation of the Shares outstanding at the beginning and at the end of the period / year

Particulars	**As at December 31, 2020**		As at December 31, 2019		As at March 31, 2020	
Equity Shares -	**No. of shares**	**Amount in INR Lakh**	No. of shares	Amount in INR Lakh	No. of shares	Amount in INR Lakh
At the beginning of the period / year	**27,28,37,000**	**27,283.70**	27,28,37,000	27,283.70	27,28,37,000	27,283.70
Add: Issued during the period / year	**-**	**-**	-	-	-	-
Outstanding at the end of the period / year	**27,28,37,000**	**27,283.70**	27,28,37,000	27,283.70	27,28,37,000	27,283.70

(ii) Shares of the Company held by Holding Company

Particulars	**As at December 31, 2020**	As at December 31, 2019	As at March 31, 2020
Reliance Infrastructure Limited and its nominees	**20,189.94**	20,189.94	20,189.94

(iii) Details of shareholders holding more than 5% of the total Equity Shares of the Company

Name of the Shareholders	**As at December 31, 2020**		As at December 31, 2019		As at March 31, 2020	
	No. of shares	**% held**	No. of shares	% held	No. of shares	% held
Reliance Infrastructure Limited and its nominees	**20,18,99,380**	**74.00**	20,18,99,380	74	20,18,99,380	74
Powergrid Corporation of India Limited and its nominees	**7,09,37,620**	**26.00**	7,09,37,620	26	7,09,37,620	26

(iv) Terms / Rights attached to Equity Shares
a. The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(v) Shares Pledged as Security
Promoter's Equity (Reliance Infrastructure Limited) Interest representing 13,91,46,870 (March 31, 2020 - 13,91,46,870, December 31, 2019 - 13,91,46,870) number of shares, have been pledged with the lenders as a security for the term loan taken by the Company.

Parbati Koldam Transmission Company Limited
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(All amounts in INR Lakh, unless otherwise stated)

Note 8(b): Other Equity - Reserve and Surplus

Particulars	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Reserve and Surplus:			
Self Insurance Reserve	**580.61**	479.98	580.61
Retained Earnings	**13,171.13**	14,984.57	16,150.65
Total	**13,751.74**	15,464.55	16,731.26

(i) Self Insurance Reserve

Particulars	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Opening balance	**580.61**	479.98	479.98
Add: Transfer from Retained Earnings	**-**	-	100.63
Closing balance	**580.61**	479.98	580.61

(ii) Retained Earnings

Particulars	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Opening balance	**16,150.65**	12,620.46	12,620.46
Add: Net Profit for the period / year	**4,758.68**	6,964.01	8,222.81
Add: Adjustments for earlier year (Net)*	**143.98**	-	-
Items of other comprehensive income recognised directly in retained earnings			
- Remeasurements of post-employment benefit obligation, net of tax	**30.09**	4.97	12.88
Less: Dividend Paid	**(7,912.27)**	(3,819.74)	(3,819.74)
Less: Tax on Dividend	**-**	(785.13)	(785.13)
Less: Transfer to Self Insurance Reserve	**-**	-	(100.63)
Closing balance	**13,171.13**	14,984.57	16,150.65

*Represents the Interest during Construction capitalised by the Company during the period ended December 31, 2020 pertaining to earlier year. The same is netted off of depreciation.

Self Insurance Reserve:

Self Insurance reserve is created @ 0.1% p.a. on Gross Block of Fixed Assets (except assets covered under any other insurance policy) as at the end of the year by appropriating current year profit towards future losses which may arise from un-insured risks and taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers.

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Financial Liabilities

Note 9: Non Current Borrowings

Particulars	As at December 31, 2020		As at December 31, 2019		As at March 31, 2020	
	Non Current	Current	Non Current	Current	Non Current	Current
Secured						
Term Loans from Bank	**28,065.69**	**3,780.97**	31,821.90	3,780.97	30,882.82	3,780.97
Term Loans from Financial Institutions	**8,138.85**	**1,096.45**	9,228.13	1,096.45	8,955.80	1,096.45
Total Non-Current Borrowings	**36,204.54**	**4,877.42**	41,050.03	4,877.42	39,838.62	4,877.42

* Current Maturities of long term debt disclosed under Other Financial Liabilities (Refer Note No 13)

Term Loans from Financial Institutions (principal undiscounted amount) are secured by:
a) First pari-passu charge by way of mortagage of all immovable properties acquired for the project, both present and future,
b) First pari-passu charge by way of hypothecation of all movable assets, including moveable plant & machinery, machinery spares,tools and accessories, furniture, fixtures, vehicles and all other moveable assets, present and future,
c) First pari-passu charge on all the cash flows, receivables, book debts, revenues of whatsoever nature and wherever arising, present and future,
d) First pari-passu charge on all intangibles assets,present and future,
e) First pari-passu charge on guarantees,letter of credit,performance bond,indemnities etc.
f) Pledge of promoter's Equity (Reliance Infrastructure Limited) Interest representing atleast 51% of the project Equity Capital,
g) First pari-passu charge on all Insurance Contracts and Insurance Proceeds.
h) Principal and Interest is payable on the last working day of the month.
i) Loan shall be drawn as per the requirement of the project.
j) The loan shall be repaid in 168 monthly installment starting from October 30, 2016.
k) Rate of interest is variable, presently interest rate is 9.85% p.a.

Maturity Profile of Term Loan (principal undiscounted):

Year	Rate of Interest	Amount in Rs. Lakh		
		Bank		Financial Institution
2020-21		945.24		274.12
2021-22		3,780.97		1,096.45
2022-23		3,780.97		1,096.46
2023-24		3,780.97		1,096.45
2024-25		3,737.46		1,083.84
2025-26	9.85%	3,911.51		1,134.31
2026-27		3,224.95		935.21
2027-28		2,635.07		764.15
2028-29		2,545.63		738.92
2029-30		2,502.60		726.30
2030-31		1,242.11		358.94
		32,087.48		**9,305.15**

Note 10: Provisions

Particulars	As at December 31, 2020		As at December 31, 2019		As at March 31, 2020	
	Current	Non Current	Current	Non Current	Current	Non-current
Provision for Employee Benefit:						
Leave Encashment	**3.06**	**40.53**	6.43	99.86	5.65	56.78
Gratuity	**-**	**-**	-	2.55	-	-
Total	**3.06**	**40.53**	6.43	102.41	5.65	56.78

Parbati Koldam Transmission Company Limited
Notes formning part of Financial Statements
(All amounts in INR Lakh, unless otherwise stated)

Note 11: Income and Deferred Taxes
Note 11(a): Income Tax Expense

Particulars	Period Ended December 31, 2020	Period Ended December 31, 2019	Year Ended March 31, 2020
Current tax			
Current tax on profits for the period	**1,045.14**	1,171.33	1,826.63
Adjustments for current tax of prior years	**183.61**	26.88	(55.82)
Total current tax expense (A)	**1,228.75**	1,198.21	1,770.81
Deferred tax			
Decrease/(increase) in deferred tax assets	**1,432.85**	1,558.40	166.28
(Decrease)/increase in deferred tax liabilities	**(3,010.51)**	233.97	322.77
Net Deferred Tax Expense/(Benefit) (B)	**(1,577.66)**	1,792.36	489.05
Income Tax Expense (A+B)	**(348.91)**	2,990.57	2,259.86

Note 11(b): Reconciliation of tax expenses and the accounting profit multiplied by India's tax rate:

Particulars	Period Ended December 31, 2020	Period Ended December 31, 2019	Year Ended March 31, 2020
Profit as per IndAS before income tax expense	**4,403.40**	9,953.22	10,479.94
Tax at the Indian tax rate of 29.12%	**1,282.27**	2,898.38	3,051.76
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Expenses not allowable for tax purpose	**4.47**	0.08	97.56
Corporate Social Responsibility Expenditure not allowable for tax purpose	**15.64**	16.16	61.75
Unrecognised MAT credit	**1,045.14**	1,171.33	1,826.63
Deduction u/s 80 IA & Realisation of Unabsorbed loss	**(2,880.04)**	(1,122.26)	(2,722.02)
Adjustments for current tax of prior years	**183.61**	26.88	(55.82)
Income Tax Expense	**(348.91)**	2,990.57	2,259.86

Note 11(c): Amounts recognised in respect of current tax / deferred tax directly in Equity

Particulars	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Amounts recognised in respect of current tax / deferred tax directly in Equity	-	-	-

Note 11(d): Tax Losses and Tax Credits

Particulars	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Unused tax credit - MAT credit entitlement	**7,080.30**	6,746.36	7,176.35

Note: The Company does not create deferred tax asset on the unused MAT Credit entitlement.

Note 11(e): Deferred Tax Balances
The balance comprises temporary differences attributable to:

Particulars	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Deferred tax liability on account of:			
Property, Plant and Equipment			
Carrying amounts of Property, Plant and Equipment	**6,389.95**	9,109.29	9,225.71
Fair valuation of Property Plant and Equipment	**1,352.50**	1,455.10	1,429.80
Impact of effective interest rate on borrowings	**-**	99.77	97.45
Deferred tax asset on account of:			
Unabsorbed losses (including unabsorbed depreciation)	**-**	21.73	1,427.36
Disallowance u/s 40(a) / 43B of the Income Tax Act, 1961	**12.69**	31.69	18.18
Deferred Tax Liability	**7,729.76**	10,610.73	9,307.42
Less: Recoverable from beneficiaries	**(6,377.26)**	(9,155.63)	(7,877.62)
Net Deferred Tax Liability	**1,352.50**	1,455.10	1,429.80

Note:
1. In accordance with the CERC tariff regulation for determination of tariff, the income-tax paid is considered for tariff determination (truing up). Accordingly, the Company has considered Rs. 6,377.26 Lakh (March 31, 2020 - Rs. 7,877.62 Lakh, December 31, 2019 - Rs 9,155.63 Lakh) of deferred tax liability as on December 31, 2020 as “Net tax recoverable from beneficiaries”.
2. As per the Standard, deferred tax on timing differences which reverse during the tax holiday period should not be recognised. For this purpose, the reversal during the tax holiday period is adjusted against the deferred tax liability created till FY 2019-2020. Therefore, the reversal of timing difference of Rs. 1,500.36 Lakhs during the tax holiday period, would be considered to be out of the timing difference as at March 31, 2020 and reversed during the period ended December 31, 2020.

Parbati Koldam Transmission Company Limited
Notes formning part of Financial Statements
(All amounts in INR Lakh, unless otherwise stated)

Note 12: Trade Payables

Particulars	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Total outstanding dues to Micro Enterprise and Small Enterprises	**-**	-	-
Total outstanding dues to creditors other than Micro Enterprise and Small Enterprise	**20.78**	19.85	20.67
Total	**20.78**	19.85	20.67

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.

Particulars	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Principal amount due to suppliers under MSMED Act,2006	-	-	-
Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	-	-	-
Payment made to suppliers(other than interest) beyond the appointed day/due date during the year	-	-	-
Interest paid to suppliers under MSMED Act(other than Section 16)	-	-	-
Interest paid to suppliers under MSMED Act(Section 16)	-	-	-
Interest due and payable towards suppliers under MSMED Act for payments already made	-	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-	-
Amount of further interest remaining due and payable in succeeding years	-	-	-
Total	**-**	-	-

Note 13: Other Financial Liabilities

Particulars	As at December 31, 2020		As at December 31, 2019		As at March 31, 2020	
	Current	**Non Current**	Current	Non Current	Current	Non Current
Current maturities of Long-Term Debt	**4,877.42**	**-**	4,877.42	-	4,877.42	-
Employee Payables	**46.49**		79.29		69.53	
Other Payables	**41.94**	**-**	20.06		18.66	-
Tariff payable to the beneficiaries (unbilled)*	**7,823.69**	**-**	7,896.36	-	7,819.56	-
Interest accrued but not due	**11.17**	**-**	13.31	-	12.95	-
Creditors for Capital Expenditure	**422.67**	**-**	433.49	-	426.56	-
Total	**13,223.38**	**-**	13,319.93	-	13,224.68	-

* Tariff payable to beneficiaries represents the tariff collected, as per provisional tariff orders issued by the CERC, from the beneficiaries from the date of readiness of line till the date of actual power flow. Further as per the Final order and the Review orders issued the CERC, the tariff for this differential period was to be borne by NTPC, therefore tariff collected earlier is to be returned to the beneficiaries. The said tariff will be returned to the beneficiaries, once the tariff for this differential period is realised from NTPC. It also includes the Interest payable Rs. 1606.89 Lacs on the tariff collected which is to be returned to the beneficiaries. The interest is calculated till the date of final orders.

Note 14: Other Current Liabilities

Particulars	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Statutory Dues Payable	**5.79**	9.82	11.33
Total	**5.79**	9.82	11.33

Note 15: Current Tax Liabilities (Net)

Particulars	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Provision for Tax	**808.00**	6,680.75	4,706.00
Advance Income Tax Paid	**(688.00)**	(6,182.10)	(4,416.00)
Tax Deducted at source	**(27.49)**	(203.62)	(125.13)
Total	**92.51**	295.03	164.87

Parbati Koldam Transmission Company Limited
Notes formning part of Financial Statements
(All amounts in INR Lakh, unless otherwise stated)

Note 16: Revenue From Operations

Particulars	For the quarter ended			For the period ended		For the Year ended
	December 31, 2020	September 30, 2020	December 31, 2019	**December 31, 2020**	December 31, 2019	March 31, 2020
Sale of Services						
Income From Transmission Service Charges	**4,507.63**	4,118.01	4,119.59	**12,702.46**	14,609.87	18,685.97
Other Operating Income						
Transmission System Availability Incentive	**57.40**	51.46	52.77	**160.70**	240.74	254.71
Total Revenue From Operations	**4,565.03**	4,169.47	4,172.36	**12,863.16**	14,850.61	18,940.68

Note:

(i) The Company during the period has proportionately recognized the Transmission Service Charges (TSC) for the period starting from April 01, 2020 till December 31, 2020 which is based on the final tariff order approved by the CERC and applicable as on March 31,2019, since the tariff petition for the tariff period 2019 -2024 is yet to be filed by the Company. Difference in the Revenue recognised and the tariff approved for tariff period 2019-24 shall be recognised once the tariff petition is filed by the Company and the same is approved by the CERC for the tariff period 2019-2024.

(ii) During the quarter ended December 31, 2020, Company has changed the ratio of passing the benefit of refinancing of loan to the beneficiaries for the period from April 2019 till September 2020, which is to be shared as per Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 in the ratio of 50: 50 whereas, the Company had already shared the savings with the beneficiaries, for the said period as per Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 in the ratio of 2:1. Net differential revenue recognised during the quarter due to such change is Rs. 398.69 Lacs. From October 2020 onwards, the benefit is being shared in the ratio of 50:50.

Note 17: Other Income

Particulars	For the quarter ended			For the period ended		For the Year ended
	December 31, 2020	September 30, 2020	December 31, 2019	**December 31, 2020**	December 31, 2019	March 31, 2020
Interest						
Bank Deposits	**118.91**	100.39	96.38	**352.66**	265.64	440.19
Other						
Interest on Differential Tariff	**-**	-	-	**-**	1,294.27	1,293.38
Delayed Payment Charges	**92.83**	124.46	67.61	**328.69**	86.74	173.29
Miscellaneous Income	**-**	-	-	**-**	-	4.49
Reimbursement of Other Expenditures	**6.27**	3.14	5.62	**52.35**	47.17	50.74
Total	**218.01**	227.99	169.61	**733.70**	1,693.82	1,962.09

Parbati Koldam Transmission Company Limited
Notes formning part of Financial Statements
(All amounts in INR Lakh, unless otherwise stated)

Note 18: Employee Benefit Expense

Particulars	For the quarter ended			For the period ended		For the Year ended
	December 31, 2020	September 30, 2020	December 31, 2019	**December 31, 2020**	December 31, 2019	March 31, 2020
Salaries, Wages and Bonus	**61.47**	85.03	106.73	**232.95**	284.31	313.89
Contribution to Provident and Other Funds	**4.25**	3.51	4.28	**11.33**	13.41	17.27
Gratuity Expense	**(10.83)**	7.37	2.79	**4.09**	13.21	11.32
Leave Encashment Expenses	**(2.28)**	0.93	2.83	**-**	16.40	-
Total	**52.61**	96.84	116.63	**248.37**	327.33	342.48

Note 19: Finance Costs

Particulars	For the quarter ended			For the period ended		For the Year ended
	December 31, 2020	September 30, 2020	December 31, 2019	**December 31, 2020**	December 31, 2019	March 31, 2020
Interest and Financing Charges on Financial Liabilities						
-Term Loans from Financial Institutions	**237.71**	244.65	261.87	**758.66**	774.41	1,041.44
-Term Loans from Banks	**819.68**	904.39	963.50	**2,616.12**	2,730.93	3,664.17
Other Borrowing Cost	**9.98**	8.03	8.02	**30.67**	26.59	40.08
Total	**1,067.37**	1,157.07	1,233.39	**3,405.45**	3,531.93	4,745.69

Note 20: Other Expenses

Particulars	For the quarter ended			For the period ended		For the Year ended
	December 31, 2020	September 30, 2020	December 31, 2019	**December 31, 2020**	December 31, 2019	March 31, 2020
Contract Wages Charges	**39.99**	21.25	24.11	**83.11**	67.72	89.27
Licence Fees	**-**	-	-	**46.92**	45.39	45.39
Legal and Professional Charges	**32.29**	1.29	8.89	**41.05**	21.21	43.56
Repair & Maintenance - Other Assets	**10.25**	4.67	7.72	**19.85**	19.83	23.53
Travelling and Conveyance	**8.92**	7.28	8.67	**21.73**	29.47	39.47
Corporate Social Responsibility Expenditure	**46.58**	6.84	28.17	**53.72**	55.49	212.04
Rent, Rates and Taxes	**0.34**	1.04	0.20	**1.58**	1.42	1.62
Repair & Maintenance -Plant and Machinery	**1.41**	3.54	3.36	**5.04**	22.37	23.07
Communication Expenses	**4.09**	3.52	2.19	**9.98**	7.69	10.60
Rating Surveillance Fees	**-**	-	-	**-**	-	2.95
Electricity and Water	**2.53**	1.21	1.12	**4.61**	4.04	5.48
Miscellaneous Expenses	**5.95**	2.57	7.79	**8.52**	10.25	11.85
Entertainment and Hospitality	**1.75**	0.57	2.24	**2.77**	7.32	11.93
Director's Sitting Fees	**-**	-	0.59	**-**	1.59	2.36
Regional Load Despatch Centre Fees	**3.70**	3.70	3.76	**11.10**	13.39	17.14
Loss on Sale/Discard of Fixed Assets	**-**	-	-	**-**	-	0.20
Printing and Stationery	**0.28**	1.03	0.12	**1.34**	1.51	1.92
Auditors Remuneration	**1.33**	-	-	**1.33**	-	1.89
Staff Welfare and Training	**0.06**	0.02	0.45	**0.13**	0.86	1.16
Postage and Courier	**0.05**	0.13	0.18	**0.22**	0.31	0.37
Filing Fees	**7.15**	0.22	0.14	**7.41**	0.29	0.38
Total	**166.67**	58.88	99.70	**320.41**	310.15	546.18

Parbati Koldam Transmission Company Limited
Notes formning part of Financial Statements
(All amounts in INR Lakh, unless otherwise stated)

Note 21: Contingent Liabilities

Particulars	**As at December 31, 2020**	As at December 31, 2019	As at March 31, 2020
Claims against the Company not acknowledged as debt			
These include:			
a) Claims from farmers for additional Right of Way compensation	**1,870.69**	1,857.14	1,870.69
b) Claims from PGCIL	**-**	36.74	36.74

Note 22: Capital Commitments

Particulars	**As at December 31, 2020**	As at December 31, 2019	As at March 31, 2020
Estimated amount of contracts remaining unexecuted on capital account and not provided for	**-**	**-**	-

Note 23: Entry Tax

There is a levy of Entry tax in the state of Punjab, wherein any goods entering into the state would attract entry tax. The entry tax is first paid by the vendor and then gets the amount reimbursed from the Company. The Company so far has not paid the same amounting to Rs.422.67 Lakh to the vendors on account of the entry tax. The Company has filed an application for refund of entry tax paid with the Assessing Officer, Punjab VAT Department. The assessing officer has rejected the refund application and the appeal against the order of assessing officer was filed with the Deputy Excise & Taxation Commissioner (DETC) Appeals. DETC (Appeals) has passed the order rejecting the application for refund. Presently appeal against the order of DETC (Appeals) is filed with the Appellate Tribunal. However, adequate provision has been made in the books of account. Last hearing was scheduled for April 16, 2020 which got postponed due to Covid 19 outbreak and the next date of hearing is awaited.

(All amounts in INR Lakh, unless otherwise stated)

Note 24: Related Party Transactions

As per Ind AS – 24 “Related Party Disclosure” as prescribed under Section 133 of the Act, the Company’s related parties and transactions with them in the ordinary course of business are disclosed below :

(A) Parties where control exists : Reliance Infrastructure Limited (Rinfra) (74%)

(B) Other related parties where transaction have taken place during the period :

(i) Investing parties : Powergrid Corporation of India Limited (PGCIL) (26%)

(ii) Parties where the holding company has significant influence / control :
- Utility Powertech Limited (Joint Venture)

(C) Transaction with PGCIL in the Capacity of Central Transmission Utility (CTU)

(D) Key Management Personnel

Sh. K. Sreekant - Chairman (From 13.08.2019)
Sh. Ravi Prakash Singh - Chairman (From 22.01.2019 to 05.08.2019)
Sh. Indu Shekhar Jha - Chairman (Upto 21.01.2019)
Sh. Dinesh Kumar Jain - Independent Director (Upto 31.03.2020)
Sh. Alok Kumar Roy - Managing Director (From 26.10.2018 to 31.12.2020)
Sh. Maanas Srivastava - Company Secretary
Sh. Rupin Rawat - Chief Financial Officer (From 12.02.2020)
Sh. Vikas Gupta - Chief Financial Officer (Upto 31.05.2019)

(E) Details of transactions during the period and closing balances as at the period end with related party

Particulars	2020-21 (Till December 2020)	2019-20 (Till December 2019)	2019-20
Statement of Profit and Loss heads			
Transcation during the period			
Expenses:			
Receiving of services:			
- Utility Powertech Limited	**41.49**	42.47	55.77
Dividend paid:			
- Reliance Infrastructure Limited	**5,855.08**	2,826.61	2,826.61
- Powergrid Corporation of India Limited	**2,057.19**	993.13	993.13

Parbati Koldam Transmission Company Limited
Notes formning part of Financial Statements
(All amounts in INR Lakh, unless otherwise stated)

Closing Balances

Particulars	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Balance sheet heads (Closing balances):			
Trade payables			
- Utility Powertech Limited	**-**	4.38	4.31
Investment in Equity			
- Reliance Infrastructure Limited	**20,189.94**	20,189.94	20,189.94
- Powergrid Corporation of India Limited	**7,093.76**	7,093.76	7,093.76

Note: The above disclosure does not include transactions with/as public utility service providers, viz, electricity, telecommunications, in the normal course of business.

(F) Transaction with PGCIL in the Capacity of Central Transmission Utility (CTU)

Particulars	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Transaction during the period:			
Sale of Service	**12,863.16**	14,850.61	18,940.68
Other Income	**381.04**	1,428.18	1,517.41
Closing Balance:			
Trade Receivable*	**4,782.73**	7,172.80	4,524.04

*** Closing balance of trade receivable does not include the amount of bill raised on NTPC Rs. 7344.68 Lacs, as the same will be paid by NTPC directly to the Company. The same is communicated to NTPC by PGCIL in the bill raised on December 26, 2019.**

(G) Key Management Personnel

Particulars	2020-21 (Till December 2020)	2019-20 (Till December 2019)	2019-20
Payment of Salaries, commission and perquisites			
Sh. Alok Kumar Roy	**27.24**	30.00	40.00
Sh. Maanas Srivastava	**11.84**	12.10	16.13
Sh. Rupin Rawat	**10.85**	11.32	15.09
Sh Vikas Gupta	**-**	4.48	4.48
Payment of Sitting Fees			
Sh. Dinesh Kumar Jain	**-**	1.35	2.00

Parbati Koldam Transmission Company Limited
Notes formning part of Financial Statements
(All amounts in INR Lakh, unless otherwise stated)

Note 25: Earnings per Share

Particulars	December 31, 2020	December 31, 2019	March 31, 2020
Basic & Diluted earnings per Equity Share:			
Weighted average number of equity shares used as the denominator in calculating basic & diluted earnings per equity share (A)	**27,28,37,000**	27,28,37,000	27,28,37,000
Nominal value of equity shares (Rs.)	**10**	10	10
Earnings per Equity Share of Rs . 10/- each before Rate Regulated Activities:			
Profit before Rate Regulated Activities (Rs. in lakh) (B)	**6,026.99**	5,421.02	7,747.41
Earning per equity share (Basic & Diluted) (Rs.) (B / A)	**2.21**	1.99	2.84
Earnings per Equity Share of Rs . 10/- each:			
Profit attributable to the equity holders of the Company (Rs. in lakh) (C)	**4,758.68**	6,964.01	8,222.81
Earning per share (Basic & Diluted) (Rs.) (C / A)	**1.74**	2.55	3.01

Note 26: Segment Reporting
The Company is engaged in “Transmission of Electrical Energy” which in the context of Ind AS 108 “Operating Segment” is considered as the only segment. The Company activities are restricted within India and hence, no separate geographical segment disclosure is considered necessary.

Note 27
The Ministry of Home Affairs vide order no. 40-3/2020 dated March 24, 2020 notified Power Transmission business under essential services which continued to operate during the lockdown period during the outbreak of COVID 19 which has been declared as pandemic by the World Health Organisation. The operations of the transmission lines are covered under essential services which are actively engaged in the transmission of power. Hence, the Transmission industry is amongst the businesses that are least impacted due to outbreak of COVID 19 and is running its business and operations as usual without any major disruption. Thus, the Company believes that the probability of the occurrence of their forecasted transactions have no material impact due to COVID-19 pandemic as at the date of approval of these financial results and the Company expects to recover the full carrying amount of the assets & revenue recognized.

Note 28:
Figures for the previous period / year have been regrouped / rearranged wherever necessary to make them comparable to those for the current period.

As per our attached Report of even date

For APAS & CO.
Chartered Accountants
Firm Registration No.000340C

Rajeev Ranjan
Partner
Membership No. 535395
Place: New Delhi
Date:

For and on behalf of the Board

Alok K. Roy
Director
DIN:01952393

Rupin Rawat
Chief Financial Officer
Place: Gurugram
Date:

Independent Auditors' Report

To the Members of Parbati Koldam Transmission Company Limited

Report on the audit of Financial Statements

Opinion

1. We have audited the Financial Statements of **Parbati Koldam Transmission Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), 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. (hereinafter referred to as "the financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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 March 31, 2020, its Profits, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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.

Other Information

4. The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of the auditor's report.

   Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

5. In connection with our audit of the financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

6. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

Management's Responsibility for the Financial Statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of the 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 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

11. 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 Companies Act, 2013, we give in the **Annexure B** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

12. As required by Section 143(3) of the Act, we report that:

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

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

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

    d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

    e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **“Annexure A”**;

g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

   i. The Company has disclosed the impact of pending litigations as at March 31, 2020 on its financial position in its financial statements- Refer Note 21 on contingent liabilities to the financial statements.

   ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.

For Pathak H. D. & Associates LLP
Chartered Accountants
Firm Registration No. 107783W/W100593

Sd/-
Vishal D. Shah
Partner
Membership No. 119303
UDIN :20119303AAAABF1472

Place : Mumbai
Date : May 1, 2020

Annexure – A to Auditor's report

Annexure to the Independent Auditor's Report referred to in paragraph "12(f)" under the heading "Report on other legal and regulatory requirements" of our report of even date on the financial statements of Parbati Koldam Transmission Company Limited for year ended March 31, 2020.

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

We have audited the internal financial controls with reference to financial statements of Parbati Koldam Transmission Company Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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, specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal controls with reference to financial statements 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 ICAI.

For Pathak H. D. & Associates LLP
Chartered Accountants
Firm’s Registration No.107783W/W100593

Sd/-
Vishal D. Shah
Partner
Membership No.119303
UDIN:20119303AAAABF1472

Place: Mumbai
Date: May 1, 2020

Annexure B to Auditors' Report
Referred to in our Auditors' Report of even date to the members of Parbati Koldam Transmission Company Limited on the financial statements for the Year ended March 31, 2020

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of its Property, Plant and Equipment.

(b) As informed to us, the Property, Plant and Equipment have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

(c) The title deed of immovable property, as disclosed in note 3 to the financial statements is held in the name of the Company.

(ii) As explained to us, there is no physical inventory in existence and hence, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) The Company has not granted any loan, secured or unsecured, to any company, firm Limited Liability Partnerships or other parties covered in the register maintained under section 189 of Act. Accordingly, provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable.

(iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186(1) of the Act. Further, as the Company is engaged in the business of providing infrastructural facilities, the provisions of Section 186[except for sub-section (1)] are not applicable to it.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed there under.

(vi) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under sub-section (1) of Section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, customs duty, cess and other material statutory dues as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, customs duty, cess and other material statutory dues as applicable were outstanding, at the period end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, customs duty, goods and service tax and cess as at March 31, 2020 which have not been deposited on account of a dispute.

(viii) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank. The Company has not availed any loans from debenture holders.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and in our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were raised.

Contd…2

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and section 188 of the Act where applicable.

The details of related party transactions as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, have been disclosed in the financial statements.

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

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected to its directors. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

For Pathak H. D. & Associates LLP
Chartered Accountants
Firm's Registration No.107783W/W100593

Sd/-
Vishal D. Shah
Partner
Membership No.119303
UDIN: 20119303AAAABF1472

Place: Mumbai
Date: May 1, 2020

Parbati Koldam Transmission Company Limited
Balance Sheet as at March 31, 2020
(All amounts in INR Lakh, unless otherwise stated)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-Current Assets			
a. Property, Plant and Equipment	3	**73,944.07**	79,219.71
b. Financial Assets			
(i) Loans	4(a)	**8.82**	9.82
(ii) Other Financial Assets	4(b)	**2,892.50**	2,954.50
Total Non-Current Assets (A)		**76,845.39**	82,184.03
Current Assets			
a. Financial Assets			
(i) Trade Receivables	5 (a)	**11,868.72**	4,026.85
(ii) Cash and Cash Equivalents	5 (b)	**9,557.84**	1,409.83
(iii) Loans	4(a)	**3.00**	3.00
(iv) Other Financial Assets	4(b)	**491.23**	6,565.11
b. Other Current Assets	6	**1.18**	0.93
Total Current Assets (B)		**21,921.97**	12,005.72
Regulatory deferral account debit balances and related deferred tax balances (C)	7	**-**	119.78
Total Assets and Regulatory Deferral Account debit balances (A+B+C)		**98,767.36**	94,309.53
EQUITY AND LIABILITIES			
Equity			
a. Equity Share Capital	8 (a)	**27,283.70**	27,283.70
b. Other Equity	8 (b)	**16,731.26**	13,100.44
Total Equity (D)		**44,014.96**	40,384.14
LIABILITIES			
Non-Current Liabilities			
a. Financial Liabilities			
- Borrowings	9	**39,838.62**	44,684.10
b. Provisions	10	**56.78**	131.37
c. Deferred Tax Liability (Net)	11 (e)	**1,429.80**	1,532.40
Total Non-Current Liabilities (E)		**41,325.20**	46,347.87
Current Liabilities			
a. Financial Liabilities			
(i) Trade Payables	12		
- Total outstanding dues of micro enterprise and small enterprises		**-**	-
- Total outstanding dues of creditors other than micro enterprise and small enterprise		**20.67**	39.28
(ii) Other Financial Liabilities	13	**13,136.49**	7,310.25
b. Other Current Liabilities	14	**99.52**	108.29
c. Provisions	10	**5.65**	6.11
d. Current Tax Liabilities (Net)	15	**164.87**	113.59
Total Current Liabilities (F)		**13,427.20**	7,577.52
Total Liabilities (G=E+F)		**54,752.40**	53,925.39
Total Equity and Liabilities (D+G)		**98,767.36**	94,309.53

The above balance sheet should be read in conjunction with the accompanying notes (1 - 33).

As per our attached Report of even date

For Pathak H.D.& Associates LLP
Chartered Accountants
Firm Registration No.107783W / W100593

For and on behalf of the Board

Alok K. Roy
Managing Director
DIN: 01952393

Surya S. Banerji
Director
DIN: 08277103

Vishal D. Shah
Partner
Membership No. 119303
Place: Mumbai
Date : May 01, 2020

Rupin Rawat
Chief Financial Officer
Place: Gurugram
Date : May 01, 2020

Maanas Srivastava
Company Secretary

Parbati Koldam Transmission Company Limited
Statement of Profit and Loss for the year ended March 31, 2020
(All amounts in INR Lakh, unless otherwise stated)

Particulars	Note	For the year ended on	
		March 31, 2020	March 31, 2019
(I) Revenue from Operations	16	**18,940.68**	16,114.72
(II) Other Income	17	**1,962.09**	573.48
(III) Total Income (I+II)		**20,902.77**	16,688.20
(IV) Expenses			
Employee Benefits Expense	18	**342.48**	422.45
Finance Costs	19	**4,745.69**	4,760.99
Depreciation Expense	3	**5,276.76**	5,274.70
Other Expenses	20	**546.18**	399.71
Total Expenses (IV)		**10,911.11**	10,857.85
(V) Profit before Regulatory Defferal Account Balances (III-IV)		**9,991.66**	5,830.35
Add: Regulatory Income/(Loss) (Net of deferred taxes)	7	**591.65**	763.51
(VI) Profit before tax		**10,583.31**	6,593.86
(VII) Income Tax Expense	11(a)		
1. Current Tax		**1,927.27**	1,354.24
2. Deferred Tax (Asset) / Liability (Net)		**489.05**	310.51
3. Income tax for earlier years		**(55.82)**	5.17
		2,360.50	1,669.92
(VIII) Profit for the Year (VI-VII)		**8,222.81**	4,923.94
(IX) Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of Net Defined Benefit Plans : (Gains) / Loss		**(15.61)**	(8.15)
Income tax relating to above		**2.73**	1.76
Total Other Comprehensive (Income)/Loss for the year (IX)		**(12.88)**	(6.39)
Total Comprehensive Income for the year (VIII+IX)		**8,235.69**	4,930.33
		INR	INR
Earnings per Equity Share of Rs . 10/- each including movement in Regulatory Defferal Account Balances:	28		
Basic		**3.01**	1.80
Diluted		**3.01**	1.80
Earnings per Equity Share of Rs . 10/- each excluding movement in Regulatory Defferal Account Balances:			
Basic		**2.80**	1.53
Diluted		**2.80**	1.53

The above statement of profit and loss should be read in conjunction with the accompanying notes (1 - 33).

As per our attached Report of even date

For Pathak H.D.& Associates LLP
Chartered Accountants
Firm Registration No.107783W / W100593

Vishal D. Shah
Partner
Membership No. 119303
Place: Mumbai
Date : May 01, 2020

For and on behalf of the Board

Alok K. Roy
Managing Director
DIN:01952393

Surya S. Banerji
Director
DIN: 08277103

Rupin Rawat
Chief Financial Officer
Place: Gurugram
Date : May 01, 2020

Maanas Srivastava
Company Secretary

Parbati Koldam Transmission Company Limited
Statement of Cash Flows for the year ended March 31, 2020
(All amounts in INR Lakh, unless otherwise stated)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
A. Cash Flow from Operating Activities		
Profit before Tax	**10,583.31**	6,593.86
Adjustments for:		
Depreciation	**5,276.76**	5,274.70
Interest Expenses	**4,745.69**	4,760.99
Provision for Leave Encashment and Gratuity	**(59.44)**	35.94
(Profit) / Loss on sale/discard of Fixed Assets (Net)	**0.20**	0.90
Regulatory Income (Net of deffered taxes)	**(591.65)**	(763.51)
Filing Fees	**0.38**	0.69
Interest Income	**(440.19)**	(356.74)
Cash Generated from Operations before Working Capital Changes	**19,515.06**	15,546.83
Working Capital Adjustments :		
(Increase) / Decrease in Other Financial Assets	**6,111.67**	(602.80)
(Increase) / Decrease in Trade Receivables	**(1,878.51)**	(165.89)
(Increase) / Decrease in Other Assets	**(0.25)**	(0.46)
Increase / (Decrease) in Other Current Liabilities	**(8.77)**	2.16
Increase / (Decrease) in Trade Payables	**(18.60)**	10.80
Cash Generated from Operations	**23,720.60**	14,790.64
Income Taxes Paid (Net of Refund)	**(1,822.90)**	(1,344.99)
Net Cash Generated from Operating Activities	**21,897.70**	13,445.65
B. Cash Flows from Investing Activities		
Payments for Acquisition of Property, Plant and Equipment (including Capital Advances and Capital Creditors)	**(19.04)**	(13.94)
Redemption /(Investment) in Bank Deposits (Net)	**62.00**	306.05
Interest Income	**403.40**	373.30
Net Cash Generated from / (used) in Investing Activities	**446.36**	665.41
C. Cash Flow From Financing Activities		
Filing Fees	**(0.38)**	(0.69)
Repayment of Long Term Borrowings	**(4,877.42)**	(5,192.49)
Payment of Interest and Finance Charges	**(4,713.38)**	(5,045.58)
Dividends Paid to Shareholders Including Tax	**(4,604.87)**	(5,262.71)
Net Cash Used in Financing Activities	**(14,196.05)**	(15,501.47)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	**8,148.01**	(1,390.41)
Cash and Cash Equivalents at the Beginning of the Year	**1,409.83**	2,800.24
Cash and Cash Equivalents at End of the Year	**9,557.84**	1,409.83
Net Increase / (Decrease) as disclosed above	**8,148.01**	(1,390.41)
Components of Cash and Cash Equivalents (Refer Note 5 (b))	**9,557.84**	1,409.83

The above statement of cash flows should be read in conjunction with the accompanying notes (1 - 33).

As per our attached Report of even date

For Pathak H.D.& Associates LLP
Chartered Accountants
Firm Registration No.107783W / W100593

For and on behalf of the Board

Alok K. Roy
Managing Director
DIN:01952393

Surya S. Banerji
Director
DIN: 08277103

Vishal D. Shah
Partner
Membership No. 119303
Place: Mumbai
Date : May 01, 2020

Rupin Rawat
Chief Financial Officer
Place: Gurugram
Date : May 01, 2020

Maanas Srivastava
Company Secretary

Parbati Koldam Transmission Company Limited
Statement of Changes in Equity
(All amounts in INR Lakh, unless otherwise stated)

EQUITY
A. Equity Share Capital (Refer Note: 8 (a))

Particulars	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
As at March 31, 2019	27,283.70	-	27,283.70
As at March 31, 2020	**27,283.70**	**-**	**27,283.70**

B. Other Equity (Refer Note: 8 (b))

Particulars	Attributable to Owners of the Company		
	Reserves and Surplus		
	Self Insurance Reserve	Retained Earnings	Total
Balance as at April 01, 2018	**379.35**	**13,053.47**	**13,432.82**
Profit for the year	-	4,923.94	4,923.94
Other Comprehensive income for the year			
Items that will not be reclassified to profit or loss			
Remeasurement Loss on Defined Benefit Plan (Net of Tax)	-	6.39	6.39
Total Comprehensive Income for the year	**-**	**4,930.33**	**4,930.33**
Transfer to Self Insurance Reserve	-	(100.63)	(100.63)
Transfer from Retained Earnings	100.63	-	100.63
Transaction with owners, recorded directly in equity			
Dividend Paid	-	(4,365.40)	(4,365.40)
Tax on Dividend	-	(897.31)	(897.31)
Balance as at March 31, 2019	**479.98**	**12,620.46**	**13,100.44**
Balance as at April 01, 2019	**479.98**	**12,620.46**	**13,100.44**
Profit for the year	-	8,222.81	8,222.81
Other Comprehensive income for the year			
Items that will not be reclassified to profit or loss			
Remeasurement Loss on Defined Benefit Plan (Net of Tax)	-	12.88	12.88
Total Comprehensive Income for the year	**-**	**8,235.69**	**8,235.69**
Transfer to Self Insurance Reserve	-	(100.63)	(100.63)
Transfer from Retained Earnings	100.63	-	100.63
Transaction with owners, recorded directly in equity			
Dividend Paid	-	(3,819.74)	(3,819.74)
Tax on Dividend	-	(785.13)	(785.13)
Balance as at March 31, 2020	**580.61**	**16,150.65**	**16,731.26**

The above statement of changes in equity should be read in conjunction with the accompanying notes (1 - 33).

As per our attached Report of even date

For Pathak H.D.& Associates LLP
Chartered Accountants
Firm Registration No.107783W / W100593

Vishal D. Shah
Partner
Membership No. 119303
Place: Mumbai
Date : May 01, 2020

For and on behalf of the Board

Alok K. Roy
Managing Director
DIN:01952393

Surya S. Banerji
Director
DIN: 08277103

Rupin Rawat
Chief Financial Officer
Place: Gurugram
Date : May 01, 2020

Maanas Srivastava
Company Secretary

Parbati Koldam Transmission Company Limited
Notes forming part of Financial Statements

Note 1: Corporate Information

Parbati Koldam Transmission Company Limited (PKTCL) is a Company limited by shares, incorporated and domiciled in India. The registered office of the Company is located at 5th Floor, JMD Galleria, Sector-48, Sohna Road, Gurugram-122018.

PKTCL was incorporated on September 02, 2002 by Powergrid Corporation of India Limited (PGCIL). Pursuant to shareholders agreement dated November 23, 2007, between PGCIL and Reliance Infrastructure Limited (R Infra), 74% shareholding of PKTCL has been transferred to R Infra and its nominee shareholders and balance 26% shareholding vests with PGCIL and its nominee shareholders. With this the Company has become a joint venture between RInfra and PGCIL with the object of establishing a suitable power evacuation capacity for Parbati-II Hydro Electric Power Station and Koldam Hydro Electric Power Station, both in the State of Himachal Pradesh, India. The Company has undertaken implementation of these transmission systems/projects on Build, Own and Operate (BOO) basis.

These financial statements of the Company for the year ended March 31, 2020 were authorised for issue by the board of directors on May 01, 2020. Pursuant to the provisions of section 130 of the Act the Central Government, income tax authorities, other statutory regulatory body and section 131 of the Act the board of directors of the Company have powers to amend / re-open the financial statements approved by the board / adopted by the members of the Company.

Note 2: Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of Preparation

(i) Compliance with Indian Accounting Standard (Ind AS)

The financial statements of the Company comply in all material aspects with Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with relevant rules and other accounting principles.

These financial statements are presented in ‘Indian Rupees’, which is also the Company’s functional currency and all amounts, are rounded to the nearest Lakh, unless otherwise stated.

The financial statements have been prepared in accordance with the requirements of the information and disclosures mandated by Schedule III to the Act, applicable Ind AS, other applicable pronouncements and regulations. The tariff in respect of Company’s business is subject to approval from Regulatory Authorities. The basis of accounting for regulatory deferral balances of such businesses is in accordance with the provisions of Ind AS 114 “Regulatory Deferral Accounts” read with the Guidance Note on Rate Regulated Activities issued by The Institute of Chartered Accountants of India (ICAI).

(ii) Basis of Measurement - Historical Cost Convention

The financial statements have been prepared on a historical cost convention on accrual basis, except for certain assets and liabilities measured at fair value.

(iii) Financial statements have been prepared on a going concern basis in accordance with the applicable accounting standards prescribed in the Companies (Indian Accounting Standards), Rules, 2015 issued by the Central Government.

(b) Current versus Non-Current classification

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

An asset is treated as current when it is:
- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Expected to be realised 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 due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

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

Regulatory Assets / Liabilities are presented as separate line item distinguished from assets and liabilities as per Ind AS 114.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(c) Foreign currency translation

(i) 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 entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions, and from translation of monetary assets and liabilities at the reporting date exchange rates are recognised in the Statement of Profit and Loss.

(d) Rate Regulated Activities

The Company determines revenue gaps (i.e. surplus / shortfall in actual revenue over revenue entitled) in respect of its operations, as given in the Guidance Note on Rate Regulated Activities and based on the principles laid down under the relevant Tariff Regulations / Tariff Orders notified by the Central Electricity Regulatory Commission (CERC) and the actual or expected actions of the regulator under the applicable regulatory framework. Appropriate adjustments in respect of such revenue gaps are made in the revenue of the respective year for the amounts which are reasonably determinable and no significant uncertainty exists in such determination. These adjustments/ accruals are as per the principle of Ind AS 114 "Regulatory Deferral Accounts", representing revenue gaps are carried forward as Regulatory Assets / Regulatory Liabilities and the Company presents separate line items in the balance sheet for:

i. the total of all regulatory deferral account debit balances and related deferred tax balances; and
ii. the total of all regulatory deferral account credit balances and related deferred tax balances.

A separate line item is presented in the profit or loss section of the statement of profit and loss for the net movement in all regulatory income/(expenses) net of deferred tax for the reporting period.

(e) Revenue from Contracts with Customers and Other Income

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

There is no impact on application of standards on the financial statements.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of cash discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the economic benefits associated with the transaction will flow to the entity. However, when an uncertainty arises about the collectability of an amount already included in revenue, the uncollectible amount or the amount in respect of which recovery has ceased to be probable is recongised as an expense, rather than as an adjustment of the amount of revenue originally recongised.

Revenue from Transmission Service Charge is accounted for based on tariff orders issued by the Central Electricity Regulatory Commission (CERC). In case there is no tariff order (provisional / final) but petition has been filed, transmission income is accounted based on the tariff norms and other amendments issued by the CERC in similar cases. Difference, if any, is accounted on issuance of final tariff orders by the CERC. Transmission Service Charges in respect of additional capital expenditure incurred after the date of commercial operation is considered based on actual expenditure incurred on year to year basis as per tariff norms of the CERC tariff regulation.

Surcharge recoverable from trade receivables are recognized when no significant uncertainty as to measurability and collectability exists.

The Transmission System Incentive/disincentive is accounted for based on the certification of availability by the respective regional power committee and in accordance with the norms notified / approved by the CERC.

Others:

Interest Income is recognized using Effective Interest Rate Method.
Dividend on Investment is recognized in the Statement of Profit and Loss when the right to receive payment is established.

(f) Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income tax expense for the period comprises of current tax and deferred tax. Income tax is recognized in the Statement of Profit and Loss except to the extent that it relates to items recognized in 'Other comprehensive income' or directly in equity, in which case the tax is recognized in 'Other comprehensive income' or directly in equity, respectively.

(g) Leases

The Company has obtained certain office premises on lease which are of Short term nature and are also of low value leases. For these short term and low value leases, the Company recognizes the lease payments as an expense on straight line basis over the period of lease. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit and loss unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(h) Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Chief operating decision maker's function is to allocate the resources of the entity and access the performance of the operating segment of the entity.

The Board assesses the financial performance and position of the Company and makes strategic decisions. It is identified as being the chief operating decision maker for the Company.

(i) Impairment of Non-Financial Assets

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Indefinite-life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognizing the impairment loss as an expense in the Statement of Profit and Loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. An impairment loss recognized for goodwill is not reversed in subsequent periods.

(j) Cash and Cash Equivalents

Cash and Cash Equivalent in the balance sheet comprise cash at Bank and Short Term Deposits with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(k) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financial activities of the Company are segregated based on the available information.

(l) Financial Instruments

The Company recognises financial assets and liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognised at fair values on initial recognition, except for trade receivables which are initially measured at transaction price.

(I) Financial Assets :

(i) Classification:

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in Statement of profit and loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

Initial

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs of financial assets carried at fair value through profit or loss are expensed in Statement of Profit or Loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

- **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 and is not part of a hedging relationship is recognised in Statement of Profit and 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**.**

- **Fair value through profit or loss**:

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the Statement of Profit and Loss and presented net in the Statement of Profit and Loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequently measures all equity investments at fair value.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in Statement of Profit and Loss.

(iii) Impairment of Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company measures the expected credit loss associated with its trade receivables based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(iv) De recognition of Financial Assets

A financial asset is derecognised only when:

- Right to receive cash flow from 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 asset, but assumes a contractual obligation to pay the received cash flows in full without material delay to a 3rd party under a “pass through” arrangement.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(II) Financial Liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company’s financial liabilities include trade and other payable,

Subsequent measurement

Financial liabilities at amortized cost: After initial measurement, such financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial 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 in the respective carrying amounts is recognized in the Statement of Profit and Loss.

Trade and Other Payable

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(m) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 -Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Management determines the policies and procedures for both recurring and non–recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Disclosures for valuation methods, significant estimates and assumptions of Financial instruments (including those carried at amortised cost) (**Refer note 27A(a)**) and disclosures of fair value measurement hierarchy (**Refer note 27A(b)**).

(n) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(o) Property, Plant and Equipment

Transmission system assets are considered as ready for intended use after successful completion of trial operation as prescribed under CERC Tariff Regulations and capitalized accordingly.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Revalued assets were carried in the balance sheet on the basis of fair valuations performed.

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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount are included in statement of profit and loss.

When significant parts of the property, plant and equipments are required to be replaced, the Company derecognises the replaced parts and recognise the new part with its own associated useful life and it is depreciated accordingly. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation on the assets related to transmission business is provided on straight line method following the rates and methodology notified by the Central Electricity Regulatory Commission.

Depreciation on additions to/deductions from property, plant and equipment during the period is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

Once the individual asset is depreciated to the extent of seventy (70) percent, remaining depreciable value as on 31st March of the year closing shall be spread over the balance useful life of the asset, as provided in the Regulation. The residual values are not more than 10% of the cost of the assets.

The assets' residual values, useful life and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(p) Capital Work in Progress (CWIP)

All project related expenditure viz. civil works, machinery under erection, construction and erection materials, preoperative expenditure incidental / attributable to the construction of projects, borrowing cost incurred prior to the date of commercial operations and trial run expenditure are shown under CWIP. These expenses are net of recoveries and income (net of tax) from surplus funds arising out of project specific borrowings.

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

(q) Borrowing Costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. 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 effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. 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.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(r) Provisions

Provisions for legal claims and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance costs.

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the group.

(s) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is probable that an outflow of resources will not be required to settle the obligation. However, if the possibility of outflow of resources, arising out of present obligation, is remote, it is not even disclosed as contingent liability.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the notes to financial statements. A Contingent asset is neither disclosed nor recognized in financial statements.

(t) Employee Benefits

(i) Short-Term Obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other Long-Term Employee Benefit Obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-Employment Obligations

The Company operates the following post-employment schemes:
(a) defined benefit plans such as gratuity, leave encashment; and
(b) defined contribution plans such as provident fund, superannuation fund etc.

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in statement of profit and loss as past service cost.

Leave encashment

Long-term leave encashment is provided for on the basis of an actuarial valuation carried out at the end of the year on the projected unit credit method. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

Defined Contribution plans

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. Superannuation plan, a defined contribution scheme is administered by Life Insurance Corporation of India. The Company makes annual contributions based on a specified percentage of each eligible employee's salary.

(u) Self Insurance Reserve

Self Insurance reserve is created @ 0.1% p.a. on Gross Block of Fixed Assets (except assets covered under any other insurance policy) as at the end of the year by appropriating current year profit towards future losses which may arise from un-insured risks and taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers.

(v) Contributed Equity

Equity shares are classified as equity.

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

(w) Dividend

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 including tax deduction at source (TDS) on distribution of dividend is recognised directly in equity.

(x) Earnings per Share

(i) Basic Earnings per Share (BEPS)

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

(ii) Diluted Earnings per Share (DEPS)

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Both BEPS and DEPS have been calculated with and without considering rate regulated activities Income in the Net Profit attributable to Equity Shareholders.

(y) Rounding of Amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakh as per the requirement of Schedule III, unless otherwise stated.

(z) Critical Estimates and Judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement 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. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates and judgements are:

Estimation of Uncertainties relating to the Global Health Pandemic from COVID – 19 ("Covid – 19")

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and Property Plant and Equipment. The operations of the transmission lines are covered under essential services which are actively engaged in the transmission of power. Hence the Transmission industry is amongst the businesses that are least impacted due to outbreak of COVID 19 and is running its business and operations as usual without any major disruption. Thus, the Company believes that the probability of the occurrence of their forecasted transactions have no material impact due to COVID-19 pandemic as at the date of approval of these financial results and the Company expects to recover the full carrying amount of the assets & revenue recognized.

Regulatory Assets and Revenue:

The Company determines revenue gap for the period (i.e. shortfall in actual returns over assured returns) based on the principles laid down under the CERC Regulations and Tariff Orders issued by CERC. In respect of such revenue gaps, appropriate adjustments, have been made for the respective periods on a conservative basis in accordance with accounting policy and the requirement of Ind AS 114 "Regulatory Deferral Accounts" read with Guidance Note on Rate Regulated Activities issued by the Institute of Chartered Accountants of India.

Estimation of deferred tax assets recoverable:

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the same can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company has Rs 7,176.35 Lakh (March 31, 2019: Rs 5,246.35 Lakh) of Minimum Alternate Tax (MAT) credit entitlement assets. According to management's estimate, these balances will expire and may not be used to offset taxable income. The Company neither has any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these MAT credit entitlement as deferred tax assets. On this basis, the Company has determined that it cannot recognise deferred tax assets on these balances.

Estimation of defined benefit obligation:

The cost of the defined benefit gratuity plan and other post-employment employee benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

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Note 3: Property, Plant and Equipment

Particulars	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipment	Computers	Electrical Installations	Total
Year Ended March 31, 2019								
Gross carrying amount								
Opening gross carrying amount	312.54	1,217.57	96,307.50	84.67	23.11	16.92	49.81	98,012.12
Additions	-	-	-	-	-	-	-	-
Deletion / Other Adjustments	-	-	-	(0.58)	(0.51)	(0.14)	-	(1.23)
Closing gross carrying amount as on March 31, 2019	**312.54**	**1,217.57**	**96,307.50**	**84.09**	**22.60**	**16.78**	**49.81**	**98,010.89**
Accumulated depreciation								
Opening accumulated depreciation	-	77.53	13,404.31	12.30	4.78	11.71	6.18	13,516.81
Depreciation charge during the year	-	41.12	5,221.44	5.49	1.82	1.68	3.15	5,274.70
Deletion / Other Adjustments	-	-	-	(0.18)	(0.15)	-	-	(0.33)
Closing accumulated depreciation as on March 31, 2019	**-**	**118.65**	**18,625.75**	**17.61**	**6.45**	**13.39**	**9.33**	**18,791.18**
Net carrying amount as on March 31, 2019	**312.54**	**1,098.92**	**77,681.75**	**66.48**	**16.15**	**3.39**	**40.48**	**79,219.71**
Year Ended March 31, 2020								
Gross carrying amount								
Opening gross carrying amount	312.54	1,217.57	96,307.50	84.09	22.60	16.78	49.81	98,010.89
Additions	-	-	-	-	0.29	1.04	-	1.33
Deletion / Other Adjustments	-	-	-	(0.06)	(0.24)	(0.49)	-	(0.79)
Closing gross carrying amount as on March 31, 2020	**312.54**	**1,217.57**	**96,307.50**	**84.03**	**22.65**	**17.33**	**49.81**	**98,011.43**
Accumulated depreciation								
Opening accumulated depreciation	-	118.65	18,625.75	17.61	6.45	13.39	9.33	18,791.18
Depreciation charge during the year	-	41.12	5,221.44	5.49	1.81	3.75	3.15	5,276.76
Deletion / Other Adjustments	-	-	-	(0.02)	(0.07)	(0.49)	-	(0.58)
Closing accumulated depreciation as on March 31, 2020	**-**	**159.77**	**23,847.19**	**23.08**	**8.19**	**16.65**	**12.48**	**24,067.36**
Net carrying amount as on March 31, 2020	**312.54**	**1,057.80**	**72,460.31**	**60.95**	**14.46**	**0.68**	**37.33**	**73,944.07**

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(i) Property, Plant and Equipment pledged as security (Refer Note 9):

Particulars	**As at March 31, 2020**	As at March 31, 2019
Freehold Land	**312.54**	312.54
Buildings	**1,057.80**	1,098.92
Plant and Equipment - Transmission System	**72,460.31**	77,681.75
Furniture and Fixtures	**60.95**	66.48
Office Equipment	**14.46**	16.15
Computers	**0.68**	3.39
Electrical Installations	**37.33**	40.48
Total Property Plant and Equipments pledged as security	**73,944.07**	79,219.71

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Note 4(a): Loans

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	Non-Current	Current	Non-Current
Education Loan to Employees - Unsecured, considered good	3.00	8.50	3.00	9.50
Security Deposits	-	0.32	-	0.32
Total	3.00	8.82	3.00	9.82

Note 4(b): Other Financial Assets

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	Non-Current	Current	Non-Current
Tariff receivable from the beneficiaries (unbilled)	257.47	-	6,383.05	-
Bank Deposits with Original Maturity of more than 12 months*	-	2,892.50	-	2,954.50
Interest Accrued on Bank Deposits	218.85	-	182.06	-
Gratuity Fund (Refer note 25)	14.91	-	-	-
Total	491.23	2,892.50	6,565.11	2,954.50

*Represents Bank Deposit of Rs. 550.00 lakh (March 31, 2019 - 550.00 lakh) earmarked for Self Insurance Reserve, Rs. 0.50 lakh (March 31, 2019 - Rs. 0.50 lakh) pledged with Sales Tax Department and Rs 2,342.00 Lakh (March 31, 2019 - Rs. 2,404.00 Lakh) reserved for servicing debt under facility agreement with the Lenders.

Note 5 (a): Trade Receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, Considered Good	11,868.72	4,026.85
Total	11,868.72	4,026.85

1. Trade Receivables includes Rs. 7,344.68 Lakhs (March 31, 2019 - Rs NIL) billed on NTPC for the period from the readiness of the Transmission Lines to the date of actual Power Flow. The said billing is done based on the CERC tariff Orders dated July 24, 2019 and August 19, 2019. As per the orders issued by the CERC, tariff for this period was to be paid by NTPC. NTPC has filed an appeal with the Appellate Tribunal of Electricity against the orders of the CERC and also has filed an stay application against the bill raised by the Company. APTEL has admitted the stay application and asked no coercieve action should be taken place till the hearing of the said application. The said Interim Application is listed for hearing on July 01, 2020. Pending the hearing by the APTEL, the Company has raised the invoice and considered the amount as revenue in the Statement of Profit and Loss. The Invoice also had an element of Interest which has not been recognised as revenue as the CERC Order also did not stated the recoverability of Interest on the said amount. The same will be accounted on receipt basis.
2. These Trade Receivables are given as security to the Lenders - Refer note 9

Note 5 (b): Cash and Cash Equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with Banks in -		
Current Accounts	26.84	8.83
Bank Deposit with original maturity of less than 3 months	9,531.00	1,401.00
Total	9,557.84	1,409.83

Note 6: Other Assets

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	Non-Current	Current	Non-Current
Advance to Employees	1.18	-	0.93	-
Total	1.18	-	0.93	-

Note 7: Regulatory Deferral Account Balances
Regulatory Assets / (Liability)
In accordance with accounting policy (Refer note 2(d)) and in accordance with the Guidance Note on Rate Regulated Activities issued by ICAI, the reconciliation of the Regulatory Assets / (Liabilities) of the Company as on March 31, 2020 is as under:

	Particulars	As at March 31, 2020	As at March 31, 2019
I	**Regulatory Asset / (Liability)**		
A	Opening Balance	**119.78**	77.51
B	Add: Accrued during the year		
1	For Current Year		
	- Return on Equity	**(119.78)**	42.27
2	Regulatory Asset recoverable on account of Deffered Tax	**591.65**	721.24
	Total (1+2)	**471.87**	763.51
C	Less: Recoverable from beneficiaries	**(591.65)**	(721.24)
D	**Closing Balance (A+B+C)**	**-**	119.78
II	**Deferred Tax Liability**		
	Opening Balance	**7,285.97**	6,564.73
	Add: Deferred Tax Liability during the year	**591.65**	721.24
	Total	**7,877.62**	7,285.97
	Less: Recoverable from beneficiaries	**(7,877.62)**	(7,285.97)
	Closing Balance	**-**	-

Regulatory deferral account credit / debit of the Company:

(i) Determination of Transmission service charges (TSC) chargeable by the Company to its consumers is governed by CERC Tariff Regulation, 2019, whereby CERC determines the Transmission service charges wherein the Company earns assured return of 15.5% p.a. post tax on CERC approved equity in the business. The rate review on account of grossing up with the actual tax rate or “truing up” process during the tariff period is being conducted as per the principle stated in CERC Regulations to adjust the tariff rates downgrade or upgrade to ensure recovery of actual tax paid and assured return on equity.

(ii) During the year, the Company has billed the total regulatory asset balance lying as on March 31, 2019 Rs. 119.78 Lakh and the same is reduced from the total regulatory deferral account debit balances. Further, regulatory asset created during the year is NIL (March 31, 2019 - Rs. 42.27 Lakh) to the approved TSC including incentive due to change in the effective tax rate (increase in rate of surcharge on tax from 10% to 12% and change in education cess from 3% to 4%) resulting in change in the rate of return on equity and the same is shown under Regulatory deferral account debit balances.

(iii) During the truing up process, revenue gaps (i.e. surplus/shortfall in actual returns over returns entitled) are determined by the regulator and are permitted to be carried forward as regulatory assets/ regulatory liabilities which would be recovered / refunded through future billing based on future tariff determination by the regulator. At the end of each accounting period, Company also determines regulatory assets/regulatory liabilities in respect of each accounting period on self true up basis.

Market Risk

The Company is in the business of developing the Transmission Line for supplying the eletricity to beneficiary, therefore no demand risk anticipated because the License issued by the CERC for 25 years. The Project is constructed under Cost Plus Contract.

Regulatory Risk

(i) The Company is Operating under Regulatory Environment governed by Central Electricity Regulatory Commission (CERC). Tariff is subject to Rate Regulated Activities.

(ii) The Company determine revenue gaps (i.e. surplus / shortfall in actual returns over returns entitled) in respect of their regulated operations as given in the Guidance Note on Rate Regulated Activities and based on the principles laid down under the relevant tariff regulations / tariff orders notified by the CERC and the actual or expected actions of the regulators under the applicable regulatory framework. Appropriate adjustments in respect of such revenue gaps are made in the respective years for the amounts which are reasonably determinable and no significant uncertainty exists in such determination. These adjustments / accruals representing revenue gaps are carried forward as regulatory defferal account debit / credit balances which would be recovered / refunded through future billing based on future tariff determination by the regulators in accordance with the respective electricity regulations.

(iii) The key risks and mitigating actions are also placed before the Audit Committee of the Company. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(iv) The Company’s risk for Regulatory Assets are monitored by the Regulatory Team under policies approved by the Board of Directors. The Team identifies, evaluates and protect risks in close cooperation with the Company’s operating units. The board provides principles for overall risk management, as well as policies covering specific areas.

(v) Regulatory Assets recognized in the Books of Accounts of the Company are subject to True up by CERC as per Regulation.

Net tax recoverable from beneficiaries:
In accordance with the CERC tariff regulation for determination of tariff, the income-tax paid is considered for tariff determination (truing up). Accordingly, the Company has considered Rs. 7,877.62 Lakh (March 31, 2019 - Rs. 7,251.09 Lakh) of deferred tax liability as on March 31, 2020 as “Net tax recoverable from beneficiaries”. Similarly, the deferred tax liability of Rs. NIL (March 31, 2019 - Rs. 34.88 Lakh) on account of timing difference on taxability of regulatory income accounted in the books is netted off against “Net tax recoverable from beneficiaries”.

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Note 8: Equity Share Capital and Other Equity
Note 8(a): Equity Share Capital

Authorised Equity Share Capital	As at March 31, 2020	As at March 31, 2019
33,10,00,000 (March 31, 2019: 33,10,00,000) Equity Shares of INR 10 each	**33,100.00**	33,100.00
Total Authorised Equity Share Capital	**33,100.00**	33,100.00

Issued, Subscribed and Paid up Equity Share Capital	As at March 31, 2020	As at March 31, 2019
27,28,37,000 (March 31, 2019: 27,28,37,000) Equity Shares of INR 10 each	**27,283.70**	27,283.70
Total Issued, Subscribed and Paid up Equity Share Capital	**27,283.70**	27,283.70

(i) Reconciliation of the Shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2020		As at March 31, 2019	
Equity Shares -	**No. of shares**	**Amount in INR Lakh**	No. of shares	Amount in INR Lakh
At the beginning of the year	**27,28,37,000**	**27,283.70**	27,28,37,000	27,283.70
Add: Issued during the year	**-**	**-**	-	-
Outstanding at the end of the year	**27,28,37,000**	**27,283.70**	27,28,37,000	27,283.70

(ii) Shares of the Company held by Holding Company

Particulars	As at March 31, 2020	As at March 31, 2019
Reliance Infrastructure Limited and its nominees	**20,189.94**	20,189.94

(iii) Details of shareholders holding more than 5% of the total Equity Shares of the Company

Name of the Shareholders	As at March 31, 2020		As at March 31, 2019	
	No. of shares	**% held**	No. of shares	% held
Reliance Infrastructure Limited and its nominees	**20,18,99,380**	**74.00**	20,18,99,380	74
Powergrid Corporation of India Limited and its nominees	**7,09,37,620**	**26.00**	7,09,37,620	26

(iv) Terms / Rights attached to Equity Shares

a. The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

b. The Company declares and pays dividend in Indian Rupees. The Dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company has paid Interim Dividend of Rs. 4,604.87 Lakh (March 31, 2019 - Rs. 5,262.71 Lakh) including Dividend Distribution Tax.

c. The Board of Directors in their meeting dated May 1, 2020 has approved dividend of Rs. 2.90 per equity shares. Total dividend outflow will be Rs. 7.912.27 Lakhs.

(v) Shares Pledged as Security

Promoter's Equity (Reliance Infrastructure Limited) Interest representing 13,91,46,870 (March 31, 2019 - 13,91,46,870) number of shares, have been pledged with the lenders as a security for the term loan taken by the Company.

Note 8(b): Other Equity - Reserve and Surplus

Particulars	As at March 31, 2020	As at March 31, 2019
Reserve and Surplus:		
Self Insurance Reserve	**580.61**	479.98
Retained Earnings	**16,150.65**	12,620.46
Total	**16,731.26**	13,100.44

(i) Self Insurance Reserve

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	**479.98**	379.35
Add: Transfer from Retained Earnings	**100.63**	100.63
Closing balance	**580.61**	479.98

(ii) Retained Earnings

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	**12,620.46**	13,053.47
Add: Net Profit for the year	**8,222.81**	4,923.94
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	**12.88**	6.39
Less: Dividend Paid	**(3,819.74)**	(4,365.40)
Less: Tax on Dividend	**(785.13)**	(897.31)
Less: Transfer to Self Insurance Reserve	**(100.63)**	(100.63)
Closing balance	**16,150.65**	12,620.46

Self Insurance Reserve:

Self Insurance reserve is created @ 0.1% p.a. on Gross Block of Fixed Assets (except assets covered under any other insurance policy) as at the end of the year by appropriating current year profit towards future losses which may arise from un-insured risks and taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers.

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Financial Liabilities

Note 9: Non Current Borrowings

Particulars	As at March 31, 2020		As at March 31, 2019	
	Non Current	Current	Non Current	Current
Secured				
Term Loans from Bank	**30,882.82**	**3,780.97**	34,639.02	3,780.97
Term Loans from Financial Institutions	**8,955.80**	**1,096.45**	10,045.08	1,096.45
Total Non-Current Borrowings	**39,838.62**	**4,877.42**	44,684.10	4,877.42

Note: 1. Current Maturities of long term debt disclosed under Other Financial Liabilities (Refer Note No 13)
2. Non Current Borrowings are netted off of Loan Processing charges Rs. 334.66 Lakh (March 31, 2019 - Rs. 366.60 Lakh).

Term Loans from Financial Institutions Rs.10,127.49 Lakh / Banks Rs. 34,923.21 Lakh (principal undiscounted amount) are secured by:
a) First pari-passu charge by way of mortagage of all immovable properties acquired for the project, both present and future,
b) First pari-passu charge by way of hypothecation of all movable assets, including moveable plant & machinery, machinery spares,tools and accessories, furniture, fixtures, vehicles and all other moveable assets, present and future,
c) First pari-passu charge on all the cash flows, receivables, book debts, revenues of whatsoever nature and wherever arising, present and future,
d) First pari-passu charge on all intangibles assets,present and future,
e) First pari-passu charge on guarantees,letter of credit,performance bond,indemnities etc.
f) Pledge of promoter's Equity (Reliance Infrastructure Limited) Interest representing atleast 51% of the project Equity Capital,
g) First pari-passu charge on all Insurance Contracts and Insurance Proceeds.
h) Principal and Interest is payable on the last working day of the month.
i) Loan shall be drawn as per the requirement of the project.
j) The loan shall be repaid in 168 monthly installment starting from October 30, 2016.
k) Rate of interest is variable, presently interest rate is 10.50% p.a.

Maturity Profile of Term Loan (principal undiscounted):

Year	Rate of Interest	Amount in Rs. Lakh	
		Bank	Financial Institution
2020-21	10.50%	3,780.96	1,096.46
2021-22		3,780.97	1,096.45
2022-23		3,780.97	1,096.46
2023-24		3,780.97	1,096.45
2024-25		3,737.46	1,083.84
2025-26		3,911.51	1,134.31
2026-27		3,224.95	935.21
2027-28		2,635.07	764.15
2028-29		2,545.63	738.92
2029-30		2,502.60	726.30
2030-31		1,242.12	358.94
		34,923.21	**10,127.49**

Disclosure pursuant to para 44 A to 44 E of Ind AS 7 - Statement of Cash Flows:

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Long Term Borrowings		
Opening Balance		
- Non Current	**49,561.52**	54,722.17
Availed during the year	**-**	-
Changes in Fair Value (Impact of Effective Rate of Interest)	**31.94**	31.85
Repaid during the year	**(4,877.42)**	(5,192.50)
Closing Balance	**44,716.04**	49,561.52
Interest on Term Loan		
Opening Payable	**12.58**	329.02
Incurred during the year	**4,745.69**	4,760.99
Changes in Fair Value (Impact of Effective Rate of Interest)	**(31.94)**	(31.85)
Paid during the year	**(4,713.38)**	(5,045.58)
Closing Payable	**12.95**	12.58

Note 10: Provisions

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	Non Current	Current	Non-current
Provision for Employee Benefit:				
Leave Encashment	**5.65**	**56.78**	6.11	94.87
Gratuity (Refer note 25)	**-**	**-**	-	36.50
Total	**5.65**	**56.78**	6.11	131.37

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Note 11: Income and Deferred Taxes
Note 11(a): Income Tax Expense

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Current tax		
Current tax on profits for the year	**1,930.00**	1,356.00
Adjustments for current tax of prior years	**(55.82)**	5.17
Total current tax expense (A)	**1,874.18**	1,361.17
Deferred tax		
Decrease/(increase) in deferred tax assets	**166.28**	1,551.08
(Decrease)/increase in deferred tax liabilities	**322.77**	(1,240.57)
Total Deferred Tax Expense/(Benefit)	**489.05**	310.51
Less: Recoverable from beneficiaries	**-**	-
Net Deferred Tax Expense/(Benefit) (B)	**489.05**	310.51
Income Tax Expense (A+B)	**2,363.23**	1,671.68

Note 11(b): Reconciliation of tax expenses and the accounting profit multiplied by India's tax rate:

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Profit as per IndAS before income tax expense	**10,583.31**	6,593.86
Tax at the Indian tax rate of 29.12%	**3,081.85**	1,920.13
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses not allowable for tax purpose	**97.56**	0.20
Corporate Social Responsibility Expenditure not allowable for tax purpose	**61.75**	20.84
Unrecognised MAT credit	**1,930.00**	1,356.00
Deduction u/s 80 IA & Relisation of Unabsorbed loss	**(2,752.11)**	(1,630.66)
Adjustments for current tax of prior years	**(55.82)**	5.17
Income Tax Expense	**2,363.23**	1,671.68

Note 11(c): Amounts recognised in respect of current tax / deferred tax directly in Equity

Particulars	As at March 31, 2020	As at March 31, 2019
Amounts recognised in respect of current tax / deferred tax directly in Equity	-	-

Note 11(d): Tax Losses and Tax Credits

Particulars	As at March 31, 2020	As at March 31, 2019
Unused tax credit - MAT credit entitlement	**7,176.35**	5,246.35

Note 11(e): Deferred Tax Balances
The balance comprises temporary differences attributable to:

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liability on account of:		
Property, Plant and Equipment		
Carrying amounts of Property, Plant and Equipment	**9,225.71**	8,756.16
Fair valuation of Property Plant and Equipment	**1,429.80**	1,532.40
Impact of effective interest rate on borrowings	**97.45**	106.75
Regulatory deferral account balances	**-**	34.88
	10,752.96	10,430.19
Deferred tax asset on account of:		
Unabsorbed losses (including unabsorbed depreciation)	**1,427.36**	1,571.79
Disallowance u/s 40(a) / 43B of the Income Tax Act, 1961	**18.18**	40.03
	1,445.54	1,611.82
Deferred Tax Liability (Net)	**9,307.42**	8,818.37
Less: Recoverable from beneficiaries	**(7,877.62)**	(7,285.97)
Net Deferred Tax Liability	**1,429.80**	1,532.40

Note: In line with the requirements of Ind AS 114, Regulatory Deferral Accounts, the entity presents the resulting deferred tax asset / (liability) and the related movement in that deferred tax asset / (liability) with the related regulatory deferral account balances and movements in those balances, instead of within that presented above in accordance with Ind AS 12 "Income Taxes". Refer note 7 for disclosures as per Ind AS 114.

Note 11(f): Movement in Deferred Tax Balances:

Particulars	Amount
As at April 01, 2018	**1,943.13**
(Charged)/credited:	
- to profit or loss	(410.73)
- to other comprehensive income	-
As at March 31, 2019	**1,532.40**
(Charged)/credited:	
- to profit or loss	(102.60)
- to other comprehensive income	-
As at March 31, 2020	**1,429.80**

The tariff norms for the block period 2019-2024 notified by the CERC provide the recovery of Income Tax from the beneficiaries is to be based on the effective tax rate for a financial year which shall be based on the actual tax paid during the year. Accordingly deferred tax liability provided for the period is shown as recoverable from beneficiaries as the same will be recovered in the form of current tax in future period in terms of the said tariff norms of the CERC.

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Note 12: Trade Payables

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues to Micro Enterprise and Small Enterprises	-	-
Total outstanding dues to creditors other than Micro Enterprise and Small Enterprise	20.67	39.28
Total	**20.67**	39.28

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.

Particulars	As at March 31, 2020	As at March 31, 2019
Principal amount due to suppliers under MSMED Act,2006	-	-
Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	-	-
Payment made to suppliers(other than interest) beyond the appointed day/due date during the year	-	-
Interest paid to suppliers under MSMED Act(other than Section 16)	-	-
Interest paid to suppliers under MSMED Act(Section 16)	-	-
Interest due and payable towards suppliers under MSMED Act for payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-
Amount of further interest remaining due and payable in succeeding years	-	-
Total	-	-

Note 13: Other Financial Liabilities

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	Non Current	Current	Non Current
Current maturities of Long-Term Debt	4,877.42	-	4,877.42	-
Tariff payable to the Beneficiaries (unbilled)	7,819.56	-	1,975.98	-
Interest accrued but not due	12.95	-	12.58	-
Creditors for Capital Expenditure	426.56	-	444.27	-
Total	**13,136.49**	-	7,310.25	-

Note 14: Other Current Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Employee Payables	69.53	76.52
Statutory Dues Payable	11.33	12.08
Other Payables	18.66	19.69
Total	**99.52**	108.29

Note 15: Current Tax Liabilities (Net)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Tax	4,706.00	5,182.75
Advance Income Tax Paid	(4,416.00)	(4,892.10)
Tax Deducted at Source	(125.13)	(177.06)
Total	**164.87**	113.59

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Note 16: Revenue From Operations

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Sale of Services		
Income From Transmission Service Charges	**18,685.97**	15,913.13
Other Operating Income		
Transmission System Availability Incentive	**254.71**	201.59
Total Revenue From Operations	**18,940.68**	16,114.72

Note:

(i) The Company has recognized the Transmission Service Charges (TSC) based on the final tariff order approved by the CERC and applicable as on March 31, 2019 for the period starting from April 01, 2019 till March 31, 2020, since the tariff petition for the tariff period 2019 -2024 is yet to be filed by the Company. Difference in the Revenue recognised and the tariff approved for tariff period 2019-24 shall be recognised once the tariff pettion is filed by the Company and the same is approved by the CERC for the tariff period 2019-2024.The revenue recognized during the year for Transmission Systems is as following:

Name of the Transmission System	Date of Commercial Operation (COD) as per CERC Tariff Order	Tariff Allowed (INR Lakh)
LILO of Parbati-III to Banala Pooling Point Transmission Line	01.08.2013	246.89
400 kV D/C Koldam - Ludhiana Transmission Line	Ckt-I : 07.08.2014 Ckt-II: 14.08.2014	8,481.31
2 x 400 kV S/C Parbati Koldam Transmission Line starting from LILO point of Parbati Pooling Station to Koldam HEP Transmission Line	Ckt-I : 10.10.2014 Ckt-II: 04.10.2014	6,924.53
Sainj Transmission Line	03.11.2015	1,651.48

(ii) During the year ended March 31, 2020, the Company has received the Tariff Orders for the Review Petion filed against the Final tariff orders for Koldam Ludhiana Transmission Line and Parbati Koldam Transmssion Line starting from LILO point of Parbati Pooling Station to koldam HEP. The CERC, vide its Review tariff orders dated July 24, 2019 and August 19, 2019, has shifted the COD of Koldam Ludhiana Transmission line from March 31, 2015 to August 07, 2014 & August 14, 2014 and Parbati Koldam Transmission Line Circuit-II from March 21, 2015 to October 04, 2014. The CERC has also passed the order to recover the Transmission Service Charge (TSC) for the differential period from August 2014 to March 2015 & from October 2014 to March 2015 from National Thermal Power Corporation Limited (NTPC) amounting to Rs. 7,344.68 Lakh. Earlier in the Final order, CERC has allowed to recover only Incidental Charges during Construction (IEDC) and Interest during Construction (IDC) amounting to Rs. 3,949.35 Lakh from the NTPC. Difference in the recognition of revenue between review order and the final tariff orders, for the period from the date of readiness of line and upto March 31, 2015 amounting to Rs. 3,303.29 Lakh is recognized as TSC during the year ended March 31, 2020. Due to shifting of CoD, the tariif allowed from the date of power flow till March 31, 2019 also underwent change resulting in net reduction of TSC amounting to Rs. 616.17 Lakh. The same is accounted in current year and reduced from the total TSC.

(iii) During the year the Company has billed on NTPC the TSC allowed by the CERC including incentive thereon, amounting to Rs. 7,344.68 Lakh. The Company has also billed on NTPC the interest Rs 4,308.16 Lakh from the date the TSC allowed till the date of the order issued by the CERC. The Company has duly accounted for the TSC and Incentive in the books of accounts but has not accounted the interest billed on NTPC. The same shall be accounted on receipt basis i.e., as and when it is received the same will be accounted in the books. Total amount of billed on NTPC is Rs. 11,652.84 Lakh. NTPC has filed appeal with the Appellate Tribunal of Electricity (APTEL) against the order of the CERC. NTPC has also filed an stay application against the bill raised by the Company. APTEL has admitted the stay application and asked no coercieve action should be taken place till the hearing of the said application. The said Interim Application is listed for hearing on July 01, 2020.

(iv) During the year, Company has passed the 2/3rd benefit of refinancing of Loan to the beneficiaries as per Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014. The benefit passed amounting to Rs. 985.66 Lakh (March 31, 2019 Rs. 1,454.35 Lakh) has been adjusted against TSC. Also the Company has reduced Rs. 235.32 Lakh (March 31, 2019 - added Rs. 42.27 Lakh) to the approved TSC due to change in the effective tax rate (Reduction in MAT rate from 18.5% to 15%, increase in rate of surcharge on tax from 10% to 12%, change in education cess from 3% to 4%) resulting in change in the rate of return on equity.

(v) Cash discount of Rs. 84.38 Lakh (March 31, 2019 Rs. 118.14 Lakh) has been adjusted against the Transmission Service Charges.

Note 17: Other Income

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Interest		
Bank Deposits	**440.19**	352.54
Other Interest	**-**	4.20
Other		
Interest on Differential Tariff	**1,293.38**	-
Delayed Payment Charges	**173.29**	171.58
Miscellaneous Income	**4.49**	-
Reimbursement of Other Expenditures	**50.74**	45.16
Total	**1,962.09**	573.48

Note:

(i) During the year, pursuant to the issue of review order by the CERC, the Company has recognised the interest from the date of final order to the date of review order amounting to Rs. 1,293.38 Lakh as per the regulation and is shown as Interest on differential tariff under Other Income. The same is also billed on the Beneficiaries.

Parbati Koldam Transmission Company Limited
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Note 18: Employee Benefit Expense

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Salaries, Wages and Bonus	**313.89**	365.67
Contribution to Provident and Other Funds	**17.27**	17.76
Gratuity Expense (Refer note 25)	**11.32**	14.67
Leave Encashment Expenses	**-**	24.35
Total	**342.48**	422.45

Note 19: Finance Costs

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Interest and Financing Charges on Financial Liabilities		
-Term Loans from Financial Institutions	**1,041.44**	1,060.03
-Term Loans from Banks	**3,664.17**	3,656.38
Other Borrowing Cost	**40.08**	44.58
Total	**4,745.69**	4,760.99

Note 20: Other Expenses

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Contract Wages Charges	**89.27**	85.86
Licence Fees	**45.39**	45.39
Legal and Professional Charges	**46.51**	26.57
Repair & Maintenance - Other Assets	**23.53**	26.41
Travelling and Conveyance	**39.47**	47.14
Corporate Social Responsibility Expenditure (Refer note 31)	**212.04**	71.55
Rent, Rates and Taxes	**1.62**	1.60
Repair & Maintenance -Plant and Machinery	**23.07**	33.59
Communication Expenses	**10.60**	13.94
Rating Surveillance Fees	**-**	2.95
Electricity and Water	**5.48**	6.06
Miscellaneous Expenses	**11.85**	14.16
Entertainment and Hospitality	**11.93**	10.01
Director's Sitting Fees	**2.36**	2.01
Regional Load Despatch Centre Fees	**17.14**	3.01
Loss on Sale/Discard of Fixed Assets	**0.20**	0.90
Printing and Stationery	**1.92**	2.76
Auditors Remuneration	**1.89**	1.60
Staff Welfare and Training	**1.16**	3.06
Postage and Courier	**0.37**	0.45
Filing Fees	**0.38**	0.69
Total	**546.18**	399.71

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Note 21: Contingent Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Claims against the Company not acknowledged as debt		
These include:		
a) Claims from farmers for additional Right of Way compensation	**1,870.69**	3,171.62
b) Claims from PGCIL	**36.74**	36.74
c) Income Tax Claims (Refer Note below)	-	-

Note: During the year, the Company received the Income Tax assessment order for FY 2017-2018, where the department has not given the credit for the Dividend Distribution Tax (DDT) paid by the Company and levied interest for non payment and raised the demand for the same amounting to Rs. 49.99 Lakh. The Compny has not recognised this demand as a contingent liability as it has already discharged the liability for payment of DDT and the relevant document supporting the payment was also submitted to the department. The matter is lying before the assessing officer.

Note 22: Capital Commitments

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining unexecuted on capital account and not provided for	**-**	703.94

Note 23: Entry Tax

There is a levy of Entry tax in the state of Punjab, wherein any goods entering into the state would attract entry tax. The entry tax is first paid by the vendor and then gets the amount reimbursed from the Company. The Company so far has not paid the same amounting to Rs.422.67 Lakh (Rs. 422.67 Lakh) to the vendors on account of the entry tax. The Company has filed an application for refund of entry tax paid with the Assessing Officer, Punjab VAT Department. The assessing officer has rejected the refund application and the appeal against the order of assessing officer was filed with the Deputy Excise & Taxation Commissioner (DETC) Appeals. DETC (Appeals) has passed the order rejecting the application for refund. Presently appeal against the order of DETC (Appeals) is filed with the Appellate Tribunal. However, adequate provision has been made in the books of account. Last hearing was scheduled for April 16, 2020 which got postponed due to Covid 19 outbreak and the next date of hearing is awaited.

Note 24: Payment to Auditors: (excluding goods and service tax)

Particulars	2019-20	2018-19
(a) As Auditors :		
Audit Fee	**1.60**	1.60
Total	**1.60**	1.60

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Note 25: Disclosure under Indian Accounting Standard No. 19 (IndAS 19) "Employee Benefits".

The Company has classified various employee benefits as under:

(A) Defined Contribution Plans
a. Provident fund
b.Superannuation fund
c. State defined contribution plans
- *Employers' Contribution to Employees' Pension Scheme 1995*

The provident fund and the state defined contribution plan are operated by the Regional Provident Fund Commissioner and the superannuation fund is administered by the Trustees of the Life Insurance Corporation of India Officer's Superannuation Scheme. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

The Company has recognized the following amounts as expenses in the Statement of Profit and Loss, for the year:

Sl. No.	Particulars	March 31, 2020	March 31, 2019
(i)	Contribution to Provident Fund	**12.67**	13.25
(ii)	Contribution to Employee's Superannuation Fund	**1.69**	2.05
(iii)	Contribution to Employee's Pension Scheme 1995	**3.69**	3.56

(B) Defined Benefit Plans
Gratuity
The Company operates a gratuity plan administered by various insurance companies. Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972 or Company scheme whichever is beneficial. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

Sl. No.	Particulars	Gratuity Funded	
		March 31, 2020	March 31, 2019
(i)	**Changes in Defined Benefit Obligation**		
	Opening Balance of Present Value of Obligation	**98.69**	87.55
	Net Employee Benefit expense recognized in the Employee Cost		
	Current Service Cost	**8.58**	12.75
	Past Service Cost	**(2.78)**	-
	Interest Cost on Defined Obligations	**7.40**	6.66
	Net Benefit expense	**13.20**	19.41
	Amount Recorded in Other Comprehensive Income (OCI)		
	Opening amount recognized in OCI outside Statement of Profit and Loss	**-**	-
	Remeasurements during the year due to:		
	Changes in Financial assumptions	**(12.94)**	(22.25)
	Changes in demographic assumptions	**-**	0.06
	Experience adjustments	**(3.08)**	13.92
	Closing amount recognized in OCI outside Statement of Profit and Loss	**(16.02)**	(8.27)
	Benefits Paid	**(14.37)**	-
	Closing Balance of Present Value of Obligation	**81.50**	98.69

(ii)	**Changes in Fair Value of plan assets**		
	Opening Balance of Present Value of Plan Assets	**62.19**	57.58
	Net Employee Benefit expense recognized in the Employee Cost		
	Current Service Cost	**-**	-
	Interest cost/(income) on plan assets	**4.66**	4.73
	Net benefit expense	**4.66**	4.73
	Amount Recorded in Other Comprehensive Income (OCI)		
	Remeasurements during the year due to:		
	Actual return on plan assets less interest/(income) on plan assets	**(0.41)**	(0.12)
	Adjustment to recognize the effect of asset ceiling	**-**	-
	Amount recognized in OCI	**(0.41)**	(0.12)
	Contributions	**36.00**	-
	Benefits Paid	**(6.04)**	-
	Closing Balance of Fair Value of Plan Assets	**96.40**	62.19

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Sl. No.	Particulars	Gratuity Funded	
		March 31, 2020	March 31, 2019
(iii)	**The net (Liability)/asset disclosed above relates to funded / unfunded plan is as follows:**		
	Present value of Funded Obligation	**81.50**	98.69
	Fair Value of Plan Assets	**96.40**	62.19
	Net Liability is bifurcated as follows:		
	Current	**-**	-
	Non Current	**(14.90)**	36.50
	Total	**(14.90)**	36.50

(iv)	**Expenses Recognised in the Statement of Profit and Loss**		
	Current Service Cost	**8.58**	12.75
	Net Interest Cost	**2.74**	1.92
	Expenses Recognised	**11.32**	14.67

(v)	**Expenses Recognised in Other Comprehensive Income (OCI)**		
	Actuarial Losses on Obligation for the year	**(16.02)**	(8.27)
	Return on Plan Assets Excluding Interest Income	**0.41**	0.12
	Net Expenses for the year recognised in OCI	**(15.61)**	(8.15)

(vi)	**Actuarial Assumptions:**		
1	Discount Rate (Per annum)	**6.80%**	7.50%
2	Salary Escalation Rate (Per annum)	**6.00%**	8.00%
3	Expected Avg. remaining working lives of employees in no. of Years	**19.27**	18.96
4	Mortality Post retirement Rate During the Employment	**Indian Assured Lives Mortality (2012-2014)**	**Indian Assured Lives Mortality (2012-2014)**
5	Mortality Post retirement Rate after the Employment	**NA**	NA

(vii)	**Sensitivity Analysis:**		
A	**Sensitivity Level- Discount Rate**		
	Impact on Defined Benefit Obligation in 50 bps increase	**-5.30%**	-6.20%
	Impact on Defined Benefit Obligation in 50 bps decrease	**5.76%**	6.76%
B	**Sensitivity Level- Salary Escalation Rate**		
	Impact on Defined Benefit Obligation in 50 bps increase	**5.78%**	6.70%
	Impact on Defined Benefit Obligation in 50 bps decrease	**-5.37%**	-6.20%

(viii)	**The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:**		
1	Expected benefit for 1 year	**3.68**	2.85
2	Expected benefit for 2 year	**3.30**	3.07
3	Expected benefit for 3 year	**3.18**	3.21
4	Expected benefit for 4 year	**3.07**	3.35
5	Expected benefit for 5 year	**2.97**	4.27
6	Expected benefit for 6 year	**2.86**	4.52
7	Expected benefit for 7 year and above	**62.44**	290.05
8	The weighted average duration to the payment of these cash flows (Years)	**12.66**	12.94

(ix)	**Plan Asset Composition**		
	Non Quoted	**96.40**	62.19
	Insurer Managed Funds	**96.40**	62.19

(x)	**A reconciliation of the asset ceiling during the inter valuation period is given below:-**		
	Opening Value of Asset Ceiling	**-**	-
	Add: Interest on opening balance on asset ceiling	**-**	-
	Remeasurement due to:		
	Changes in surplus/deficit	**-**	-
	Closing Value of Asset Ceiling	**-**	-

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Note 26: Related Party Transactions

As per Ind AS – 24 “Related Party Disclosure” as prescribed under Section 133 of the Act, the Company’s related parties and transactions with them in the ordinary course of business are disclosed below :

(A) Parties where control exists : Reliance Infrastructure Limited (Rinfra) - Holding Company (74%)

(B) Other related parties where transaction have taken place during the year :

(i) Investing parties : Powergrid Corporation of India Limited (PGCIL) (26%)

(ii) Parties where the holding company has significant influence / control :
- Utility Powertech Limited

(C) Transaction with PGCIL in the Capacity of Central Transmission Utility (CTU)

(D) Key Management Personnel

Sh. K. Sreekant - Chairman (From 13.08.2019)
Sh. Ravi Prakash Singh - Chairman (From 22.01.2019 to 05.08.2019)
Sh. Indu Shekhar Jha - Chairman (Upto 21.01.2019)
Sh. Dinesh Kumar Jain - Independent Director (Upto 31.03.2020)
Sh. Alok Kumar Roy - Managing Director (From 26.10.2018)
Sh. Maanas Srivastava - Company Secretary
Sh. Rupin Rawat - Chief Financial Officer (From 12.02.2020)
Sh. Vikas Gupta - Chief Financial Officer (Upto 31.05.2019)
Sh. Lokendra Singh Ranawat - Manager (From 18.01.2018 to 26.10.2018)

(E) Details of transactions during the year and closing balances as at the year end with related party

Particulars	2019-20	2018-19
Statement of Profit and Loss heads		
Transcation during the year		
Expenses:		
Receiving of services:		
- Utility Powertech Limited	**55.77**	53.57
- Powergrid Corporation of India Limited	**-**	0.18
Reimbursement of Expenses:		
- Reliance Infrastructure Limited	**-**	6.92
Inter Corporate Deposit given		
- Reliance Infrastructure Limited	**-**	1,000.00
Inter Corporate Deposit returned by		
- Reliance Infrastructure Limited	**-**	1,000.00
Interest Received on Inter Corporate Deposit given		
- Reliance Infrastructure Limited	**-**	2.30
Dividend paid:		
- Reliance Infrastructure Limited	**2,826.61**	3,230.40
- Powergrid Corporation of India Limited	**993.13**	1,135.00

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Closing Balances

Particulars	As at March 31, 2020	As at March 31, 2019
Balance sheet heads (Closing balances):		
Trade payables		
- Utility Powertech Limited	**4.31**	7.77
Investment in Equity		
- Reliance Infrastructure Limited	**20,189.94**	20,189.94
- Powergrid Corporation of India Limited	**7,093.76**	7,093.76

Note: The above disclosure does not include transactions with/as public utility service providers, viz, electricity, telecommunications, in the normal course of business.

(F) Transaction with PGCIL in the Capacity of Central Transmission Utility (CTU)

Particulars	As at March 31, 2020	As at March 31, 2019
Transaction during the year:		
Sale of Service	**18,940.68**	16,114.72
Other Income	**1,517.41**	216.74
Closing Balance:		
Trade Receivable*	**4,524.04**	4,026.85

* Closing balance of trade receivable does not include the amount of bill raised by the Company on NTPC Rs. 7344.68 Lakh through PGCIL, as the same will be paid by NTPC directly to the Company. The same is communicated to NTPC by PGCIL in the bill raised on December 26, 2019.

(G) Key Management Personnel

Particulars	2019-20	2018-19
Payment of Salaries, commission and perquisites		
Sh. Alok Kumar Roy	**40.00**	26.67
Sh. Lokendra Singh Ranawat	**-**	19.80
Sh. Maanas Srivastava	**16.13**	16.13
Sh. Rupin Rawat	**15.09**	-
Sh. Vikas Gupta	**4.48**	26.90
Payment of Sitting Fees		
Sh. Dinesh Kumar Jain	**2.00**	1.70

Key Management Personnel Compensation

Particulars	2019-20	2018-19
Short - term Employee Benefits	**74.52**	77.68
Post - Employment Benefits	**1.18**	6.97
Long - term Employee Benefits	**-**	4.85
Total compensation	**75.70**	89.50

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Note 27: Fair Value Measurements and Financial Risk Management
A. Fair Value Measurements

(a) Financial Instruments by Category
Set out below is the detail of the carrying amounts and fair values by class of Financial instruments:

Particulars	As at March 31, 2020	As at March 31, 2019
	Amortised cost	Amortised cost
Financial Assets		
Trade Receivables	**11,868.72**	4,026.85
Tariff receivable from the beneficiaries (unbilled)	**257.47**	6,383.05
Loans	**11.82**	12.82
Cash and Cash Equivalents	**9,557.84**	1,409.83
Interest Accrued on Bank Deposits	**218.85**	182.06
Bank Deposits with more than 12 months maturity	**2,892.50**	2,954.50
Total Financial Assets	**24,807.20**	14,969.11
Financial Liabilities		
Borrowings	**44,716.04**	49,561.52
Tariff payable to the Beneficiaries (unbilled)	**7,819.56**	1,975.98
Interest accrued but not due	**12.95**	12.58
Trade Payables	**20.67**	39.28
Creditors for Capital Expenditure	**426.56**	444.27
Total Financial Liabilities	**52,995.78**	52,033.63

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

Assets and Liabilities for which fair values are disclosed as at March 31, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Liabilities				
Borrowings (including Interest thereon)	-	**-**	**44,728.99**	**44,728.99**

Assets and Liabilities for which fair values are disclosed as at March 31, 2019	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Borrowings (including Interest thereon)	-	-	49,574.10	49,574.10

There were no transfers between any levels during the year.

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have a quoted price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example 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 which are included in level 3.

The carrying amounts of trade receivables, trade payables, expenses recoverable, short term security deposits, bank deposits with more than 12 months maturity and cash and cash equivalents are considered to be the same as their fair values. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk. The fair values of non-current borrowings are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.
For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

(All amounts in INR Lakh, unless otherwise stated)

B. Financial Risk Management

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements.

Risk	Exposure arising from:	Measurement	Management
Credit Risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis Credit rating	Diversification of bank deposits
Market risk – interest rate risk	Long-term borrowings at variable rates	Sensitivity analysis	Actively Manage
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

(a) Credit risk

The Company is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to trade/non-trade customers including outstanding receivables.

(i) Credit risk management

Credit risk is managed as per the policy surrounding credit risk management. For banks and financial institutions, only high rated banks/institutions are accepted. Generally all policies surrounding credit risk have been managed at Company level. For other financial assets, the Company assesses and manages credit risk based on internal credit rating system. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

Rating 1: High-quality assets, negligible credit risk
Rating 2: Quality assets, low credit risk
Rating 3: Low quality assets, very high credit risk
Rating 4: Doubtful assets, credit-impaired

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

→ external credit rating (as far as available)
→ actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations
→ actual or expected significant changes in the operating results of the customer
→ significant increase in credit risk on other obligations of the same customer
→ significant changes in the value of the collateral supporting the obligation
→ Significant changes in the expected performance and behaviour of the customer, including changes in the operating results of the customer.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 60 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company.

Trade Receivables

Transmission Service Charges are approved by the Regulator and the same is receivable from the Long Term Transmission Customers (LTTCs) that are highly rated companies or Government parties. Counterparty credit risk with respect to this receivable is very low. Other Expenses Recoverable under Financial assets are recoverable from Government Companies as per the direction given by the CERC in the tariff order, hence there is no credit risk on the expenses recoverable of the Company. The ageing of trade receivables is given below:

Ageing of Trade Receivables	Upto 1 year	More Than 1 year
As at March 31, 2020	**11,868.72**	**-**
As at March 31, 2019	4,026.85	-

Significant estimates and judgements
Impairment of financial assets

The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(b) Market risk - interest rate risk

(i) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting year are as follows:

	As at March 31, 2020	As at March 31, 2019
Variable rate borrowings	**44,716.04**	49,561.52

The Company is not exposed to significant interest rate risk during the respective reporting years.

(ii) Sensitivity Analysis

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

	Impact on profit before tax	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest rates – increase by 100 basis points (100 bps)*	**(447.16)**	(495.62)
Interest rates – decrease by 20 basis points (20 bps)*	**89.43**	99.12

**Holding all other variables constant*

Parbati Koldam Transmission Company Limited
Notes formning part of Financial Statements
(All amounts in INR Lakh, unless otherwise stated)

(c) Liquidity Risk

Liquidity Risk is the risk that the Company may not be able to meet its present and future cash and collateral obligation without incurring unacceptable losses. The Company objective is to at all times maintain optimum levels of liquidity to meet its cash and collateral requirement. The Company closely monitor its liquidity position and deploys a robust Cash Management system. The liquidity risk is managed on the basis of expected maturity date of the financial liability.

Maturities of Financial Liabilities
The tables below analyse the Company's financial liabilities based on their contractual maturities for:
● all non-derivative financial liabilities and the amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of Financial Liabilities As at March 31, 2020	**Upto 1 year**	**Between 1 and 5 years**	**Above 5 years**	**Total**
Borrowings	**4,877.42**	**14,632.27**	**25,541.01**	**45,050.70**
Interest on Borrowings*	**4,474.26**	**10,350.00**	**7,898.45**	**22,722.71**
Trade Payables	**20.67**	**-**	**-**	**20.67**
Tariff payable to the Beneficiaries (unbilled)	**7,819.56**	**-**	**-**	**7,819.56**
Creditors for Capital Expenditure	**426.56**	**-**	**-**	**426.56**
Total Liabilities	**17,618.47**	**24,982.27**	**33,439.46**	**76,040.20**

Contractual maturities of Financial Liabilities As at March 31, 2019	Upto 1 year	Between 1 and 5 years	Above 5 years	Total
Borrowings	4,877.42	19,509.70	25,541.00	49,928.12
Interest on Borrowings*	4,416.52	13,130.04	6,995.76	24,542.32
Trade payables	39.28	-	-	39.28
Tariff payable to the Beneficiaries (unbilled)	1,975.98	-	-	1,975.98
Creditors for capital expenditure	444.27	-	-	444.27
Total Liabilities	11,753.47	32,639.74	32,536.76	76,929.97

*Represents contractual interest payments based on the interest rate prevailing at the reporting date.

Capital Management

a) The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimize returns to shareholders. For the purpose of capital management , capital includes equity share capital and other equity reserves attributable to equity holders of the Company and Fixed Cost bearing securities includes long term borrowings. The Company manages capital using a gearing ratio which is net debt divided by total capital plus net debt. The Company policy is to keep optimum gearing ratio. The Company aims to ensure that its meets financial covenants attached to the interest bearing borrowings that define capital structure requirement. The Gearing ratio and debt equity ratio are as follows:

(i) Gearing Ratio

Particulars	**March 31, 2020**	March 31, 2019
Borrowings (a)	**45,050.70**	49,928.12
Equity (b)	**44,014.96**	40,384.14
Borrowings plus Equity (c=a+b)	**89,065.66**	90,312.26
Gearing Ratio (a / c)	**50.58%**	55.28%

(ii) Debt Equity Ratio

Particulars	**March 31, 2020**	March 31, 2019
Borrowings (a)	**45,050.70**	49,928.12
Equity (b)	**44,014.96**	40,384.14
Borrowings to Equity (a / b)	**1.02**	1.24

(b) Dividends

Particulars	**Year ended March 31, 2020**	Year ended March 31, 2019
Equity Shares		
Dividend Paid to the equity shareholders (including Dividend Distribution Tax)	**4,604.87**	5,262.71

Dividends not recognised as at the end of the reporting period
In addition to the above dividend, the Board of Directors have recommended the payment of Interim dividend at Rs. 2.90 per fully paid equity shares.

Parbati Koldam Transmission Company Limited
Notes formning part of Financial Statements
(All amounts in INR Lakh, unless otherwise stated)

Note 28: Earnings per Share

Particulars	March 31, 2020	March 31, 2019
Basic & Diluted earnings per Equity Share:		
Weighted average number of equity shares used as the denominator in calculating basic & diluted earnings per equity share (A)	**27,28,37,000**	27,28,37,000
Nominal value of equity shares (Rs.)	**10**	10
Earnings per Equity Share of Rs . 10/- each before Rate Regulated Activities:		
Profit before Rate Regulated Activities (Rs. in lakh) (B)	**7,644.04**	4,166.82
Earning per equity share (Basic & Diluted) (Rs.) (B / A)	**2.80**	1.53
Earnings per Equity Share of Rs . 10/- each:		
Profit attributable to the equity holders of the Company (Rs. in lakh) (C)	**8,222.81**	4,923.94
Earning per share (Basic & Diluted) (Rs.) (C / A)	**3.01**	1.80

Note 29: Lease

The Company has taken Project Office Premises on Cancellable Operating Lease where the Lease agreements are renewed on expiry. The leases are for a short term and are of low value. The Lease rentals recognised in the Statement of Profit and Loss is amounting to Rs. 0.78 Lakh (March 31, 2019 Rs. 0.76 Lakh).

Note 30: Segment Reporting

The Company is engaged in “Transmission of Electrical Energy” which in the context of Ind AS 108 “Operating Segment” is considered as the only segment. The Company activities are restricted within India and hence, no separate geographical segment disclosure is considered necessary.

Information on Major Customers

Revenue from PGCIL as a Central Transmission Unit Rs 20,458.18 Lakh (March 31, 2019 - Rs 16,331.46 Lakh)

Note 31: Corporate Social Responsibility

The Company has constituted a Corporate Social Responsibility Committee (CSR) in compliance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Corporate Social Responsibility Committee consists of Shri Alok Kumar Roy as Chairman Shri. Dinesh Kumar Jain and Shri. Surya S Banerji as member. The Corporate Social Responsibility Committee has formulated a Corporate Social Responsibility Policy (CSR policy) indicating the activities to be undertaken by the Company. Expenditure during the year related to Corporate Social Responsibility as per Section 135 of the Act, read with Schedule VII thereof is Rs. 146.17 Lakh (March 31, 2019 - Rs. 117.43 lakh) . The detail of which is as under:-

a) Gross amount required to be spent by the Company during the year is Rs. 146.17 Lakh (March 31, 2019 - Rs. 117.43 lakh).
b) Amount spent during the year on:

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Paid in Cash during the year		
(i) Construction/acquisition of any asset	-	-
(ii) On purpose other than (i) above*	123.06	71.55
Yet to be paid in Cash		
(i) Construction/acquisition of any asset	-	-
(ii) On purpose other than (i) above	23.11	45.88
Total	**146.17**	117.43

* Rs 4.98 Lakh was incurred during the F.Y. 2018-19 but paid in F.Y. 2019-20

Note 32

The Ministry of Home Affairs vide order no. 40-3/2020 dated March 24, 2020 notified Power Transmission business under essential services which continued to operate during the lockdown period during the outbreak of COVID 19 which has been declared as pandemic by the World Health Organisation. The operations of the transmission lines are covered under essential services which are actively engaged in the transmission of power. Hence the Transmission industry is amongst the businesses that are least impacted due to outbreak of COVID 19 and is running its business and operations as usual without any major disruption. Thus, the Company believes that the probability of the occurrence of their forecasted transactions have no material impact due to COVID-19 pandemic as at the date of approval of these financial results and the Company expects to recover the full carrying amount of the assets & revenue recognized.

Note 33

Figures for the previous year have been regrouped / rearranged wherever necessary to make them comparable to those for the current year.

As per our attached Report of even date

For Pathak H.D.& Associates LLP
Chartered Accountants
Firm Registration No.107783W / W100593

Vishal D. Shah
Partner
Membership No. 119303
Place: Mumbai
Date : May 01, 2020

For and on behalf of the Board

Alok K. Roy
Managing Director
DIN:01952393

Surya S. Banerji
Director
DIN: 08277103

Rupin Rawat
Chief Financial Officer
Place: Gurugram
Date : May 01, 2020

Maanas Srivastava
Company Secretary

PARBATI KOLDAM TRANSMISSION COMPANY LIMITED
(All amounts in INR Lakh, unless otherwise stated)

Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details:

Registration No.	U40108HR2002PLC071677		
State Code	05		
Balance Sheet Date	31	03	2020
	DATE	MONTH	YEAR

II. Capital Raised during the year:

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilization and Deployment of funds:

Total Liabilities	98,767.36	Total Assets	98,767.36
Sources of Funds			
Paid-up Capital	27,283.70	Reserves & Surplus	16,731.26
Secured Loans	44,716.04	Other Liabilities	10,036.36
Application of Funds			
Other Long Term Assets	2,892.50	Current Asets	21,930.79
Regulatory Account Debit Balance	-	Fixed Assets	73,944.07

IV. Performance of Company:

Turnover	20,902.77	Total Expenditure	10,911.11
Profit / Loss before Tax	10,583.31	Profit/Loss after Tax	8,235.69
Earning per Share in Rs.	3.01	Dividend Rate %	39%

V. Generic Name of three principal Product/Services of Company:
(As per monetary terms)

Item Code No. (ITC) Code	NOT APPLICABLE
Product Description	N.A.

For and on behalf of the Board

Alok K. Roy
Managing Director
DIN:01952393

Surya S. Banerji
Director
DIN: 08277103

Rupin Rawat
Chief Financial Officer
Place: Gurugram
Date : May 01, 2020

Maanas Srivastava
Company Secretary

Independent Auditor's Report on the compilation of proforma financial information to be included in Letter of Offer in connection with the proposed rights issue of the units of India Grid Trust

To,
The Board of Directors
Indigrid Investment Managers Limited (as "Investment Managers" of India Grid Trust),
(Previously known as Sterlite Investment Managers Limited)

Dear Sirs,

1. We have completed our assurance engagement to report on the compilation of proforma financial information of India Grid Trust ("the Trust") by the management of Indigrid Investment Managers Limited (hereinafter the "Management"). The proforma financial information consists of the proforma balance sheet as at March 31, 2020 and December 31, 2020, the proforma statements of profit and loss for the year ended March 31, 2020 and for the nine months period ended December 31, 2020 and related notes to the proforma financial information. The applicable criteria on the basis of which the Management has compiled the proforma financial information are in accordance with the basis of preparation described in note 2 to the proforma financial information.

2. The proforma financial information has been compiled by the Management to illustrate the impact of material acquisition of business set out in note 2 of the proforma financial information, on the Trust's Balance Sheet as at March 31, 2020 and as at December 31, 2020 as if the transaction had taken place on March 31, 2020 and December 31, 2020 respectively and its Profit and Loss for the year ended March 31, 2020 and nine months ended December 31, 2020 as if the transaction had taken place at April 1, 2019 and April 1, 2020 respectively.

3. As part of this process, information about Trust's financial position and financial performance has been extracted by the Management from the Trust's audited consolidated financial statements for the year ended March 31, 2020 and the Trust's reviewed interim condensed consolidated financial statements for nine months period ended December 31, 2020, on which we have issued our examination report.

Managements' responsibility for the proforma financial information

4. The Management is responsible for compiling the proforma financial information on the basis set out in note 2 to the proforma financial information. This responsibility includes the responsibility for designing, implementing and maintaining internal control relevant for compiling the proforma financial information on the basis set out in note 2 to the proforma financial information that is free from material misstatement, whether due to fraud or error. The Management is also responsible for identifying and ensuring that the Trust complies with the laws and regulations applicable to its activities.

Auditor's Responsibility

5. Our responsibility is to express an opinion, about whether the proforma financial information of the Trust have been compiled, in all material respects, by the Management on the basis set out in note 2 to the proforma financial information ("applicable criteria").

6. We conducted our engagement in accordance with Standard on Assurance Engagements (SAE) 3420, Assurance Engagements to "Report on the Compilation of Proforma Financial Information included in a Prospectus", issued by the Institute of Chartered Accountants of India. This Standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Management has compiled, in all material respects, the proforma financial information on the basis set out in applicable criteria.

7. For purposes of this engagement, we are not responsible for updating or re-issuing any reports or opinions on any historical financial information used in compiling the proforma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the proforma financial information. For our assurance engagement, we have placed reliance on the following and have not performed any further procedures for the purpose of this report:

    a. the audited consolidated financial statements of the Trust as at and for the year ended March 31, 2020 prepared in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015(as amended), prescribed under Section 133 of the Companies Act, 2013 ("Ind AS") read with SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended and the circulars issued thereunder ("InvIT Regulations")., which have been approved by the Board of Directors at their meeting held on May 27, 2020 and on which we have issued our Auditor's report thereon on even date;

    b. the condensed consolidated financial statements of the Trust as at and for the nine months ended December 31, 2020 prepared in accordance with Indian Accounting Standards as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015(as amended), prescribed under Section 133 of the Companies Act, 2013 ("Ind AS") read with SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended and the circulars issued thereunder ("InvIT Regulations"), which have been approved by the Board of Directors at their meeting held on February 24, 2021 and on which we have issued our Review report thereon on even date.

    c. the audited financial statements Parbati Koldam Transmission Company Limited as at and for the year ended March 31, 2020, audited by another firm of Chartered Accountants which together with their audit opinion thereon dated May 01, 2020 was furnished to us by the Management.

    d. the special purpose audited condensed financial statements of Parbati Koldam Transmission Company Limited as at and for the nine months ended December 31, 2020, audited by another firm of Chartered Accountants which together with their audit opinion thereon dated January 14, 2021 was furnished to us by the Management.

8. The purpose of proforma financial information included in the Letter of offer is solely to illustrate the impact of significant events or transactions on the unadjusted financial information of the Trust as if the event had been undertaken at an earlier date as mentioned in Paragraph 2 above. Accordingly, we do not provide any assurance that the actual outcome of the proposed event or transaction would have been as presented.

9. A reasonable assurance engagement to report on whether the proforma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Management in the compilation of the proforma financial information provides a reasonable basis for presenting the significant effects directly attributable to the acquisition, and to obtain sufficient appropriate evidence about whether:

    a. The related proforma adjustments give appropriate effect to those applicable criteria; and

    b. The proforma financial information reflects the proper application of those adjustments to the unadjusted financial information.

    The procedures selected by us for this purpose were based on our understanding of the nature of the Trust, the event or transaction in respect of which the proforma financial information has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the proforma financial information.

10. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

11. Our work has not been carried out in accordance with auditing and other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

12. In our opinion the proforma financial information have been compiled, in all material respects, on the basis set out in the note 2 to the proforma financial information.

Emphasis of matter

13. We draw attention to note 3c.(i) to the proforma financial information with regard to use of provisional purchase price allocation based on book values for computation of goodwill amounting to INR 378.45 million as at March 31, 2020 and INR 598.94 million as at December 31, 2020. Such goodwill may change materially when the Trust carries out a detailed purchase price allocation based on fair values. Our opinion is not modified in respect of this matter.

Other matter

14. The audited financial statements of the Parbati Koldam Transmission Company Limited for the year ended March 31, 2020, used by the Management for compilation of proforma financial information was audited by another firm of Chartered Accountants, Pathak H.D. & Associates LLP (Firm Registration Number – 107783W/W100593).

15. The interim financial statements of the Parbati Koldam Transmission Company Limited for the nine months ended December 31, 2020, used by the Management for compilation of proforma financial information was audited by another firm of Chartered Accountants, APAS & Co (Firm Registration Number – 000340C).

16. We draw your attention to the other matter paragraph in the audit report dated 14 January 2021 by APAS & Co (Firm Registration Number – 000340C) mentioned in paragraph 15 above in respect of the revenue of Parbati Koldam Transmission Company Limited. The other matter paragraph has been reproduced by us as under:

    The Company during the period has recognized the Transmission Service Charges (TSC) which is based on the final tariff order approved by the CERC and applicable as on March 31, 2019 as tariff petition for the tariff period 2019-2024 is yet to be filed by the Company. Difference in the revenue recognized and the tariff approved for tariff period 2019-2024 shall be recognied once the tariff petition is filed by the Company and the same is approved by the CERC for the tariff period 2019-2024. The amount billed is Rs. 13,244.20 lacs (Previous period Rs. 14,984.52 lacs).

17. The proforma financial information do not reflect the effects of events that occurred subsequent to the date of financial statements mentioned in paragraph 7 above.

Restrictions on use

18. This report should not in any way be construed as a reissuance or re-auditing or re-examination of any of the previous audit reports issued by us. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

19. Our report is intended solely for use of the Management for inclusion in the Letter of Offer to be filed with SEBI and relevant stock exchanges in connection with the proposed Rights Issue offering of the units of the Trust and is not to be used, referred to or distributed for any other purpose.

S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Huzefa Ginwala
Partner
Membership No:111757
UDIN: 21111757AAAABC6994
Place: Pune
Date: February 24, 2021

INDIA GRID TRUST
PROFORMA CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2020
(All amounts in Rs. million unless otherwise stated)

	Notes	IGT Consolidated [A]	PrKTCL [B]	Proforma Adjustments [C] Note 3	IGT Proforma Information as at 31 March 2020 [A+B+C]
ASSETS					
Non-current assets					
Property, plant and equipment		1,08,163.16	7,394.41	-	1,15,557.57
Goodwill	3c.(i)	-	-	378.45	378.45
Financial assets					
i. Other financial assets		9.86	290.13	-	299.99
Other non-current assets		382.34	-	-	382.34
		1,08,555.36	7,684.54	378.45	1,16,618.35
Current assets					
Financial assets					
i. Trade receivables		2,458.33	1,186.87	-	3,645.20
ii. Cash and cash equivalents	3c.(iv)	4,088.41	955.78	10.00	5,054.19
iii. Bank Balances other than (ii) above		1,299.74	-	-	1,299.74
iv. Other financial assets		1,282.63	49.43	-	1,332.06
Other current assets		235.72	0.12	-	235.84
		9,364.83	2,192.20	10.00	11,567.03
Total assets		1,17,920.19	9,876.74	388.45	1,28,185.38
EQUITY AND LIABILITIES					
Equity attributable to unitholders					
Unit capital		53,145.69	-	-	53,145.69
Equity Share Capital	3c.(iii)	-	2,728.37	(2,728.37)	-
Other equity					
Retained earnings/(Accumulated deficit)	3c.(iii)	(2,659.44)	1,615.07	(1,615.07)	(2,659.44)
Self insurance reserve		-	58.06	-	58.06
Equity attributable to non-controlling interest					
Equity Share Capital	3c.(iii)	-	-	709.38	709.38
Other equity					
Retained earnings	3c.(iii)	-	-	419.92	419.92
Total equity		50,486.25	4,401.50	(3,214.14)	51,673.61
Non-current liabilities					
Financial liabilities					
i. Borrowings	3c.(ii)	62,637.00	3,983.86	3,592.59	70,213.45
Provisions		-	5.68	-	5.68
Deferred tax liabilities (net)		602.06	142.98	-	745.04
		63,239.06	4,132.52	3,592.59	70,964.17
Current liabilities					
Financial liabilities					
i. Trade payables					
a. Total outstanding dues of micro enterprises and small enterprises		105.32	-	-	105.32
b. Total outstanding dues of creditors other than micro enterprises and small enterprises		227.59	2.07	-	229.66
ii. Other financial liabilities	3c.(iv)	3,617.60	1,313.65	10.00	4,941.25
Provisions		-	0.56	-	0.56
Other current liabilities		240.27	9.95	-	250.22
Current tax liability		4.10	16.49	-	20.59
		4,194.88	1,342.72	10.00	5,547.60
Total liabilities		67,433.94	5,475.24	3,602.59	76,511.77
Total equity and liabilities		1,17,920.19	9,876.74	388.45	1,28,185.38

The above statement should be read with notes to proforma consolidated financial information.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of Indigrid Investment Managers Limited
(formerly known as Sterlite Investment Managers Limited)
(as Investment Manager of India Grid Trust)

per Huzefa Ginwala
Partner
Membership Number : 111757
Place : Pune
Date : 24 February 2021

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 24 February 2021

Jyoti Kumar Agarwal
CFO
Place : Mumbai
Date : 24 February 2021

Swapnil Patil
Company Secretary
Place : Mumbai
Date : 24 February 2021

INDIA GRID TRUST
PROFORMA CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020
(All amounts in Rs. million unless otherwise stated)

	Notes	IGT Consolidated [A]	PrKTCL [B]	Proforma Adjustments [C] Note 3(c)	IGT Proforma Information for the year ended 31 March 2020 [A+B+C]
INCOME					
Revenue from contracts with customers	4 & 3a	12,427.13	1,894.07	146.67	14,467.87
Income from investment in mutual funds		190.89	-	-	190.89
Interest income on investment in fixed deposits		102.09	44.02	-	146.11
Other finance income		0.32	-	-	0.32
Other income	3a	65.51	152.19	(146.67)	71.03
Total income		12,785.94	2,090.28	-	14,876.22
EXPENSES					
Employee benefit expenses		-	34.25	-	34.25
Transmission infrastructure maintenance charges		240.38	13.58	-	253.96
Insurance expenses		147.02	-	-	147.02
Investment manager fees		238.79	-	-	238.79
Project manager fees		63.66	-	-	63.66
Legal and professional fees		117.85	4.65	-	122.50
Rates & taxes		37.76	1.88	-	39.64
Valuation expenses		4.89	-	-	4.89
Trustee fee		3.60	-	-	3.60
Vehicle hire charges		13.51	-	-	13.51
Payment to auditors (including for subsidiaries)					
- Statutory audit fees		7.07	0.19	-	7.26
- Tax audit fees		2.71	-	-	2.71
- Other services (including certification)		1.22	-	-	1.22
Corporate Social Responsibility Expenditure		-	21.20	-	21.20
Other expenses		110.07	13.11	-	123.18
Depreciation expense		3,101.12	527.68	-	3,628.80
Impairment / (reversal of impairment) of property, plant and equipment		(456.96)	-	-	(456.96)
Finance costs	3c.(v)	4,153.38	474.57	259.75	4,887.70
Total expenses		7,786.07	1,091.11	259.75	9,136.93
Profit before Regulatory Defferal Account Balances and tax		4,999.87	999.17	(259.75)	5,739.29
Add: Regulatory Income/(Loss) (Net of deferred taxes)		-	59.17		59.17
Profit before tax		4,999.87	1,058.34	(259.75)	5,798.46
Tax expense					-
Current Tax		56.96	192.73	-	249.69
Deferred Tax		(114.29)	48.91	-	(65.38)
Income tax for earlier years		-	(5.58)	-	(5.58)
Profit for the year		5,057.20	822.28	(259.75)	5,619.73
Other Comprehensive Income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Remeasurements of Net Defined Benefit Plans : (Gains) / Loss		-	(1.56)	-	(1.56)
Income tax relating to above		-	0.27	-	0.27
Total Other Comprehensive (Income)/Loss for the year		-	(1.29)	-	(1.29)
Total Comprehensive Income for the year		5,057.20	823.57	(259.75)	5,621.02

The above statement should be read with notes to proforma consolidated financial information.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of Indigrid Investment Managers Limited
(formerly known as Sterlite Investment Managers Limited)
(as Investment Manager of India Grid Trust)

per Huzefa Ginwala
Partner
Membership Number : 111757
Place : Pune
Date : 24 February 2021

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 24 February 2021

Jyoti Kumar Agarwal
CFO
Place : Mumbai
Date : 24 February 2021

Swapnil Patil
Company Secretary
Place : Mumbai
Date : 24 February 2021

INDIA GRID TRUST
PROFORMA CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020
(All amounts in Rs. million unless otherwise stated)

	Notes	IGT Consolidated [A]	PrKTCL [B]	Proforma Adjustments [C] Note 3	IGT Proforma Information as at 31 December 2020 [A+B+C]
ASSETS					
Non-current assets					
Property, plant and equipment		1,15,445.58	7,010.73	-	1,22,456.31
Capital work-in-progress		23.58	-	-	23.58
Goodwill	3c.(i)	-	-	598.94	598.94
Financial assets					
i. Other financial assets		2,826.85	0.66	-	2,827.51
Other non-current assets		356.53	-	-	356.53
		1,18,652.54	7,011.39	598.94	1,26,262.87
Current assets					
Financial assets					
i. Investments		1,700.01	-	-	1,700.01
ii. Trade receivables		3,213.11	1,212.74	-	4,425.85
iii. Cash and cash equivalents	3c.(ii) & 3c.(iv)	11,838.36	52.63	(3,582.59)	8,308.40
iv. Bank Balances other than (iii) above		1,389.77	870.95	-	2,260.72
vi. Other financial assets		1,524.48	49.97	-	1,574.45
Other current assets		280.02	0.17	-	280.19
		19,945.75	2,186.46	(3,582.59)	18,549.62
Total assets		1,38,598.29	9,197.85	(2,983.65)	1,44,812.49
EQUITY AND LIABILITIES					
Equity attributable to unitholders					
Unit capital		53,145.69	-	-	53,145.69
Equity Share Capital	3c.(iii)	-	2,728.37	(2,728.37)	-
Other equity					
Retained earnings/(Accumulated deficit)	3c.(iii)	(5,253.67)	1,317.11	(1,317.11)	(5,253.67)
Self Insurance reserve		-	58.06	-	58.06
Equity attributable to non-controlling Interests					
Equity Share Capital	3c.(iii)	-	-	709.38	709.38
Other equity		-	-	-	-
Retained earnings	3c.(iii)	-	-	342.45	342.45
Total equity		47,892.02	4,103.54	(2,993.65)	49,001.91
Non-current liabilities					
Financial liabilities					
i. Borrowings		86,787.60	3,620.45	-	90,408.05
Provisions		-	4.05	-	4.05
Deferred tax liabilities (net)		910.91	135.25	-	1,046.16
		87,698.51	3,759.75	-	91,458.26
Current liabilities					
Financial liabilities					
i. Trade payables					
a. Total outstanding dues of micro enterprises and small enterprises		1.92	-	-	1.92
b. Total outstanding dues of creditors other than micro enterprises and small enterprises		184.76	2.08	-	186.84
ii. Other financial liabilities	3c.(iv)	2,526.03	1,322.34	10.00	3,858.37
Provisions		1.91	0.31	-	2.22
Other current liabilities		292.82	0.58	-	293.40
Current tax liability		0.32	9.25	-	9.57
		3,007.76	1,334.56	10.00	4,352.32
Total liabilities		90,706.27	5,094.31	10.00	95,810.58
Total equity and liabilities		1,38,598.29	9,197.85	(2,983.65)	1,44,812.49

The above statement should be read with notes to proforma consolidated financial information.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of Indigrid Investment Managers Limited
(formerly known as Sterlite Investment Managers Limited)
(as Investment Manager of India Grid Trust)

per Huzefa Ginwala
Partner
Membership Number : 111757
Place : Pune
Date : 24 February 2021

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 24 February 2021

Jyoti Kumar Agarwal
CFO
Place : Mumbai
Date : 24 February 2021

Swapnil Patil
Company Secretary
Place : Mumbai
Date : 24 February 2021

INDIA GRID TRUST
PROFORMA CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR NINE MONTHS PERIOD ENDED 31 DECEMBER 2020
(All amounts in Rs. million unless otherwise stated)

	Notes	IGT Consolidated [A]	PrKTCL [B]	Proforma Adjustments [C] Note 3(c)	IGT Proforma Information for the nine months period ended 31 December 2020 [A+B+C]
INCOME					
Revenue from contracts with customers	4 & 3a	11,660.41	1,286.32	32.87	12,979.60
Revenue from Operations		104.05	-	-	104.05
Income from investment in mutual funds		98.21	-	-	98.21
Interest income on investment in fixed deposits		103.62	35.27	-	138.89
Other finance income		10.05	-	-	10.05
Other income	3a	24.22	38.10	(32.87)	29.46
Total income		12,000.56	1,359.69	-	13,360.25
EXPENSES					
Employee benefit expenses		81.74	24.84	-	106.58
Transmission infrastructure maintenance charges		223.99	10.80	-	234.79
Insurance expenses		192.89	-	-	192.89
Investment manager fees		231.04	-	-	231.04
Project manager fees		58.17	-	-	58.17
Legal and professional fees		71.16	4.11	-	75.27
Rates & taxes		53.29	1.27	-	54.56
Valuation expenses		2.76	-	-	2.76
Trustee fee		2.89	-	-	2.89
Vehicle hire charges		12.54	-	-	12.54
Payment to auditors (including for subsidiaries)					
- Statutory audit fees		8.11	0.13	-	8.24
- Tax audit fees		1.76	-	-	1.76
- Other services (including certification)		0.45	-	-	0.45
Corporate Social Responsibility Expenditure		-	5.37	-	5.37
Other expenses		237.76	10.36	-	248.12
Depreciation expense		3,100.59	398.10	-	3,498.69
Impairment / (reversal) of service concessions		231.66	-	-	231.66
Finance costs	3c.(v)	4,805.86	340.55	194.81	5,341.22
Total expenses		9,316.66	795.52	194.81	10,307.00
Profit before Regulatory Defferal Account Balances and tax		2,683.90	564.16	(194.81)	3,053.25
Add: Regulatory Income/(Loss) (Net of deferred taxes)		-	(123.82)	-	(123.82)
Profit before tax		2,683.90	440.34	(194.81)	2,929.43
Tax expense					-
Current Tax		4.91	103.88	-	108.79
Deferred Tax		21.85	(157.77)	-	(135.92)
Income tax for earlier years		-	18.36	-	18.36
Profit for the period		2,657.14	475.87	(194.81)	2,938.20
Other Comprehensive Income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Remeasurements of Net Defined Benefit Plans : (Gains) / Loss		-	(3.65)	-	(3.65)
Income tax relating to above		-	0.64	-	0.64
Total Other Comprehensive (Income)/Loss for the year		-	(3.01)	-	(3.01)
Total Comprehensive Income for the year		2,657.14	478.88	(194.81)	2,941.20

The above statement should be read with notes to proforma consolidated financial information.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

For and on behalf of the Board of Directors of Indigrid Investment Managers Limited
(formerly known as Sterlite Investment Managers Limited)
(as Investment Manager of India Grid Trust)

per Huzefa Ginwala
Partner
Membership Number : 111757
Place : Pune
Date : 24 February 2021

Harsh Shah
CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
Date : 24 February 2021

Jyoti Kumar Agarwal
CFO
Place : Mumbai
Date : 24 February 2021

Swapnil Patil
Company Secretary
Place : Mumbai
Date : 24 February 2021

1. Background

India Grid Trust (the "Trust" or "Indigrid" or "IGT") is an irrevocable trust settled by Sterlite Power Grid Ventures Limited *(now merged with Sterlite Power Transmission Limited)* (the "Sponsor") on 21 October 2016 pursuant to the Trust Deed under the provisions of the Indian Trusts Act, 1882 and registered with Securities Exchange Board of India ("SEBI") under the SEBI (Infrastructure Investment Trust) Regulations, 2014 as an Infrastructure Investment Trust on 28 November 2016 having registration number IN/InvIT/16-17/0005. The Trustee of IndiGrid is Axis Trustee Services Limited (the "Trustee"). The Investment manager for IndiGrid is Indigrid Investment Managers Limited *(formerly known as Sterlite Investment Managers Limited)* (the "Investment Manager" or the "Management").

The objectives of IndiGrid are to undertake activities as an infrastructure investment trust in accordance with the provisions of the InvIT Regulations and the Trust Deed. The principal activity of IndiGrid is to own and invest in power transmission and solar assets in India with the objective of producing stable and sustainable distributions to unitholders.

IndiGrid has the following project entities (the "subsidiaries" or the "SPVs") which are transmission infrastructure projects developed on Build, Own, Operate and Maintain ('BOOM') basis:

1. Bhopal Dhule Transmission Company Limited ('BDTCL')
2. Jabalpur Transmission Company Limited ('JTCL')
3. RAPP Transmission Company Limited ('RTCL')
4. Purulia & Kharagpur Transmission Company Limited ('PKTCL')
5. Maheshwaram Transmission Limited ('MTL')
6. Patran Transmission Company Limited ('PTCL')
7. NRSS XXIX Transmission Limited ('NTL')
8. Odisha Generation Phase-II Transmission Limited ('OGPTL')
9. East-North Interconnection Company Limited ('ENICL')
10. Gurgaon Palwal Transmission Limited ('GPTL') (w.e.f. August 28, 2020)

Further, the trust has also invested in Jhajjar KT Transco Private Limited ('JKTPL') (w.e.f. 28 September 2020) which operates on Build, Operate and Transfer (BOT) basis. (India Grid Trust and all abovementioned subsidiaries hereinafter referred to as "the Group").

These SPVs have executed Transmission Services Agreements ("TSAs") with Long term transmission customers under which the SPVs have to maintain the transmission infrastructure for 25 years or 35 years post commissioning.

On 08 January 2021, pursuant to share purchase agreements dated 28 November 2020 ("SPA") executed among Reliance Infrastructure Limited ("the selling shareholder"), Parbati Koldam Transmission Company Limited ("PrKTCL"), Indigrid Investment Managers Limited, and Axis Trustee Services Limited, the Trust acquired 74% of paid up equity share capital of PrKTCL. The balance 26% share in PrKTCL is held by Power Grid Corporation of India Limited ("PGCIL").

PrKTCL was incorporated on 02 September 2002 as a joint venture between Reliance Infrastructure Limited (74%) and Power Grid Corporation of India Limited (26%). PrKTCL has entered into a Transmission Service Agreement with PGCIL on 24 December 2013. The project of PrKTCL was fully commissioned in June 2015.

With effect from 07 January 2021, the Group has acquired PrKTCL for total consideration of INR 3,592.59 million as a going concern including its business assets, business liabilities, contracts, permits, records, employees, any incorporeal asset, any benefit or incentives granted or accrued by any regulatory body. The total purchase consideration, which has been determined based on enterprise value of PrKTCL and as agreed between the parties, is payable by the Group to Reliance Infrastructure Limited and shall be paid on agreed date except an amount of INR 10 million which shall be payable later subject to certain conditions and timeline agreed between the parties.

The net purchase consideration for acquisition has been financed through new debt in the form of term loans by the Trust, obtained in the month of December 2020. Pursuant to this acquisition, the Trust will consolidate PrKTCL in its consolidated financial statements.

2. Basis of preparation

The proforma financial information has been prepared in accordance with "Guide to Reporting on Proforma Financial Statements" issued by the Institute of Chartered Accountants of India ("the Guide") specifically for inclusion in the Letter of Offer (hereinafter referred as "LOF") to be filed by India Grid Trust with Stock Exchanges/SEBI in connection with proposed offering of units by the Trust. The Proforma Financial Information were approved for issue in accordance with resolution passed by the Board of Directors of the Investment Manager on behalf of the Trust on 24 February 2021.

In accordance with principles of the Guide, the historical consolidated financial information have been adjusted in proforma financial information to give effect to proforma events that are directly attributable to acquisition/ business combination and factually supportable.

The proforma financial information of the Group comprising the proforma balance sheet as at 31 March 2020 and 31 December 2020 and the proforma statement of profit and loss for the year ended 31 March 2020 and for the nine months period ended 31 December 2020, read with the notes to the proforma financial information, has been prepared to reflect the impact of material acquisition of business (PrKTCL) as mentioned in note 1 above, to be undertaken based on definitive agreement entered into in this regard, made after the date of the latest period for which financial information is disclosed in the LOF but before date of filing of such LOF.

Because of their nature, the proforma financial information addresses a hypothetical situation and does not represent the Group's actual consolidated financial condition or results of operations. Accordingly, the proforma financial information does not necessarily indicate the results of operations that would have resulted had the acquisition been completed at the beginning of the year/period presented and the financial position had the acquisition been completed as at year end/period end and is also not intended to be indicative of expected results or operations in the future periods or the future financial position of the Group.

The adjustments set forth in the proforma financial information are based upon available information and assumptions that the Management believes to be reasonable. If the assumptions underlying the preparation of such information do not occur, the actual results could be materially different from those indicated in the information. Such proforma financial information has not been prepared in accordance with auditing or other standards and practices generally accepted in any other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices. Accordingly, the degree of reliance placed by anyone in other jurisdictions on such proforma information should be limited. In addition, the rules and regulations related to the preparation of proforma financial information in other jurisdictions may also vary significantly from the basis of preparation as set out in paragraphs above to prepare these proforma financial information.

As explained in the following paragraphs, the proforma balance sheet as at 31 March 2020 has been prepared to reflect the acquisition of PrKTCL by India Grid Trust as if the acquisition happened on 31 March 2020. The proforma statement of profit and loss for the year ended 31 March 2020 has been prepared as if acquisition of PrKTCL occurred on 1 April 2019. The financial year end of India Grid Trust and that of PrKTCL is 31 March.

Further, the proforma balance sheet as at 31 December 2020 has been prepared to reflect the acquisition of PrKTCL by India Grid Trust as if the acquisition happened on 31 December 2020. The proforma statement of profit and loss for the nine months period ended 31 December 2020 has been prepared as if acquisition of PrKTCL occurred on 1 April 2020.

The adjustments made to the proforma financial information are included in the following sections.

The proforma consolidated financial information has been prepared taking into consideration:

a) The consolidated financial statements of the Group as at and for the year ended 31 March 2020 and as at and for the nine months period ended 31 December 2020.

b) The financial statement of PrKTCL as at and for the year ended 31 March 2020 and as at and for the nine months period ended 31 December 2020.

c) Adjustments to recognise the impact of allocation of purchase consideration paid/payable by the Group.

d) Adjustments to recognise expenditure incurred by the group that are directly attributable to the business combination.

The financial statements at (a) and (b) above have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

3. Proforma Adjustments:
The following adjustments have been made to present the proforma financial information:

3a) Accounting Policy adjustments and GAAP adjustments:

There are no accounting policy adjustments or GAAP adjustments between the Group and the PrKTCL.

For the purpose of preparation of proforma financial information, certain items in the financial statements of PrKTCL have been reclassified to align with the classification of those items as per the financial statements of the Trust, as follows:

i. Delayed payment charge (31 March 2020: INR 17.33 millions; 31 December 2020: INR 32.87 millions) has been regrouped from other income to revenue from contract with customers.
ii. interest on differential credit (31 March 2020: INR 129.34 millions; 31 December 2020: INR Nil millions) has been regrouped from other income to revenue from contract with customers.

3b) Intra group elimination adjustments:

There are no intragroup transactions between the Group and PrKTCL.

3c) Acquisition related adjustments:

The proforma financial information includes various assumptions to give effect to all of the following events. Accordingly, the proforma adjustments are preliminary and have been made solely for illustrative purpose. Following are the assumptions -

- Acquisition of PrKTCL is completed in a single tranche;
- Term loans aggregating to INR 3,592.59 million with interest rate ranging from 7-7.4% per annum is assumed to be obtained on 01 April 2019 for the purpose of Proforma Consolidated Statement of Profit and Loss for the year ended 31 March 2020, and on 31 March 2020 for the purpose of Proforma Consolidated Balance Sheet as at 31 March 2020.
- Term loans aggregating to INR 3,592.59 million with interest rate ranging from 7-7.4% per annum is assumed to be obtained on 01 April 2020 for the purpose of Proforma Consolidated Statement of Profit and Loss for the nine months period ended 31 December 2020.
- Consideration of INR 10 million as part of the definitive agreement entered, which will be payable to PrKTCL in cash subject to certain conditions and timeline agreed between the parties.

Proforma acquisition related adjustments – Key notes

Proforma adjustment to Balance Sheet

3c.(i) Goodwill

Goodwill computed as part of the consolidation are based on provisional Purchase Price Allocation (PPA) available with the Group. While performing the provisional PPA, the Group has considered the fair value of assets and liabilities acquired to be equal to their respective book values. The Trust shall be using the services of an external expert to carry out a detailed PPA of the gross purchase consideration paid. Adjustment, resulting from such PPA shall be carried out in the consolidated financial statements for the Group when the consolidation accounting for business combination will be performed as per the provisions of the Ind AS 103. Consequently, the values of assets and liabilities acquired, and the resultant goodwill could be materially different once the PPA valuation is completed. The forgoing is in line with the provisions of Ind AS 103 Business Combinations which allows the initial accounting for a business combination to be completed within one year from the acquisition date. Accordingly, the goodwill has been calculated based on the balance sheet of PrKTCL as at 31 March 2020 and 31 December 2020 and an amount of INR 378.45 million and 598.94 million respectively, being the excess of the aggregate of the purchase consideration for the acquisition over its share of net assets acquired at book values, has been recognized as goodwill on acquisition.

3c.(ii) Borrowings and Cash and cash equivalents

For the purpose of the Proforma Consolidated Balance Sheet as at 31 March 2020, term loans aggregating to INR 3,592.59 million have been obtained on 31 March 2020 and utilized for settlement of the purchase consideration, except INR 10 million to be paid at a later date as per certain conditions and timeline agreed between the parties.

These terms loans were obtained by the Trust in the month of December 2020. Accordingly, for the purpose of the Proforma Consolidated Balance Sheet as at 31 December 2020, these term loans are already included in borrowings in the consolidated balance sheet of the Trust. Accordingly, the adjustment relating to obtaining these loans has not been done as a proforma adjustment for the Proforma Consolidated Balance Sheet as at 31 December 2020. However, the utilization of these funds from cash balance as on 31 December 2020 for the purpose of this acquisition (except INR 10 million to be paid at a later date as per certain conditions and timeline agreed between the parties) has been disclosed as a proforma adjustment.

3c.(iii) Equity attributable to unit holders and to non-controlling interest

As explained in the note 1, the Trust has acquired 74% of the equity share capital of PrKTCL and the management control in the PrKTCL and the balance 26% is held by Power Grid Corporation of India. Accordingly, 100% of equity share capital and retained earnings has been eliminated and the balance 26% is represented as non-controlling interest in the Proforma Consolidated Balance Sheet as at 31 March 2020 and as at 31 December 2020.

3c.(iv) Cash and cash equivalents and other financial liabilities

The consideration of INR 10 million as explained above, which will be payable subject to certain conditions and timeline agreed between the parties has been disclosed as payable under other financial liabilities in the Proforma Consolidated Balance Sheet as at 31 March 2020 and as at 31 December 2020.

Proforma adjustment to statement of profit and loss

3c.(v) Finance costs

Adjustment to finance costs represents the interest expense in relation to new term loans, amounting to INR 259.75 million and INR 194.81 million for the year ended 31 March 2020 and for the nine months period ended 31 December 2020 respectively, at an interest rate of 7-7.4% per annum, charged to the statement of profit and loss considering the assumptions explained earlier.

Other than as mentioned above, no additional material adjustments have been made to the proforma balance sheet or the proforma statement of profit and loss to reflect any results or other transactions of the India Grid Trust entered into subsequent to 31 March 2020 and 31 December 2020 respectively.

4. Other notes

Other significant notes as included in the interim financial statements of the PrKTCL for the nine months ended December 31, 2020, used for compilation of this proforma financial information -

The Company during the period has proportionately recognized the Transmission Service Charges (TSC) for the period starting from April 01, 2020 till December 31, 2020 which is based on the final tariff order approved by the CERC and applicable as on March 31, 2019, since the tariff petition for the tariff period 2019 -2024 is yet to be filed by the Company. Difference in the Revenue recognised and the tariff approved for tariff period 2019-24 shall be recognised once the tariff petition is filed by the Company and the same is approved by the CERC for the tariff period 2019-2024.

DECLARATION

The Investment Manager declares and certifies that all relevant provisions of the InvIT Regulations, the SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the InvIT Regulations, the SCRA, the SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Letter of Offer are material, true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision.

For IndiGrid Investment Managers Limited
(formerly, Sterlite Investment Managers Limited)

Tarun Kataria
Independent Director

Date: [●]
Place: [●]
**Please note that the declaration page will be signed by the director at the time of filing of the Letter of Offer.*

DECLARATION

The Investment Manager declares and certifies that all relevant provisions of the InvIT Regulations, the SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the InvIT Regulations, the SCRA, the SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Letter of Offer are material, true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision.

For IndiGrid Investment Managers Limited
(formerly, Sterlite Investment Managers Limited)

Rahul D. Asthana
Independent Director

Date: [●]
Place: [●]
**Please note that the declaration page will be signed by the director at the time of filing of the Letter of Offer.*

DECLARATION

The Investment Manager declares and certifies that all relevant provisions of the InvIT Regulations, the SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the InvIT Regulations, the SCRA, the SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Letter of Offer are material, true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision.

For IndiGrid Investment Managers Limited
(formerly, Sterlite Investment Managers Limited)

Ashok Sethi
Independent Director

Date: [●]
Place: [●]
**Please note that the declaration page will be signed by the director at the time of filing of the Letter of Offer.*

DECLARATION

The Investment Manager declares and certifies that all relevant provisions of the InvIT Regulations, the SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the InvIT Regulations, the SCRA, the SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Letter of Offer are material, true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision.

For IndiGrid Investment Managers Limited
(formerly, Sterlite Investment Managers Limited)

Sanjay Nayar
Non-Executive Director

Date: [●]
Place: [●]
**Please note that the declaration page will be signed by the director at the time of filing of the Letter of Offer.*

DECLARATION

The Investment Manager declares and certifies that all relevant provisions of the InvIT Regulations, the SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the InvIT Regulations, the SCRA, the SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Letter of Offer are material, true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision.

For IndiGrid Investment Managers Limited
(formerly, Sterlite Investment Managers Limited)

Pratik Agarwal
Non-Executive Director

Date: [●]
Place: [●]
**Please note that the declaration page will be signed by the director at the time of filing of the Letter of Offer.*

DECLARATION

The Investment Manager declares and certifies that all relevant provisions of the InvIT Regulations, the SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the InvIT Regulations, the SCRA, the SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Investment Manager further certifies that all the statements and disclosures in this Letter of Offer are material, true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision.

For IndiGrid Investment Managers Limited
(formerly, Sterlite Investment Managers Limited)

Harsh Shah
Chief Executive Officer and Whole-Time Director

Date: [●]
Place: [●]
**Please note that the declaration page will be signed by the director at the time of filing of the Letter of Offer.*

DECLARATION

The Trustee declares and certifies that all relevant provisions of the InvIT Regulations, the SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be) have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the InvIT Regulations, the SCRA, the SEBI Act and all rules, regulations and guidelines issued by the GoI or SEBI (as the case may be). The Trustee further certifies that all the statements and disclosures in this Letter of Offer are material, true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision.

For Axis Trustee Services Limited

Authorised Signatory

Date: [●]
Place: [●]
**Please note that the declaration page will be signed by the Trustee at the time of filing of the Letter of Offer.*

DECLARATION

The KKR Sponsor declares and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Letter of Offer in relation to itself and its respective portion of the Units held are true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision. The KKR Sponsor assumes no responsibility for any other statements including statements made by IndiGrid or any other person(s) in this Letter of Offer.

For Esoteric II Pte. Ltd.

Cecilio Velasco
Director

Date: [●]
Place: [●]
**Please note that the declaration page will be signed by the director at the time of filing of the Letter of Offer.*

DECLARATION

The KKR Sponsor declares and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Letter of Offer in relation to itself and its respective portion of the Units held are true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision. The KKR Sponsor assumes no responsibility for any other statements including statements made by IndiGrid or any other person(s) in this Letter of Offer.

For Esoteric II Pte. Ltd.

Tang Jin Rong
Director

Date: [●]
Place: [●]
**Please note that the declaration page will be signed by the director at the time of filing of the Letter of Offer.*

DECLARATION

The Sterlite Sponsor declares and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Letter of Offer in relation to itself and NER – II Transmission Limited and its respective portion of the Units held are true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision. The Sterlite Sponsor assumes no responsibility for any other statements including statements made by IndiGrid or any other person(s) in this Letter of Offer.

For Sterlite Power Transmission Limited

Pravin Agarwal
Chairman

Date: [●]
Place: [●]
**Please note that the declaration page will be signed by the chairman at the time of filing of the Letter of Offer.*

DECLARATION

The Sterlite Sponsor declares and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Letter of Offer in relation to itself and NER – II Transmission Limited and its respective portion of the Units held are true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision. The Sterlite Sponsor assumes no responsibility for any other statements including statements made by IndiGrid or any other person(s) in this Letter of Offer.

For Sterlite Power Transmission Limited

Pratik Agarwal
Managing Director

Date: [●]
Place: [●]
**Please note that the declaration page will be signed by the director at the time of filing of the Letter of Offer.*

DECLARATION

The Sterlite Sponsor declares and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Letter of Offer in relation to itself and NER – II Transmission Limited and its respective portion of the Units held are true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision. The Sterlite Sponsor assumes no responsibility for any other statements including statements made by IndiGrid or any other person(s) in this Letter of Offer.

For Sterlite Power Transmission Limited

A R Narayanaswamy
Independent Director

Date: [●]
Place: [●]
**Please note that the declaration page will be signed by the director at the time of filing of the Letter of Offer.*

DECLARATION

The Sterlite Sponsor declares and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Letter of Offer in relation to itself and NER – II Transmission Limited and its respective portion of the Units held are true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision. The Sterlite Sponsor assumes no responsibility for any other statements including statements made by IndiGrid or any other person(s) in this Letter of Offer.

For Sterlite Power Transmission Limited

Arun Todarwal
Independent Director

Date: [●]
Place: [●]
**Please note that the declaration page will be signed by the director at the time of filing of the Letter of Offer.*

DECLARATION

The Sterlite Sponsor declares and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Letter of Offer in relation to itself and NER – II Transmission Limited and its respective portion of the Units held are true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision. The Sterlite Sponsor assumes no responsibility for any other statements including statements made by IndiGrid or any other person(s) in this Letter of Offer.

For Sterlite Power Transmission Limited

Haixia Zhao
Independent Director

Date: [●]
Place: [●]
**Please note that the declaration page will be signed by the director at the time of filing of the Letter of Offer.*

DECLARATION

The Sterlite Sponsor declares and certifies that all statements, disclosures and undertakings specifically made or confirmed by it in this Letter of Offer in relation to itself and NER – II Transmission Limited and its respective portion of the Units held are true, correct, not misleading and adequate in order to enable the Bidders to make a well informed decision. The Sterlite Sponsor assumes no responsibility for any other statements including statements made by IndiGrid or any other person(s) in this Letter of Offer.

For Sterlite Power Transmission Limited

Anoop Seth
Independent Director

Date: [●]
Place: [●]
**Please note that the declaration page will be signed by the director at the time of filing of the Letter of Offer.*

ANNEXURE A

VALUATION REPORT

(*The remainder of this page is intentionally kept blank*)

Valuation as per SEBI (Infrastructure Investment Trusts) Regulations, 2014 as amended

SPV: NER-II Transmission Limited (“NERTL”)

Valuation Date: 31st December 2020

Mr. S Sundararaman,
Registered Valuer,
IBBI Registration No - IBBI/RV/06/2018/10238

Strictly Private and Confidential

RV/SSR/R/2021/08

Date: 16th February 2021

Mr. S Sundararaman,
Registered Valuer,
5B, "A" Block,
5th Floor, Mena Kampala Arcade,
New #18 & 20, Thiagaraya Road,
T.Nagar,
Chennai – 600 017

The Board of Directors
IndiGrid Investment Managers Limited
(Formerly known as Sterlite Investment Managers Ltd.)
(Investment Manager of India Grid Trust)
Unit No. 101, 1st Floor,
Windsor Village, Kole Kalyan Off CST Road,
Vidyanagari Marg, Santacruz (E),
Mumbai - 400 098,
Maharashtra, India.

The Axis Trustee Services Limited
(acting on behalf of the Trust)
The Ruby, 2nd Floor, SW, 29,
Senapati Bapat Marg,
Dadar (W), Mumbai - 400 028,
Maharashtra, India.

Sub: Financial Valuation as per SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended ("the SEBI InvIT Regulations")

Dear Sirs/Madams,

I, S. Sundararaman ("Registered Valuer" or "RV" or "I" or "My" or "Me") bearing IBBI registration number IBBI/RV/06/2018/10238, have been appointed vide letter dated 18th December 2020, as an independent valuer, as defined under the SEBI InvIT Regulations, by **IndiGrid Investment Managers Limited** (formerly known as Sterlite Investment Managers Limited) ("the **Investment Manager**" or "**IIML**"), acting as the investment manager for **India Grid Trust** ("the **Trust**") and **Axis Trustee Services Limited** ("the **Trustee**") acting as the trustee for the Trust, for the purpose of the financial valuation of the Special Purpose Vehicle - **NER-II Transmission Limited** ("**NERTL**" or the "**SPV**") of Sterlite Power Grid Ventures Limited ("**SPGVL**") (now merged with Sterlite Power Transmission Limited ("**SPTL**")). IIML is acting as the investment manager to the Trust within the meaning of the SEBI InvIT Regulations.

I have relied on explanations and information provided by the Investment Manager. Although, I have reviewed such data for consistency, those are not independently investigated or otherwise verified. My team and I have no present or planned future interest in the Trust, the SPV or the Investment Manager except to the extent of my appointment as an independent valuer and the fee for this **Valuation Report** ("**Report**") and also for my appointment under Regulation 21(4) and 21(5) of the SEBI InvIT Regulations which is not contingent upon the values reported. The valuation analysis should not be construed as investment advice, specifically, I do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Trust.

I am enclosing the Report providing opinion on the fair enterprise value of the SPV on a going concern basis as at **31st December 2020** ("**Valuation Date**"). **Enterprise Value** ("**EV**") is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities. The attached Report details the valuation methodologies used, calculations performed and the conclusion reached with respect to this valuation.

The analysis must be considered as a whole. Selecting portions of any analysis or the factors that are considered in this Report, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

The information provided to me by the Investment Manager in relation to the SPV included but not limited to historical financial statements, forecasts/projections, other statements and assumptions about future matters like forward-looking financial information prepared by the Investment Manager. The forecasts and projections as supplied to me are based upon assumptions about events and circumstances which are yet to occurr.

By nature, valuation is based on estimates and it includes the risks and uncertainties relating to the events occurring in the future. Accordingly, the actual figures in future may differ from these estimates and may have a significant impact on the valuation of the SPV.

I have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to the forward-looking financial information, however, I have made sufficient enquiries to satisfy myself that such information has been prepared on a reasonable basis.

Notwithstanding anything above, I cannot provide any assurance that the forward looking financial information will be representative of the results which will actually be achieved during the cash flow forecast period.

Further, I have been informed by the Investment Manager, that the forecasts / projections provided for the valuation exercises are prepared after reasonably evaluating and incorporating the impact of outbreak of COVID-19 pandemic as per prevalent conditions as on date.

The valuation provided by RV and the valuation conclusion are included herein and the Report complies with the SEBI InvIT Regulations and guidelines, circular or notification issued by the **Securities and Exchange Board of India** (“**SEBI**”) there under.

Please note that all comments in the Report must be read in conjunction with the caveats to the Report, which are contained in Section 10 of this Report. This letter, the Report and the summary of valuation included herein can be provided to Trust’s advisors and may be made available for the inspection to the public as a material document and with the SEBI, the stock exchanges and any other regulatory and supervisory authority, as may be required.

RV draws your attention to the limitation of liability clauses in Section 10 of the Report.

This letter should be read in conjunction with the attached Report.

Yours faithfully,

Swaminathan Sundararaman
Digitally signed by Swaminathan Sundararaman
Date: 2021.02.16 18:30:50 +05'30'

S. Sundararaman
Registered Valuer
IBBI Registration No - IBBI/RV/06/2018/10238
UDIN: 21028423AAAACN1918
Place: Chennai
Encl: As above

Contents

Definition, abbreviation & glossary of terms

Abbreviations	Meaning
BOOM	Build-Own-Operate-Maintain
Capex	Capital Expenditure
CCIL	Clearing Corporation of India Limited
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
Ckms	Circuit Kilometres
COD	Commercial Operation Date
DCF	Discounted Cash Flow
EBITDA	Earnings Before Interest ,Taxes , Depreciation and Amortization
Esoteric	Esoteric II Pte. Ltd
EV	Enterprise Value
FCFF	Free Cash Flow to the Firm
FY	Financial Year Ended 31st March
FYP	Five year Plan
IIML or Investment Manager	IndiGrid Investment Managers Limited (formerly known as Sterlite Investment Managers Limited)
INR	Indian Rupees
IVS	ICAI Valuation Standards, 2018
Kv	Kilo Volts
LTTC	Long Term Transmission Customer
Mn	Million
MVA	Mega Volt Ampere
MW	Mega Watts
NAV	Net Asset Value Method
NCA	Net Current Assets Excluding Cash and Bank Balances
NERTL or the SPV	NER-II Transmission Limited
O&M	Operation & Maintenance
PGCIL	Power Grid Corporation of India Limited
RV	Registered Valuer
SCOD	Scheduled Commercial Operation Date
SEBI	Securities and Exchange Board of India
SEBI InvIT Regulations	SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended
SIML	Sterlite Investment Managers Limited
SPGVL	Sterlite Power Grid Ventures Limited
SPTL	Sterlite Power Transmission Limited
SPV	Special Purpose Vehicle
T&D	Transmission & Distribution
the Trust or InvIT	India Grid Trust
the Trustee	Axis Trustee Services Limited
TAO	Tariff Adoption Order
TSA	Transmission Service Agreement
WACC	Weighted Average Cost of Capital

1. Executive Summary

1.1. Background

The Trust

1.1.1. India Grid Trust ("the **Trust**") was established on 21st October 2016 as an irrevocable trust pursuant to the trust deed under the provisions of the Indian Trusts Act, 1882 by Sterlite Power Grid Ventures Limited ("**SPGVL**") (now merged with Sterlite Power Transmission Limited ("**SPTL**")) and is registered with the Securities and Exchange Board of India ("**SEBI**") as an InvIT on 28th November 2016, pursuant to the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time ("the **SEBI InvIT Regulations**").

1.1.2. It is established to own power transmission assets in India. Pursuant to approval of unitholders obtained on 9th May 2020 and subsequent amendment to Trust Deed, the Investment Strategy of the Trust is to own and operate power transmission and renewable power generation assets in India.

1.1.3. The units of the Trust are listed on the National Stock Exchange of India Limited and BSE Limited since 6th June 2017.

1.1.4. In the Annual General Meeting of the Trust held on 28th September 2020, the unitholders of the Trust approved the induction of Esoteric II Pte. Ltd., an affiliate of KKR & Co. Inc ("**Esoteric**") as a Sponsor (as defined under the InvIT Regulations). Esoteric owns an approximately 23% stake in the Trust as on 31st December 2020.

1.1.5. Sterlite Power Grid Ventures Limited ("**SPGVL**") (now merged with Sterlite Power Transmission Limited ("**SPTL**")) is mainly engaged into the business of installation and operation of electricity transmission projects in India and Brazil. SPTL continues to be the Sponsor with approximately 0.35% stake in the Trust as on 31st December 2020.

1.1.6. SPTL and Esoteric are hereinafter together referred to as "the **Sponsors**".

1.1.7. Shareholding of the Trust as on 31st December 2020 is as under:

Sr. No.	Particulars	No. of Units	%
1	Sponsors	13,84,16,431	23.72%
2	Insurance Companies	4,90,46,634	8.41%
3	Mutual Fund	43,54,560	0.75%
4	Provident or pension funds	33,81,588	0.58%
5	Foreign Portfolio Investors	18,62,85,015	31.93%
6	Non-institutional investors	20,19,98,853	34.62%
	Total	**58,34,83,081**	**100.0%**

Source: BSE

The Sponsors

1.1.8. SPGVL has been merged with SPTL; the holding company of SPGVL vide order issued by National Company Law Tribunal. Accordingly, SPTL has become one of the Sponsors of the Trust from the effective date of the merger, i.e. 15th November 2020.

1.1.9. SPGVL (now SPTL) is mainly engaged into the business of installation and operation of electricity transmission projects in India and Brazil. SPTL is a leading global developer of power transmission infrastructure with extensive experience in developing projects in India and Brazil. SPTL has successfully developed projects of about 13,700 circuit kilometers and 26,100 MVA in India and Brazil. Of the 15 power transmission projects in India executed by SPTL, 9 have been acquired by the Trust till date.

1.1.10. SPTL also serves as the Project Manager of the Trust. It entered into the Project Implementation and Management Agreement with the Trust on 10th November 2016.

1.1.11. Shareholding of SPTL as on 31st March 2020:

Sr No.	Name of Shareholder	No of shares	% of Holding
1	**Total Promoter and Promoter Group**	**4,65,70,601**	**76.1%**
2	**Total Public Shareholders**	**1,46,11,301**	**23.9%**
	Institutional Investors	51,296	0.1%
	Non-institutional Investors	1,45,60,005	23.8%
	Total	**6,11,81,902**	**100.0%**

Source: Annual Report of SPTL

1.1.12. Esoteric II Pte. Ltd. ("**Esoteric**") is an affiliate of Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, "KKR"). Founded in 1976 and led by Henry Kravis and George Roberts, KKR is a leading global investment firm with approximately US$ 234 billion of assets under management as of 30th September 2020 that manages multiple alternative asset classes, including private equity, credit and real assets, with strategic partners that manage hedge funds.

1.1.13. Shareholding of Esoteric as on 31st December 2020:

Sr. No.	Particulars	%
1	Esoteric I Pte. Limited	20.4%
2	KKR Ingrid Co-invest L.P.	76.7%
3	KKR PIP Investments L.P.	2.9%
	Total	**100.0%**

Source: Investment Manager

<u>Investment Manager</u>

1.1.14. IndiGrid Investment Managers Limited (formerly known as Sterlite Investment Managers Limited) ("the **Investment Manager**" or "**IIML**") has been appointed as the investment manager to the Trust by Axis Trustee Services Limited ("the **Trustee**") and will be responsible to carry out the duties of such a person as mentioned under SEBI InvIT Regulations.

1.1.15. Shareholding of the Investment Manager as on 31st December 2020 is as under:

Sr. No.	Particulars	%
1	Electron IM Pte. Ltd. (KKR affiliate entity)	60%
2	SPTL	40%
	Total	**100%**

Source: Investment Manager

1.1.16. **<u>Target Asset to be Valued</u>**

NER-II Transmission Limited ("**NERTL**" or "the **SPV**") is engaged in the business of installation and operation of transmission lines and Substation on a Build-Own-Operate and Maintain ("**BOOM**") basis.

NERTL was incorporated on 21st April 2015. It entered into a Transmission Service Agreement ("**TSA**") on 27th December 2016. NERTL project was awarded to SPGVL by the Ministry of Power on 22nd February 2017 for a 35 year period from the scheduled commercial operation of the NERTL project on BOOM basis. The SPV has entered into a TSA to provide transmission services for 35 years.

The NERTL project is currently under development. The Scheduled Commercial Operation Date ("**SCOD**") of the different elements of the project as per TSA is between 31st March 2020 and 30th November 2020. As per the letter from Ministry of Power letter dated 27th July 2020, the project has received an extension of 5 months and accordingly the revised SCOD will be between 31st August 2020 and 30th April 2021.

Based on discussions with Investment Manager, I understand that the project is expected to be fully commissioned by March 2021. Accordingly, for current valuation exercise, I have considered the Estimated Commercial Operation Date ("**ECOD**") for each element between 27th January 2021 and 31st March 2021 as represented by the Investment Manager.

The NERTL project comprises of 4 number of 400kV (DC) / 132kV (DC) lines and substations as shown below:

Sr No	Element	Location	Line Specification (kVDC)	Line Length (kms)	ECOD	% Completion
1	Biswanath Chariyalli – Itanagar	Assam, Arunachal Pradesh	132kV D/C	68	31-Mar-21	81%
2	LILO of Biswanath Chariali (PG) – Itanagar	Arunachal Pradesh	132kV DC	9	31-Mar-21	92%
3	2 Nos of 132 kV line bays at Itanagar substation	Arunachal Pradesh	132kV		31-Mar-21	Mechanically completed
4	Silchar – Misa	Assam	400kV D/C	193	31-Mar-21	Mechanically completed
5	2*315 MVA substation at Surajmaninagar	Tripura	400/132 kV, 2x315 MVA		27-Jan-21	Commissioned
6	2 Nos of 132 kV line bays at PK Bari substation	Tripura	400/132 kV, 2x315 MVA		27-Jan-21	Commissioned
7	Surajmaninagar – P. K. Bari	Tripura	400kV D/C	96	27-Jan-21	Commissioned
8	2 Nos of 400 kV line bays at Palatana GBPP switchyard	Tripura	400 kV		27-Jan-21	Commissioned
9	AGTPP (NEEPCO) – P.K. Bari	Tripura	132kV D/C	83	01-Mar 21	Mechanically completed
10	2 Nos of 132 kV line bays at NEEPCO substation	Tripura	132kV		01-Mar-21	Mechanically completed
11	2*315 MVA substation at P.K. Bari	Tripura	132kV		01-Mar-21	Mechanically completed

Source: Investment Manager

**As represented to me by the Investment Manager, NERTL shall be acquired by the Trust only after completion of the project and post the actual commercial operations date of the project*.

The total Capital work in progress recorded in the books of NERTL as at 31st December 2020 is INR ~26,000 Mn. Further, NERTL is expected to incur an additional ~INR 2,000 Mn to complete the construction of the project. This amount will be incurred by NERTL only. The Trust shall acquire the equity stake in NERTL only once the project is completed and once the COD is achieved.

As at the Valuation Date, the SPV is owned 100% by Sterlite Grid Limited 4 ("**SGL4**"), the wholly owned subsidiary of SPGVL (now merged with SPTL) (one of the Sponsors).

1.1.17. **Proposed Transaction**

I understand that the Investment Manager is contemplating the acquisition of 100% equity stake / economic interest in NERTL from SPGVL (now merged SPTL) as per the extant terms of framework agreement between the Trust and the SPGVL (now merged SPTL). As represented to me by the Investment Manager, NERTL shall be acquired by the Trust only after completion of the project and post the actual commercial operations date of the project ("**Proposed Transaction**").

1.2. Purpose and Scope of Valuation

Purpose of Valuation

1.2.1. As per regulation 21(8)(a) of the SEBI InvIT Regulations, for any transaction of purchase or sale of infrastructure projects whether directly or through SPV, for publicly offered InvITs, a full valuation of the specific project shall be undertaken.

In this regard, the Investment Manager and the Trustee have appointed S. Sundararaman ("**Registered Valuer**" or "**RV**" or "**I**" or "**My**" or "**Me**") bearing IBBI registration number IBBI/RV/06/2018/10238 to undertake the fair valuation at enterprise level of NERTL as per the SEBI InvIT Regulations as at 31st December 2020. Enterprise Value ("**EV**") is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.

Registered Valuer declares that:

i. The RV is competent to undertake the financial valuation in terms of the SEBI InvIT Regulations;

ii. The RV is independent and has prepared the Valuation Report ("the **Report**") on a fair and unbiased basis;

This Report covers all the disclosures required as per the SEBI InvIT Regulations and the valuation of the SPV is impartial, true and fair and in compliance with the SEBI InvIT Regulations.

1.2.2. **Scope of Valuation**

Nature of the Asset to be Valued

The RV has been mandated by the Investment Manager to arrive at the Enterprise Value of NERTL. Enterprise Value is described as the total value of the equity in a business plus the value of its debt and debt related liabilities, minus any cash or cash equivalents to meet those liabilities.

Valuation Base

Valuation Base means the indication of the type of value being used in an engagement. In the present case, RV has determined the fair value of NERTL at the enterprise level. Fair Value Bases defined as under:

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Fair value or Market value is usually synonymous to each other except in certain circumstances where characteristics of an asset translate into a special asset value for the party (ies) involved.

Valuation Date

Valuation Date is the specific date at which the value of the assets to be valued gets estimated or measured. Valuation is time specific and can change with the passage of time due to changes in the condition of the asset to be valued. Accordingly, valuation of an asset as at a particular date can be different from other date(s).

The Valuation Date considered for the fair enterprise valuation of NERTL is 31st December 2020 ("**Valuation Date**").The attached Report is drawn up by reference to accounting and financial information as on 31st December 2020 as provided by the Investment Manager. The RV is not aware of any other events having occurred since 31st December 2020 till date of this Report which he deems to be significant for his valuation analysis.

Premise of Value

Premise of Value refers to the conditions and circumstances how an asset is deployed. In the present case, RV has determined the fair enterprise value of the SPV on a Going Concern Value defined as under:

Going Concern Value

Going concern value is the value of a business enterprise that is expected to continue to operate in the future. The intangible elements of going concern value result from factors such as having a trained work force, an operational plant, the necessary licenses, systems, and procedures in place etc.

1.2.3. For the amount pertaining to the operating working capital, the Investment Manager has acknowledged to consider the same as per the extant terms of the framework agreement between the Trust and SPGVL (now merged with SPTL) to carry out the valuation of NERTL. The operating working capital assumptions for the projections as provided by the Investment Manager comprises of trade payables related to operating expenses and trade receivables related to operating revenue.

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1.3. Summary of Valuation

I have assessed the fair value of NERTL using the discounted cash flow method under the income approach. Following table summarizes my explaination on the usage or non usage of different valuation methods:

Valuation Approach	Valuation Methodology	Used	Explanation
Cost Approach	Net Asset Value	No	NAV does not capture the future earning potential of the business.
Income Approach	Discounted Cash Flow	Yes	The revenue of the project is defined for 35 years under the TSA known as "Concession Period". Hence, the growth potential of the SPV and the true worth of its business would be reflected in its future earnings potential and therefore, DCF Method under the income approach has been considered as an appropriate method for the present valuation exercise.
Market Approach	Market Price	No	The equity shares of the SPV are not listed on any recognized stock exchange of India. Hence, I was unable to apply market price method.
	Comparable Companies	No	In the absence of any exactly comparable listed companies with characteristics and parameters similar to that of the SPV, I have not considered CCM method in the present case.
	Comparable Transactions	No	In the absence of adequate details about the Comparable Transactions, I was unable to apply the CTM method.

Under the DCF Method, the Free Cash Flow to Firm (FCFF) has been used for the purpose of valuation of NERTL. In order to arrive at the fair EV of NERTL under the Discounted Cash Flow (DCF) Method, I have relied on provisional financial statements as at 31st December 2020 as per management's best estimates prepared in accordance with the Indian Accounting Standards (Ind AS) and the financial projections of NERTL provided by the Investment Manager as at the Valuation Date based on their best judgement. The discount rate considered for NERTL for the purpose of this valuation exercise is based on the Weighted Average Cost of Capital of NERTL. As NERTL is engaged in the business of installation and operation of transmission lines and substations on BOOM basis, the ownership of the underlying assets shall remain with the NERTL even after the expiry of 35 years. Accordingly, terminal period value i.e. value on account of cash flows to be generated even after the expiry of concession period of 35 years has been considered. Based on the methodology and assumptions discussed further, RV has arrived at the Fair Enterprise Value of the NERTL as on the Valuation Date:

Sr No.	SPV	WACC	Fair EV (INR Mn)
1	NERTL	7.40%	51,175

(Refer Appendix I & II for the detailed workings)

Further to above considering that present valuation exercise is based on the future financial performance and based on opinions on the future credit risk, cost of debt assumptions, etc., which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and variations may be material. Accordingly, a quantitative sensitivity analysis is considered on the following unobservable inputs:

1. Weighted Average Cost of Capital (WACC) by increasing / decreasing it by 1.0%
2. Total Expenses considered during the projected period by increasing / decreasing it by 20%
3. Free Cash Flow in terminal period considered for the SPV increasing / decreasing it by 20%

Particulars	Lower Range	Base Range	Higher Range
	INR Mn	INR Mn	INR Mn
WACC	+1%	7.40%	-1%
	45,348	51,175	58,781
Total Expenses	+20%	190	-20%
	50,389	51,175	51,961
Terminal Period Cashflow	-20%	3,424	+20%
	50,400	51,175	51,950

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2. Procedures adopted for current valuation exercise

2.1. I have performed the valuation analysis, to the extent applicable, in accordance with ICAI Valuation Standards, 2018 ("**IVS**") issued by the Institute of Chartered Accountants of India.

2.2. In connection with this analysis, I have adopted the following procedures to carry out the valuation analysis:

2.2.1. Requested and received financial and qualitative information relating to NERTL;

2.2.2. Obtained and analyzed data available in public domain, as considered relevant by me;

2.2.3. Discussions with the Management on:

- Understanding of the businesses of NERTL – business and fundamental factors that affect its earning-generating capacity including strengths, weaknesses, opportunities and threats analysis and historical and expected financial performance;

2.2.4. Undertook industry analysis:

- Research publicly available market data including economic factors and industry trends that may impact the valuation
- Analysis of key trends and valuation multiples of comparable companies/comparable transactions, if any, using proprietary databases subscribed by us.

2.2.5. Analysis of other publicly available information

2.2.6. Selection of valuation approach and valuation methodology/(ies), in accordance with IVS, as considered appropriate and relevant by us.

2.2.7. Determination of fair EV of the NERTL.

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3. Overview of the InvIT and the SPV

The Trust

3.1. India Grid Trust was established on 21st October 2016 as an irrevocable trust pursuant to the trust deed under the provisions of the Indian Trusts Act, 1882 by Sterlite Power Grid Ventures Limited ("**SPGVL**") (now merged with Sterlite Power Transmission Limited ("**SPTL**")) and is registered with the Securities and Exchange Board of India ("**SEBI**") as an InvIT on 28th November 2016, pursuant to the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time ("the **SEBI InvIT Regulations**").

3.2. It is established to own power transmission assets in India. Pursuant to approval of unitholders obtained on 9th May 2020 and subsequent amendment to Trust Deed, the Investment Strategy of the Trust is to own and operate power transmission and renewable power generation assets in India.

3.3. The units of the Trust are listed on the National Stock Exchange of India Limited and BSE Limited since 6th June 2017.The unitholders of the Trust approved the induction of Esoteric II Pte. Ltd., an affiliate of KKR & Co. Inc ("**Esoteric**") as a Sponsor (as defined under the InvIT Regulations) in the Annual General Meeting of the Trust held on 28th September 2020. SPTL and Esoteric are hereinafter together referred to as "the **Sponsors**".

3.4. Shareholding of the Trust as on 31st December 2020 is as under:

Sr. No.	Particulars	No. of Units	%
1	Sponsors	13,80,76,231	23.66%
2	Insurance Companies	4,90,46,634	8.41%
3	Mutual Fund	43,54,560	0.75%
4	Provident or pension funds	33,81,588	0.58%
5	Foreign Portfolio Investors	18,62,85,015	31.93%
6	Non-institutional investors	20,23,39,053	34.68%
	Total	**58,34,83,081**	**100.00%**

Source: BSE

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3.5. The Trust has acquired from SPGVL the SPVs, viz. BDTCL, JTCL, MTL, RTCL, PKTCL, NRSS, OGPTL, GPTL; PTCL from Techno Electric & Engineering Company Limited ("TEECL"); ENICL from SPTL & SPGVL and JKTPL from Kalpataru Power Transmission Ltd & TEECL. Further, the Trust also acquired Parbati Koldam Transmission Company Limited ("PrKTCL") from Reliance Infra Limited. Following is the summary of the past EVs and the date of acquisition of the SPVs:

EV (INR Mn)	BDTCL	JTCL	MTL	RTCL	PKTCL	PTCL	NRSS	OGPTL	ENICL	GPTL	JKTPL	PrKTCL
Acquisition Date	30 May 2017	30 May 2017	14 Feb 2018	14 Feb 2018	14 Feb 2018	31 Aug 2018	3 Jun 2019	27 Jun 2019	24 Mar 2020	28 Aug 2020	28 Sep 2020	9 Jan 2021
Acquisition Value	37,020		4,697	3,542	5,861	2,320	40,465	11,980	10,200	10,850	3,100	8,150
31 Mar 2015	20,113	14,295	-	-	-	-	-	-	-	-	-	-
31 Mar 2016	21,182	19,407	-	-	-	-	-	-	-	-	-	-
31 Mar 2017	21,541	16,125	-	-	-	-	-	-	-	-	-	-
31 Sep 2017	21,431	15,988	5,218	3,935	6,512	-	-	-	-	-	-	-
31 Mar 2018	20,319	15,431	5,564	4,054	6,618	-	-	-	-	-	-	-
30 Sep 2018	19,694	14,937	5,423	4,084	6,481	2,401	-	-	-	-	-	-
31 Mar 2019	19,470	14,608	5,268	4,035	6,390	2,423	-	-	-	-	-	-
30 Sep 2019	19,091	14,774	5,383	4,173	6,477	2,442	44,349	13,878	-	-	-	-
31 Mar 2020	18,565	14,426	5,437	4,008	6,439	2,370	43,911	14,105	10,949	-	-	-
30 Jun 2020	19,013	14,526	5,595	4,082	6,595	2,417	43,857	14,375	11,244	-	-	-
30 Sep 2020	19,124	15,063	5,760	4,157	6,701	2,461	45,362	14,644	11,439	11,413	2,884	-
31 Dec 2020	20,200	15,439	5,810	4,208	6,731	2,453	46,109	14,785	11,482	11,807	3,020	-

NER-II Transmission Limited ("NERTL" or "the SPV")

3.6. NERTL consists of two substations, five transmission lines and four bays to meet the rising power demand in North Eastern Region of India.

3.7. NERTL Project will span ~ 832 ckms while delivering 1260 MVA to enhance power transmission in the region.

3.8. Summary of details of the Project are as follows:

Parameters	Details
Estimated Project Cost	INR 29,200 Mn
Total Length	449 kms / 832 Ckms
Total Capacity (MVA)	1,260
TSA Signing Date	27th December 2016
SCOD as per TSA	31st March 2020 to 30th November 2020
Expiry Date of License	25 years from issue of Transmission License
ECOD	27th January 2021 to 31st March 2021

Source: Investment Manager

3.9. The NERTL project was awarded to SGL 4, wholly owned subsidiary of SPGVL (now merged with SPTL), by the Ministry of Power for a period of 35 years from COD of NERTL on a BOOM basis. NERTL was granted Transmission Licence by CERC on 23rd May 2017.The project consists of the following transmission lines and substations and they are being implemented on contract basis:

3.10. As per the terms of TSA, the SCOD for various elements of the SPV is between 36 months to 44 months from effective date. As per the letter from Ministry of Power letter dated 27th July, the project has received an extension of 5 months and accordingly the revised SCOD will be between 31st August 2020 and 30th April 2021. Further, as per Investment Manager, the entire project is expected to commission by 31st March 2021. The element wise SCOD and Expected COD is given below:

Sr No	Element	Location	Line (kVDC)	Length (kms)	SCOD as per TSA	ECOD	% Completion
1	Biswanath Chariyalli – Itanagar	Assam, Arunachal Pradesh	132kV D/C	68	31-Mar-20	31-Mar-21	81%
2	LILO of Biswanath Chariali (PG) – Itanagar	Arunachal Pradesh	132kV DC	9	31-Mar-20	31-Mar-21	92%
3	2 Nos of 132 kV line bays at Itanagar substation	Arunachal Pradesh	132kV		31-Mar-20	31-Mar-21	Mechanically completed
4	Silchar – Misa	Assam	400kV D/C	193	30-Nov-20	31-Mar-21	Mechanically completed
5	2*315 MVA substation at Surajmaninagar	Tripura	400/132 kV, 2x315 MVA		31-Jul-20	27-Jan-21	Commissioned
6	2 Nos of 132 kV line bays at PK Bari substation	Tripura	400/132 kV, 2x315 MVA		31-Jul-20	27-Jan-21	Commissioned
7	Surajmaninagar – P. K. Bari	Tripura	400kV D/C	96	31-Jul-20	27-Jan-21	Commissioned
8	2 Nos of 400 kV line bays at Palatana GBPP switchyard	Tripura	400 kV		31-Jul-20	27-Jan-21	Commissioned
9	AGTPP (NEEPCO) – P.K. Bari	Tripura	132kV D/C	83	31-Mar-20	01-Mar-21	Mechanically completed
10	2 Nos of 132 kV line bays at NEEPCO substation	Tripura	132kV		31-Mar-20	01-Mar-21	Mechanically completed
11	2*315 MVA substation at P.K. Bari	Tripura	132kV		31-Mar-20	01-Mar-21	Mechanically completed

Source: Investment Manager

3.11. Following is the map showing area covered by NERTL:

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3.12. Due to the current scenario of Coronavirus ("Covid-19") pandemic, it was not possible to carry out plant visit and therefore the pictures of the SPV are taken from the website of SPTL:




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4. Overview of the Industry

4.1. Introduction:

4.1.1. India is the third largest producer and second largest consumer of electricity in the world, with the installed power capacity reaching 373.44 GW as of 31st October 2020. The country also has the fifth largest installed capacity in the world.

4.1.2. Over FY16-FY20, electricity production in India grew at a CAGR of 3%. Per capita electricity consumption in the country grew at a CAGR of 2.38% during FY16-19, reaching 1,181 Kilo-Watt hour ("KWh") in FY19.

4.2. Demand and Supply:

4.2.1 India continues to be a power deficient country even after an increasing trend in demand in the past. It is expected that energy requirement will continue to grow at healthy CAGR of 6.3% over FY19 to FY23. The primary growth drivers for rapid expansion in India's energy demand include green energy corridors for renewables, widening inter-regional demand-supply mismatch, rise in cross border trading in South Asian countries, rise in short term open access transactions, etc.

4.2.2 India has seen a robust growth in the installed power generation capacity in the past four years. With a generation of 1,558.7 Tera-Watt Hour ("TWh"), India is the third largest producer and the third largest consumer of electricity in the world.

4.2.3 Across India, energy requirement, peak demand and the supply of energy have all increased from an average year-on-year growth rate of ~5% in 2015-16 to 6% in 2018-19.

4.2.4 Details of Installed power capacity in India are as follows :-

Total installed capacity as at 31st October 2020

Sector	Total Capacity (GW)	% of Total
State sector	103.62	27.75%
Central sector	93.93	25.15%
Private sector	175.89	47.10%
Total	**373.44**	**100.00%**

Mode wise installed capacity as at 31st October 2020

Particulars	Total Capacity (GW)	% of Total
Thermal:		
- Coal	199.59	53.45%
- Lignite	6.26	1.68%
- Gas	24.96	6.68%
- Diesel	0.51	0.14%
Nuclear	6.78	1.82%
Hydro	45.70	12.24%
Renewable Energy Source	89.64	24.00%
Total	**373.44**	**100.00%**

4.2.5 As of 31st October 2020, India had installed 89.64 Gigawatts ("GW") of renewable energy capacity. Further, India has an ambitious target of 227 GW of variable renewable energy by 2022. The Government plans to double the share of installed electricity generation capacity of renewable energy to 40% till 2030.

4.2.6 New renewable energy infrastructure can now be built within two years from initial plans through to completion, years faster than any new coal or LNG fired plants. Unlike conventional thermal generation capacity which takes more than 5 years, renewable capacity addition takes less than 2 years to develop.

4.2.7 An additional 1.1 lakh ckms are required by financial year 2024 to manage the annual peak load demand of 225.7 GW, and to absorb the increasing share of variable renewable energy in the total electricity mix.

4.2.8 Further to support the power sector in the wake of ongoing COVID-19 pandemic, the government of India has announced an economic package amounting to INR 90,000 crores in the form of liquidity injection against receivables of power distribution companies.

4.3. India's economic outlook

4.3.1. The GDP of India has grown 6.8% during FY 2018-19. The GDP growth for the year 2019-20 was 4.2% which was affected due to the COVID-19 crisis.

4.3.2. India's power demand is likely to grow at 4-5% annually over the next decade and generation growth from renewable energy sources is likely to be faster.

4.3.3. Planned thermal capacity additions have slowed down significantly and the Government of India (GoI) has set massive renewable power capacity targets (450GW by 2030 – ambitious but signifies the policy marker's intentions)

4.3.4. Power is one of the key sectors attracting FDI inflows into India as 100 per cent FDI is allowed in this sector.

4.3.5. Cumulative FDI inflows into the sector from April 2000–June 2020 were US$ 15.23 billion. Power sector accounted for 3 per cent of total inflows till December 2019.

4.3.6. From April 2000 to June 2020, India recorded FDI of US$ 9.56 billion in non-conventional energy sector. New and renewable energy sector witnessed maximum power generation capacity addition, since 2000.

4.3.7. The country is also ranked sixth in list of countries to make most significant investments in clean energy by allotting US$ 90 billion between 2010 and the second half of 2019.

4.3.8. As per Economic Survey 2018-19, additional investments in renewable plants up to year 2022 would be about US$ 80 billion and an investment of around US$ 250 billion for the period 2023-2030.

4.3.9. The ongoing liberalization of India's FDI regime has also led to a surge in investments, especially after the launch of the 'Make in India' campaign in October 2014.

4.3.10. Reduced macroeconomic vulnerability, coupled with improved government spending in infrastructure sectors, has enhanced India's Global Competitive Index (GCI) ranking to 68 in 2018-19 from 71 in 2014-15.

4.4. Power transmission network in India:

4.4.1. The transmission segment plays a key role in transmitting power continuously from the generation plants to various distribution entities. Transmission and sub-transmission systems supply power to the distribution system, which, in turn, supplies power to end consumers. In India, the Transmission and Distribution ("T&D") system is a three-tier structure comprising distribution networks, state grids and regional grids.

4.4.2. The distribution networks and state grids are primarily owned and operated by the respective State Transmission utilities or state governments (through state electricity departments). Most inter-state and inter-regional transmission links are owned and operated by Power Grid Corporation of India Limited ("PGCIL"), which facilitates the transfer of power from a surplus region to the ones with deficit.

4.4.3. The government's focus on providing electricity to rural areas has led to the T&D system being extended to remote villages. The total length of transmission lines in the country has grown at a slow rate of 6% CAGR during FY 11 and FY 17. The total transmission network has increased from 4,07,569 Ckms in FY 11 to around 425,071 Ckms in FY20.

4.4.4. As on January 2019 approx. 7.2% of total transmission network is owned by private players which showcase the need of more private sector participation in this space. India has been underinvested as far as transmission is concerned.

4.4.5. PGCIL has remained the single largest player in inter regional power transmission capacity addition contributing to 45%-50% of the total investment in the sector. With a planned expenditure outlay of INR 1.10 Trillion for the 12th five year plan, PGCIL has spent around INR 1.12 Trillion over 2013-17.

4.4.6. Of the total capacity-addition projects in transmission during the 12th FYP, about 42% can be attributed to the state sector. The share of private sector in transmission line and substation additions since the beginning of 12th FYP is 14% and 7%, respectively, as the majority of high-capacity, long-distance transmission projects were executed by PGCIL and state transmission utilities during this period.

4.4.7. In order to strengthen the power system and ensure free flow of power, significant investments would be required in the T&D segment. Moreover, commissioning of additional generation capacity, rising penetration of renewable energy, regional demand-supply mismatches, up gradation of existing lines, rising cross border power trading would necessitate huge investments in transmission sector in India.

4.4.8. Thus, going forward, the share of power sector investments are expected to veer towards the T&D segment. Moreover, strong government focus on the T&D segment will also support investments. CRISIL Research expects the transmission segment share in total power sector investments to rise sharply to 33% over 2017-21 from only 20% over 2012-16. Thus, it is expected that transmission segments investments will increase 1.5 times to INR 3.1 trillion over 2017-21 as compared to the previous 5 year period.

(Source: CRISIL Opportunities in power transmission in India - March 2019 & August 2019, IBEF report on Power sector in India- December 2019, August 2019, August 2020 and November 2020, Central Electricity Authority Data as mentioned in PGCIL and Adani Transmission Limited Annual Reports, CEA Executive Summary on Power Sector October 2020, CEA website and the Hindu article dated 13th May 2020, Systematix Indian Power Sector dated 27th March 2020)

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5. Valuation Methodology and Approach

5.1. The present valuation exercise is being undertaken in order to derive the fair EV of NERTL.

5.2. The valuation exercise involves selecting a method suitable for the purpose of valuation, by exercise of judgment by the valuers, based on the facts and circumstances as applicable to the business of the company to be valued.

5.3. There are three generally accepted approaches to valuation:

(a) "Cost" approach
(b) "Market" approach
(c) "Income" approach

5.4. **Cost Approach**

The cost approach values the underlying assets of the business to determine the business value. This valuation method carries more weight with respect to holding companies than operating companies. Also, cost value approaches are more relevant to the extent that a significant portion of the assets are of a nature that could be liquidated readily if so desired.

Net Asset Value ("NAV")

The NAV Method under Cost Approach considers the assets and liabilities, including intangible assets and contingent liabilities. The Net Assets, after reducing the dues to the preference shareholders, if any, represent the value of a company.

The NAV Method is appropriate in a case where the main strength of the business is its asset backing rather than its capacity or potential to earn profits. This valuation approach is also used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria.

As an indicator of the total value of the entity, the net asset value method has the disadvantage of only considering the status of the business at one point in time.

Additionally, NAV does not properly take into account the earning capacity of the business or any intangible assets that have no historical cost. In many aspects, net asset value represents the minimum benchmark value of an operating business.

5.5. **Market Approach**

Under the Market approach, the valuation is based on the market value of the company in case of listed companies and comparable companies trading or transaction multiples for unlisted companies. The Market approach generally reflects the investors' perception about the true worth of the company.

Comparable Companies Multiples ("CCM") Method

The value is determined on the basis of multiples derived from valuations of comparable companies, as manifest in the stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Comparable Transactions Multiples ("CTM") Method

Under the CTM Method, the value is determined on the basis of multiples derived from valuations of similar transactions in the industry. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. Few of such multiples are EV/Earnings before Interest, Taxes, Depreciation & Amortization ("EBITDA") multiple and EV/Revenue multiple.

Market Price Method

Under this method, the market price of an equity share of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded. The market value generally reflects the investors' perception about the true worth of the company.

5.6. **Income Approach**

The income approach is widely used for valuation under "Going Concern" basis. It focuses on the income generated by the company in the past as well as its future earning capability. The Discounted Cash Flow Method under the income approach seeks to arrive at a valuation based on the strength of future cash flows.

Discounted Cash Flow ("**DCF**") Method

Under DCF Method value of a company can be assessed using the Free Cash Flow to Firm Method ("**FCFF**") or Free Cash Flow to Equity Method ("**FCFE**"). Under the DCF method, the business is valued by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows represent the cash available for distribution to both, the owners and creditors of the business. The free cash flows in the explicit period and those in perpetuity are discounted by the Weighted Average Cost of Capital ("**WACC**"). The WACC, based on an optimal vis-à-vis actual capital structure, is an appropriate rate of discount to calculate the present value of the future cash flows as it considers equity–debt risk by incorporating debt–equity ratio of the firm.

The perpetuity (terminal) value is calculated based on the business' potential for further growth beyond the explicit forecast period. The "constant growth model" is applied, which implies an expected constant level of growth for perpetuity in the cash flows over the last year of the forecast period.

The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business' future operations. The Business/EV (aggregate of the present value of explicit period and terminal period cash flows) so derived, is further reduced by the value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of the business.

Conclusion on Valuation Approach

5.7. It is pertinent to note that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond my control. In performing my analysis, I have made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the SPV. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the SPV, and other factors which generally influence the valuation of companies and their assets.

5.8. The goal in selection of valuation approaches and methods for any financial instrument is to find out the most appropriate method under particular circumstances on the basis of available information. No one method is suitable in every possible situation. Before selecting the appropriate valuation approach and method, I have considered various factors, inter-alia, the basis and premise of current valuation exercise, purpose of valuation exercise, respective strengths and weaknesses of the possible valuation approach and methods, availability of adequate inputs or information and its reliability and valuation approach and methods considered by the market participants.

Cost Approach

The existing book EV of NERTL comprising of the value of its Net fixed assets, Capital work in progress and working capital based on the provisional financial statement as at 31st December 2020 as per Investment Manager's best estimates as per Indian Accounting Standards (Ind AS) are as under:

		INR Mn
Sr No.	**SPV**	**Book EV**
1	NERTL	26,450

The total Capital work in progress recorded in the books of NERTL as at 31st December 2020 is INR ~26,000 Mn. Further, NERTL is expected to incur an additional ~INR 2,000 Mn to complete the construction of the project. In the present case, since the SPV has entered into TSA, the revenue of SPV is pre-determined for the life of the projects. In such scenario, the true worth of the business is reflected in its future earning capacity rather than the cost of the project. Accordingly, since the NAV does not capture the future earning potential of the businesses, I have not considered the cost approach for the current valuation exercise.

Market Approach

The present valuation exercise is to undertake fair EV of the SPV engaged in the power transmission business for a specific tenure. Further, the tariff revenue expenses are very specific to the SPV depending on the nature of their geographical location, stage of project, terms of profitability. In the absence of any exactly comparable listed companies with characteristics and parameters similar to that of the SPV, I have not considered CCM method in the present case. In the absence of adequate details about the Comparable Transactions, I was unable to apply the CTM method. Currently, the equity shares of the SPV are not listed on any recognized stock exchange of India. Hence, I was unable to apply market price method.

Income Approach

The SPV is operating as BOOM model based projects. The revenues of the projects are defined for 35 years under the TSA. Hence, the growth potential of the SPV and the true worth of its business would be reflected in its future earnings potential and therefore, DCF Method under the income approach has been considered as an appropriate method for the present valuation exercise.

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6. Valuation of the SPV

I have estimated the EV of NERTL using the DCF Method. While carrying out this engagement, I have relied extensively on the information made available to me by the Investment Manager. I have considered projected financial statement of NERTL as provided by the Investment Manager.

Valuation

6.1. The key assumptions of the projections provided to me by the Investment Manager are:

Key Assumptions

6.1.1. **Commercial Operations Date**: As per the terms of TSA, the SCOD for various elements of the SPV is between 31st March 2020 and 30th November 2020; which is extended for a period of 5 months. Accordingly, the revised overall SCOD will be between 31st August 2020 and 30th April 2021 for different elements. However, as stated above, the Investment Manager expects that the entire project is will be completed by 31st March 2021.

Since acquisition of NERTL by the Trust shall be undertaken post achievement of COD as specified in the framework agreement between the Trust and SPGL (now merged with SPTL), all responsibilities pertaining to the SPV up to the date of acquisition shall be undertaken by SPGVL (now merged with SPTL).

6.1.2. **Transmission Revenue**: The transmission revenue of NERTL comprises of non escalable transmission revenue and escalable transmission revenue as provided in the TSA read with Tariff Adoption Order ("**TAO**").

- **Non Escalable Transmission Revenue**: The Non Escalable Transmission Revenue remains fixed for the entire life of the project. I have corroborated the revenue considered in the financial projections with the respective TSA read with TAO and documents provided to me by the Investment Manager.
- **Escalable Transmission Revenue:** Escalable Transmission Revenue is the revenue component where the revenue is duly escalated based on the rationale as provided in the respective TSA read with TAO and documents provided to me by the Investment Manager. The escalation is to mainly compensate for the inflation factor. In case of NERTL, no escalable revenue has been considered as provided in the TAO.

6.1.3. **Incentives:** As provided in the respective TSA, if the annual availability exceeds 98%, the SPV shall be entitled to an annual incentive as provided in TSA. Provided no incentives shall be payable above the availability of 99.75%. In the present case, COD has not been achieved as on the Valuation Date. However, based on the experience of Investment Manager of operating similar assets over a period of time, I have been represented that annual availability shall be above 98% and the SPV shall be entitled to the incentives as provided in the respective TSA. Accordingly, incentives have been considered in the financial projections.

6.1.4. **Penalty:** If the annual availability in a contract year falls below 95%, the SPV shall be liable for an annual penalty as provided in the TSA. Based on my analysis in Para 6.1.2, in the present case, it is assumed that the annual availability will not fall below 95% and hence, penalty is not considered in the financial projections.

6.1.5. **Expenses**: Expenses are estimated by the Investment Manager for the projected period based on the inflation rate as determined for the SPV. I have relied on the projections provided by the Investment Manager.

- **Operations & Maintenance ("O&M"):** O&M expenditure is estimated by the Investment Manager for the projected period based on the inflation rate as determined for the SPV. The Investment Manager has projected expenses to be incurred for the O&M of the SPV including, but not limited to, transmission line maintenance expenses, rates and taxes, legal and professional fees and other general and administration expenses. I have relied on the projections provided by Investment Manager on the O&M expenses for the projected period.

- **Insurance Expenses:** I understand from the Investment Manager that the insurance expenses of the SPV are not reasonably expected to inflate for the projected period. I have relied on the projections provided by the Investment Manager on the insurance expenses for the projected period.

6.1.6. **Depreciation:** The book depreciation has been provided by the Investment Manager till the life of the SPV. For calculating depreciation as per Income Tax Act for the projected period, I have considered depreciation rate as specified in the Income Tax Act and WDV as provided by the Investment Manager.

6.1.7. **Capital Expenditure ("Capex"):** In the present case, the project is under construction and has not achieved COD as on the Valuation Date. However, as per the framework agreement between the Trust and SPGVL (now merged with SPTL), the liability on account of Capex shall be borne by SPGVL (now merged with SPTL) and not the Trust. Accordingly, Capex has not been considered for the projected period.

6.1.8. **Tax and Tax Incentive**: There have been changes in tax regime pursuant to introduction of Taxation Laws (Amendment) Ordinance 2019 made on 20th September 2019 which was enacted to make certain amendments in the Income Tax Act 1961 and the Finance (No 2) Act 2019.

As per the discussions with the Investment Manager, the new provision of Income Tax Act has been considered for the projected period of the SPV for the current valuation exercise, which inter alia does not provide benefits of additional depreciation, section 115 JB and section 80IA. Accordingly, the base tax rate of 22% is considered.

6.1.9. **Working Capital**: The Investment Manager has represented the working capital requirement of the SPV for the projected period. The operating working capital assumptions for the projections as provided by the Investment Manager comprises of trade receivables and trade payables.

6.2. Impact of Ongoing Material Litigation on Valuation

As informed by the Investment Manager, the status of ongoing litigations is updated in Appendix IV and the status of Legal notices received is updated in Appendix V. Investment Manager has informed me that it expects majority of the cases to be settled in favour of NERTL and accordingly no outflow is expected against the litigations.

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6.3. Calculation of Weighted Average Cost of Capital for the SPV

6.3.1. Cost of Equity:

Cost of Equity (CoE) is a discounting factor to calculate the returns expected by the equity holders depending on the perceived level of risk associated with the business and the industry in which the business operates.

For this purpose, I have used the Capital Asset Pricing Model (CAPM), which is a commonly used model to determine the appropriate cost of equity for the SPV.

K(e) = Rf + (ERP* Beta) + CSRP

Wherein:

K(e) = cost of equity

Rf = risk free rate

ERP = Equity Risk Premium

Beta = a measure of the sensitivity of assets to returns of the overall market

CSRP = Company Specific Risk Premium (In general, an additional company-specific risk premium will be added to the cost of equity calculated pursuant to CAPM).

For valuation exercise, I have arrived at adjusted cost of equity of the SPV based on the above calculation (Refer Appendix I).

6.3.2. Risk Free Rate:

I have applied a risk free rate of return of 6.25% on the basis of the relevant zero coupon yield curve as on 31st December 2020 for government securities having a maturity period of 10 years, as quoted on the website of Clearing Corporation of India Limited ("**CCIL**").

6.3.3. Equity Risk Premium ("ERP"):

Equity Risk Premium is a measure of premium that investors require for investing in equity markets rather than bond or debt markets. The equity risk premium is estimated based on consideration of historical realised returns on equity investments over a risk-free rate as represented by 10 year government bonds. Based on the above a 7% equity risk premium for India is considered appropriate.

6.3.4. Beta:

Beta is a measure of the sensitivity of a company's stock price to the movements of the overall market index. In the present case, I find it appropriate to consider the beta of companies in similar business/ industry to that of the SPV for an appropriate period.

Based on my analysis of the listed InvITs and other companies in power and infrastructure sectors, I find it appropriate to consider the beta of Power Grid Corporation of India Limited ("PGCIL") for the current valuation exercise.

I have further unlevered the beta of PGCIL based on market debt-equity of the respective company using the following formula:

Unlevered Beta = Levered Beta / [1 + (Debt / Equity) *(1-T)]

However, for the current valuation exercise, I have adjusted the unlevered beta of PGCIL based on advantageous factors to the SPV like completion of projects, revenue certainty, and concentration in transmission business, lack of execution uncertainty etc. to arrive at the adjusted unlevered beta appropriate to the SPV.

Further I have re-levered it based on debt-equity at 70:30 based on the industry standard using the following formula:

Re-levered Beta = Unlevered Beta * [1 + (Debt / Equity) *(1-T)]

Accordingly, as per above, I have arrived at re-levered betas of the SPV. (Refer Appendix I)

6.3.5. **Temporary Additional Risk Premium:**

In the present case, I have valued the SPV EV considering the DCF Method of valuation, which is based on the principle that the fair market value of an entity may be measured by the present value of its future cash flows. The present value is calculated through the use of a discount rate.

A discount rate is the way an investor reflects the risks of an investment. In simple terms, the higher the risk, the higher the rate of return required. One element of the discount rate that has been directly impacted by COVID-19 is the equity risk premium ("**ERP**"). An ERP reflects the additional return that investors demand for investing in equity securities, as a group, relative to risk-free investments. Accordingly, I found it appropriate to consider a Temporary Additional Risk Premium ("TARP") in the current valuation exercise. Given the current relatively improved market and situation after the initial uncertainty created due to the COVID-19 on the macro-economic factors, I have considered a TARP of 0.5% on the ERP which will be subject to frequent review.

6.3.6. **Company Specific Risk Premium:**

In the present case, NERTL project is currently under construction. The Trust is expected to acquire the equity stake or economic interest in the SPV only once NERTL achieves COD. Accordingly, I have not considered any company specific risk premium as the project completion risk shall not be borne by the Trust.

6.3.7. **Cost of Debt:**

The calculation of Cost of Debt post-tax can be defined as follows:

K(d) = K(d) pre tax * (1 - T)

Wherein:

K(d) = Cost of debt

T = tax rate as applicable

The Trust shall acquire the SPV post completion of construction and achievement of COD and refinance the existing debt. Thus, as represented by the Investment Manager, going forward estimated average pre-tax cost of debt after refinancing is considered to be 7.80% p.a. for the SPV.

6.3.8. **Weighted Average Cost of Capital (WACC):**

The discount rate, or the WACC, is the weighted average of the expected return on equity and the cost of debt. The weight of each factor is determined based on the company's optimal capital structure.

Formula for calculation of WACC:

WACC = [K(d) * Debt /(Debt + Equity)] +[K(e) * (1 - Debt /(Debt + Equity))]

In present valuation exercise, I have considered debt:equity at 70:30 based on industry standard. Accordingly, as per above, I have arrived the WACC of the SPV. (Refer Appendix I).

6.4. I understand from the representation of the Investment Manager that the SPV will generate cash flow even after the expiry of concession period of 35 years as the project is on BOOM model and the ownership will remain with the SPV even after the expiry of 35 years. The value of the SPV at the end of the concession period may be dependent on the expected renewal/extension of concession period with limited capital expenditure or the estimated salvage value the assets of the SPV can fetch.

Considering the estimation uncertainty involved in determining the salvage value and basis my discussion with the Investment Manager on the cash flow estimates for the period after the concession period, I found it appropriate to derive terminal period value, which represents the present value at the end of explicit forecast period/concession period of all subsequent cash flows to the end of the life of the asset or into perpetuity if the asset has an indefinite life, based on the perpetuity value derivation / Gordon growth model with 0% terminal growth rate. Accordingly, for the terminal period (i.e. after the expiry of 35 years), a terminal growth rate of 0% has been applied on EBITDA based on the projected industry outlook and Investment Manager's estimate.

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7. Valuation Conclusion

7.1. The current valuation has been carried out based on the discussed valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perceptions, key underlying assumptions and limitations were given due consideration.

7.2. I have been represented by the Investment Manager that there is no potential devolvement on account of the contingent liability as of valuation date; hence no impact has been factored in to arrive at EV of NERTL.

7.3. Based on the above analysis the EV as on the Valuation Date of NERTL is INR 51,175 Mn (Refer Appendix II).

7.4. EV is described as the total value of the equity in a business plus the value of its debt and debt-related liabilities, minus any cash or cash equivalents to meet those liabilities.

7.5. The fair EV of NERTL is estimated using DCF method. The valuation requires Investment Manager to make certain assumptions about the model inputs including forecast cash flows, discount rate, and credit risk.

7.6. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.

7.7. Accordingly, I have conducted sensitivity analysis on certain model inputs, the results of which are as indicated below:

1. Weighted Average Cost of Capital (WACC) by increasing / decreasing it by 1.0%
2. Total Expenses considered during the projected period by increasing / decreasing it by 20%
3. Free Cash Flow in terminal period considered for the SPV increasing / decreasing it by 20%

Particulars	Lower Range	Base Range	Higher Range
	INR Mn	INR Mn	INR Mn
WACC	+1%	7.40%	-1%
	45,348	51,175	58,781
Total Expenses	+20%	190	-20%
	50,389	51,175	51,961
Terminal Period Cashflow	-20%	3,424	+20%
	50,400	51,175	51,950

8. Additional Procedures to be complied with in accordance with InvIT regulations

Scope of Work

8.1. The Schedule V of the SEBI InvIT Regulations prescribes the minimum set of mandatory disclosures to be made in the valuation report. In this reference, the minimum disclosures in valuation report may include following information as well, so as to provide the investors with the adequate information about the valuation and other aspects of the underlying assets of the InvIT.

The additional set of disclosures, as prescribed under Schedule V of InvIT Regulations, to be made in the valuation report of NERTL are as follows:

- List of one-time sanctions/approvals which are obtained or pending;
- List of up to date/overdue periodic clearances;
- Statement of assets;
- Estimates of already carried as well as proposed major repairs and improvements along with estimated time of completion;
- Revenue pendencies including local authority taxes associated with InvIT asset and compounding charges, if any;
- On-going material litigations including tax disputes in relation to the assets, if any;
- Vulnerability to natural or induced hazards that may not have been covered in town planning/ building control.

Limitations

8.2. This Report is based on the information provided by the Investment Manager. The exercise has been restricted and kept limited to and based entirely on the documents, records, files, registers and information provided to us. I have not verified the information independently with any other external source.

8.3. I have assumed the genuineness of all signatures, the authenticity of all documents submitted to me as original, and the conformity of the copies or extracts submitted to me with that of the original documents.

8.4. I have assumed that the documents submitted to me by the Investment Manager in connection with any particular issue are the only documents related to such issue.

8.5. I have reviewed the documents and records from the limited perspective of examining issues noted in the scope of work and I do not express any opinion as to the legal or technical implications of the same.

Analysis of Additional Set of Disclosures for NERTL

A. List of one-time sanctions/approvals which are obtained or pending;

As informed by the Investment Manager there are no applications for government sanctions/licenses obtained by NERTL related to CERC / Transmission line for which approval is pending as on 31st December 2020 except for Substation Approval (Building NOC and Fire Inspection Report and Fire NOC) and Stage II Forest Clearance (Silchar to Misa Transmission Line, Biswanath Chariali to Itanagar Transmission Line and Biswanath Chariali to Itanagar Transmission Line with Lilo). The list of sanctions/approvals obtained by NERTL till 31st December 2020 is provided in Appendix III

B. List of up to date/ overdue periodic clearances;

I have included the periodic clearances obtained by NERTL in Appendix III.

C. Statement of assets;

As at 31st December 2020, details of the asset of the SPV are as follows:-

INR Million

Asset Type	Gross Block	Depreciation	Net Block	% of asset depreciated
Land	59.64	-	59.64	0%
Plant & Machinery	1.05	0.53	0.52	50%
TOTAL	**60.69**	**0.53**	**60.16**	

Source: Provisional Financials of 31st December 2020

NERTL has Capital Work In Progress of INR 26,011.62 million as at 31st December 2020.

D. Estimates of already carried as well as proposed major repairs and improvements along with estimated time of completion;

I noted in the financial statements that NERTL has incurred INR 5.21 million during the period ended 31st December 2020 for the maintenance charges of Transmission Lines. I have relied on the operation and maintenance expenses as provided by the Investment Manager for the projected period.

E. Revenue pendencies including local authority taxes associated with InvIT asset and compounding charges, if any;

Investment Manager has informed me that there are no dues including local authority taxes pending to be payable to the Government authorities with respect to InvIT assets.

F. On-going material litigations including tax disputes in relation to the assets, if any;

As informed by the Investment Manager, the status of ongoing litigations is updated in Appendix IV and the status of Legal notices received is updated in Appendix V. Investment Manager has informed me that it expects majority of the cases to be settled in favour of NERTL and accordingly no outflow is expected against the litigations.

G. Vulnerability to natural or induced hazards that may not have been covered in town planning/ building control.

Investment Manager has confirmed to me that there are no such natural or induced hazards which have not been considered in town planning/ building control.

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9. Sources of Information

For the purpose of undertaking this valuation exercise, I have relied on the following sources of information provided by the Investment Manager:

9.1. Audited financial statements of NERTL for the Financial Year ("FY") ended 31st March 2016, 31st March 2017, 31st March 2018, 31st March 2019 and 31st March 2020;

9.2. Provisional Profit & Loss Account and Balance Sheet of NERTL for the period ended 31st December 2020;

9.3. Projected Profit & Loss Account and Working Capital requirements of the SPV from 1st January 2021 to 30th March 2056.

9.4. Details of brought forward losses (as per Income Tax Act) as at 31st March 2019;

9.5. Details of Written Down Value ("WDV") (as per Income Tax Act) of assets as at 31st March 2019;

9.6. Transmission Service Agreement of NERTL with Long Term Transmission Customers ("**LTTC**") dated 27th December 2016 and Tariff Adoption Order by Central Electricity Regulatory Commission ("**CERC**").

9.7. Management Representation Letter by Investment Manager dated 15th February 2021.

The information provided to me by the Investment Manager in relation to the SPV included but not limited to historical financial statements, forecasts/projections, other statements and assumptions about future matters like forward-looking financial information prepared by the Investment Manager. The forecasts and projections as supplied to me are based upon assumptions about events and circumstances which are yet to occurred.

By nature, valuation is based on estimates, however, considering the outbreak of COVID-19 Pandemic and the consequent economic slowdown, the risks and uncertainties relating to the events occurring in the future, the actual figures in future may differ from these estimates and may have a significant impact on the valuation of the SPV.

I have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to the forward-looking financial information, however, I have made sufficient enquiries to satisfy ourselves that such information has been prepared on a reasonable basis.

Notwithstanding anything above, I cannot provide any assurance that the forward looking financial information will be representative of the results which will actually be achieved during the cash flow forecast period.

Further, considering the current crisis in relation to COVID-19 in India and across the globe, I have been informed by the Investment Manager, that the forecasts / projections provided for the valuation exercises are prepared after reasonably evaluating and incorporating the impact of outbreak of COVID-19 pandemic as per prevalent conditions as on date.

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10. Exclusions and Limitations

10.1. The Valuation Report is based on the provisional financial statements as on 31st December 2020 as per the management's best estimates this is subject to change on receipt of financial statements as of that date. The Report is only for the consideration of Investment Committee and not for any regulatory filling.

10.2. My Report is subject to the limitations detailed hereinafter. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

10.3. Valuation analysis and results are specific to the purpose of valuation and is not intended to represent value at any time other than valuation date of 31st December 2020 ("Valuation Date") mentioned in the Report and as per agreed terms of my engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

10.4. This Report, its contents and the results are specific to (i) the purpose of valuation agreed as per the terms of my engagements; (ii) the Valuation Date and (iii) are based on the financial information of NERTL till 31st December 2020. The Investment Manager has represented that the business activities of NERTL have been carried out in normal and ordinary course between 31st December 2020 and the Report Date and that no material changes have occurred in the operations and financial position between 31st December 2020 and the Report date.

10.5. I have been informed by the management that there will be limited impact of the on-going Covid-19 pandemic outbreak on the operations of the SPV and the projections are after considering the same.

10.6. The scope of my assignment did not involve me performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was provided and used by me during the course of my work. The assignment did not involve me to conduct the financial or technical feasibility study. I have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the SPV or any of other entity mentioned in this Report and have considered them at the value as disclosed by the SPV in their regulatory filings or in submissions, oral or written, made to us.

10.7. In addition, I do not take any responsibility for any changes in the information used by me to arrive at my conclusion as set out herein which may occur subsequent to the date of my Report or by virtue of fact that the details provided to me are incorrect or inaccurate.

10.8. I have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to me or used by me; I have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of SPV or any other entity mentioned in the Report. Nothing has come to my knowledge to indicate that the material provided to me was misstated or incorrect or would not afford reasonable grounds upon which to base my Report.

10.9. This Report is intended for the sole use in connection with the purpose as set out above. It can however be relied upon and disclosed in connection with any statutory and regulatory filing in connection with the provision of SEBI InvIT Regulations. However, I will not accept any responsibility to any other party to whom this Report may be shown or who may acquire a copy of the Report, without my written consent.

10.10. It is clarified that this Report is not a fairness opinion under any of the stock exchange/ listing regulations. In case of any third party having access to this Report, please note this Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

10.11. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to me or used by me up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to me changes.

10.12. This Report is based on the information received from the sources mentioned in para 9 and discussions with the Investment Manager. I have assumed that no information has been withheld that could have influenced the purpose of my Report.

10.13. Valuation is not a precise science and the conclusions arrived at in many cases may be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. I have arrived at an indicative EV based on my analysis. While I have provided an assessment of the value based on an analysis of information available to me and within the scope of my engagement, others may place a different value on this business.

10.14. Any discrepancies in any table / appendix between the total and the sums of the amounts listed are due to rounding-off.

10.15. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.

10.16. I do not carry out any validation procedures or due diligence with respect to the information provided/extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the financial forecasts, save for satisfying ourselves to the extent possible that they are consistent with other information provided to me in the course of this engagement.

10.17. My conclusion assumes that the assets and liabilities of the SPV, reflected in their respective latest balance sheets remain intact as of the Report date.

10.18. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither ourselves, nor any of my partners, directors, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, I make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. I expressly disclaim any and all liabilities, which may arise based upon the information used in this Report. I am not liable to any third party in relation to the issue of this Report.

10.19. The scope of my work has been limited both in terms of the areas of the business and operations which I have reviewed and the extent to which I have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.

10.20. For the present valuation exercise, I have also relied on information available in public domain; however the accuracy and timelines of the same has not been independently verified by us.

10.21. In the particular circumstances of this case, my liability (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage caused, shall be limited to the amount of fees actually received by me from the Investment Manager, as laid out in the engagement letter, for such valuation work.

10.22. In rendering this Report, I have not provided any legal, regulatory, tax, accounting or actuarial advice and accordingly I do not assume any responsibility or liability in respect thereof.

10.23. This Report does not address the relative merits of investing in InvIT as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

10.24. I am not advisor with respect to legal tax and regulatory matters for the proposed transaction. No investigation of the SPV claim to title of assets has been made for the purpose of this Report and the SPV claim to such rights have been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

10.25. I have no present or planned future interest in the Trustee, Investment Manager or the SPV and the fee for this Report is not contingent upon the values reported herein. My valuation analysis should not be construed as investment advice; specifically, I do not express any opinion on the suitability or otherwise of entering into any financial or other transaction with the Investment Manager or the SPV.

10.26. I have submitted the draft valuation report to the Trust and Investment Manager for confirmation of accuracy of factual data used in my analysis and to prevent any error or inaccuracy in the final valuation report.

10.27. **Limitation of Liabilities**

10.27.1. It is agreed that, having regard to the RV's interest in limiting the personal liability and exposure to litigation of its personnel, the Sponsor, the Investment Manager and the Trust will not bring any claim in respect of any damage against any of the RV's personnel personally.

10.27.2. In no circumstances RV shall be responsible for any consequential, special, direct, indirect, punitive or incidental loss, damages or expenses (including loss of profits, data, business, opportunity cost, goodwill or indemnification) in connection with the performance of the services whether such damages are based on breach of contract, tort, strict liability, breach of warranty, negligence, or otherwise) even if the Investment Manager had contemplated and communicated to RV the likelihood of such damages. Any decision to act upon the deliverables is to be made by the Investment Manager and no communication by RV should be treated as an invitation or inducement to engage the Investment Manager to act upon the deliverable.

10.27.3. It is clarified that the IIML and Trustee will be solely responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in their responsibilities, misrepresentations, incorrect and incomplete information including information provided to determine the assumptions.

10.27.4. RV will not be liable if any loss arises due to the provision of false, misleading or incomplete information or documentation by IIML or the Trustee.

10.28. **Limitation on account of COVID-19 and Significant Valuation Uncertainty in Valuation**

10.28.1. The global spread of COVID-19 has created significant volatility, uncertainty and economic disruption. The extent to which the coronavirus pandemic impacts businesses of the SPV, its operations and financial results will depend on numerous evolving factors that one may not be able to accurately predict as of now. The COVID-19 pandemic has already had several significant effects, direct and indirect, short/long term impact, on the SPV business, including the ability of its customers to pay for the SPV services, higher credit cost, higher operating cost, etc. as a result of the slowdown in the Indian economy driven by the responses to the pandemic.

10.28.2. The impact of the outbreak has been rapidly evolving in India and India have already reacted by instituting quarantine measures, mandating business and school closure and restricting travel, all of which have had an adverse effect on the India's economic performance. To cushion the economic and financial market impacts, the government of India has committed to fiscal stimulus, liquidity provisions and financial support. Accordingly, the COVID-19 pandemic might have a significant impact on the risk-free rate of India in the future.

10.28.3. In the present case, I have valued the SPV Enterprise Value considering the DCF Method of valuation, which is based on the principle that the fair market value of an entity may be measured by the present value of its future cash flows. The present value is calculated through the use of a discount rate. A discount rate is the way an investor reflects the risks of an investment. In simple terms, the higher the risk, the higher the rate of return required. One element of the discount rate that has been directly impacted by COVID-19 is the equity risk premium ("ERP"). An ERP reflects the additional return that investors demand for investing in equity securities, as a group, relative to risk-free investments. Accordingly, I found it appropriate to consider a Temporary Additional Risk Premium ("TARP") in the current valuation exercise. Given the current relatively improved market and situation after the initial uncertainty created due to the COVID-19 on the macro-economic factors, I have considered a TARP of 0.5% on the ERP.

10.28.4. It is important to highlight that the current pandemic has created significant uncertainty in valuation and accordingly, I would recommend a degree of caution to the values arrived under current circumstances as the same may change rapidly depending on the changing market scenario. For avoidance of doubt, the existence of significant uncertainty does not mean that valuation cannot be undertaken but it means existence of significant assumptions within the valuation approach and methodology which are based on factors whose outcome are uncertain and hence, results in lower certainty of the value determined in the valuation, than would otherwise be in this case.

10.28.5. Further, this Report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to me or used by me up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and I shall not be obliged to update, revise or reaffirm this Report if information provided to me changes.

Swaminathan Sundararaman

Digitally signed by Swaminathan Sundararaman
Date: 2021.02.16 18:27:36 +05'30'

S. Sundararaman
Registered Valuer
IBBI Registration No - IBBI/RV/06/2018/10238
UDIN: 21028423AAAACN1918
Place: Chennai

Appendix I – Weighted Average Cost of Capital of the SPV

Particulars	**NERTL**	**Remarks**
Risk Free Rate (Rf)	6.25%	Risk free rate has been considered based on zero coupon yield curve as at 31st December 2020 of Government Securities having maturity period of 10 years, as quoted on CCIL's website
Equity Risk Premium (ERP)	7.00%	Based on historical realised returns on equity investments over a risk-free rate as represented by 10 year government bonds 7% equity risk premium for India is considered appropriate
Temporary Additional Risk Premium - COVID 19 (TARP)	0.50%	On account of COVID-19
Beta (relevered)	0.60	Beta has been considered based on beta of companies operating in similar kind of business in India
Cost of Equity	10.78%	Ke = Rf + (ERP + TARP) * β
Pre-tax Cost of Debt	7.80%	As represented by Investment Manager
Effective tax rate of SPV	23.73%	Average tax rate for life of the project has been considered
Post-tax Cost of Debt	5.95%	Kd = Pre-tax Kd * (1 - Effective Tax Rate)
Debt / (Debt+Equity)	70.00%	The debt - equity ratio computed as [D/(D+E)] is considered as 70% as per industry standards
WACC	**7.40%**	**WACC = [Ke*(1-D/(D+E))]+[Kd*(1-t)*(D/(D+E))]**

CCIL - Clearing Corporation of India Limited

Appendix II – Valuation of NERTL as on 31st December 2020

WACC	**7.40%**
Terminal Growth Rate	**0.00%**

INR Mn

FY	Revenue	EBITDA	EBITDA Margin	Capex	Changes in NCA	Taxation	FCFF	Cash Accrual Factor	Discounting Factor	PV of cashflows
FY21*	-	-		-	-	-	-	0.13	0.99	-
FY22	4,067	3,877	95%	-	-213	-	4,090	0.75	0.95	3,877
FY23	4,067	3,868	95%	-	-1	-	3,869	1.75	0.88	3,415
FY24	4,741	4,534	96%	-	165	255	4,114	2.75	0.82	3,381
FY25	4,644	4,430	95%	-	-25	438	4,017	3.75	0.77	3,074
FY26	4,547	4,326	95%	-	-25	513	3,837	4.75	0.71	2,734
FY27	4,547	4,317	95%	-	-1	597	3,721	5.75	0.66	2,468
FY28	4,451	4,206	95%	-	-26	643	3,589	6.75	0.62	2,217
FY29	4,354	4,100	94%	-	-25	678	3,446	7.75	0.58	1,982
FY30	4,257	3,993	94%	-	-25	705	3,314	8.75	0.54	1,774
FY31	4,160	3,880	93%	-	-26	721	3,185	9.75	0.50	1,588
FY32	4,067	3,775	93%	-	-24	733	3,067	10.75	0.46	1,424
FY33	5,151	4,848	94%	-	266	1,036	3,546	11.75	0.43	1,533
FY34	5,235	4,913	94%	-	18	1,080	3,815	12.75	0.40	1,535
FY35	5,316	4,980	94%	-	18	1,120	3,842	13.75	0.37	1,440
FY36	5,346	4,997	93%	-	6	1,144	3,847	14.75	0.35	1,342
FY37	5,463	5,092	93%	-	26	1,185	3,880	15.75	0.32	1,261
FY38	5,549	5,163	93%	-	19	1,217	3,926	16.75	0.30	1,188
FY39	5,545	5,141	93%	-	-3	1,224	3,920	17.75	0.28	1,104
FY40	5,539	5,111	92%	-	-5	1,227	3,888	18.75	0.26	1,020
FY41	5,532	5,086	92%	-	-4	1,230	3,860	19.75	0.24	943
FY42	5,525	5,059	92%	-	-4	1,230	3,832	20.75	0.23	871
FY43	5,607	5,112	91%	-	17	1,250	3,845	21.75	0.21	814
FY44	5,633	5,116	91%	-	4	1,257	3,856	22.75	0.20	760
FY45	5,621	5,081	90%	-	-6	1,253	3,834	23.75	0.18	704
FY46	5,608	5,034	90%	-	-8	1,245	3,797	24.75	0.17	649
FY47	5,592	4,993	89%	-	-7	1,238	3,762	25.75	0.16	599
FY48	5,575	4,948	89%	-	-8	1,229	3,727	26.75	0.15	552
FY49	5,555	4,889	88%	-	-10	1,217	3,682	27.75	0.14	508
FY50	5,514	4,817	87%	-	-14	1,201	3,630	28.75	0.13	466
FY51	5,514	4,785	87%	-	-4	1,194	3,595	29.75	0.12	430
FY52	5,514	4,740	86%	-	-6	1,184	3,561	30.75	0.11	397
FY53	5,514	4,704	85%	-	-5	1,177	3,531	31.75	0.10	366
FY54	5,514	4,666	85%	-	-5	1,168	3,502	32.75	0.10	338
FY55	5,514	4,613	84%	-	-7	1,156	3,464	33.75	0.09	311
FY56**	4,663	3,720	80%	-	-52	932	2,840	34.75	0.08	238
TV	5,514	4,570	83%	-	-	1,146	3,424	34.75	0.08	287
Present Value of Explicit Period Cashflows										47,302
Present Value of Terminal Year Cashflows										3,873
Enterprise Value										**51,175**

**for the period 1st January 2021 to 31st March 2021*

***for the period ended 30th March 2056*

Appendix III – NERTL – Summary of Approvals & Licences (1/7)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
1	Transmission License	27-Jul-17	25	Central Electricity Regulatory Commission
2	**Transmission Service Agreement**			
	Transmission Service Agreement between NERTL & Long Term Transmission Customers	27-Dec-16	Valid	
	Transmission Service Agreement between NERTL & Central Transmission Utility	15-Nov-17	Valid	
3	Connectivity permission	22-Oct-20	Valid	Power Grid Corporation of India Limited
4	Registration of NERTL as user under NERLDC	17-Mar-20	Valid	Power System Operation Corporation Limited
5	Share Purchase Agreement between RECTPCL, NERTL and SGL 4	31-Mar-17	Valid	
6	**Approval for Adoption of Tariff**			
	Tariff Adoption Order	12-Jun-17	Valid	Central Electricity Regulatory Commission
7	**Approvals under Electricity Act, 2003**			
	Approval under section 68(1) of Electricity Act, 2003	7-Feb-17	Valid	Ministry of Power, Government of India
	Approval from GOI under section 164 of Electricity Act, 2003 - Under Gazette of India	31-Aug-18	25	Ministry of Power, Government of India
8	**Energisation Clearance**			
	Approval for Energisation of 2 nos. of 132 kV line bays at AGTPP Switchyard under regulation 43 of CEA	1-Dec-20	Valid upto 12-Nov-22	Central Electricity Authority, Ministry of Power, GOI
	Approval for Energisation of 2 nos. of 132 kV line bays at P.K Bari substation under regulation 43 of CEA	1-Dec-20	Valid upto 11-Nov-22	Central Electricity Authority, Ministry of Power, GOI
	Approval for Energisation of 400/132 kV P.K Bari substation under regulation 43 of CEA	1-Dec-20	Valid upto 11-Nov-22	Central Electricity Authority, Ministry of Power, GOI
	Approval for Energisation of 400/132 kV Surajmaninagar substation under regulation 43 of CEA	1-Dec-20	Valid upto 12-Nov-22	Central Electricity Authority, Ministry of Power, GOI
9	**Defence Clearance**			
	NOC from aviation angle for construction of 132 kV D/C Bishwanath Chariali Itanagar Transmission line and Lilo of Bishwanath Chariali to Gohpur by NERTL	29-Apr-19	Valid	Air HQ, Ministry of Defence
	NOC from aviation angle for construction of 132 kV D/C AGTPP (NEEPCO) to P.K Bari and 400 kV D/C Surajmaninagar to P.K Bari Transmission line on multi circuit towers under NERTL	22-May-19	Valid	Air HQ, Ministry of Defence
	NOC from aviation angle for construction of 400 kV D/C (Quad) Silchar Misa Transmission line by NERTL	19-Feb-19	Valid	Air HQ, Ministry of Defence

Source: Investment Manager

Appendix III – NERTL – Summary of Approvals & Licences (2/7)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
10	**Aviation Clearance**			
	NOC for Height Clearance HOLO/NORTH_EAST/P/020419/369344 HOLO/NORTH_EAST/P/020419/369345 HOLO/NORTH_EAST/P/020419/369348 HOLO/NORTH_EAST/P/020419/369349 HOLO/NORTH_EAST/P/020419/369350 HOLO/NORTH_EAST/P/020419/369351 HOLO/NORTH_EAST/P/020419/369354 HOLO/NORTH_EAST/P/020419/369355 KOLA/NORTH_EAST/P/020419/369338 KOLA/NORTH_EAST/P/020419/369339 KOLA/NORTH_EAST/P/020419/369341 KOLA/NORTH_EAST/P/020419/369342 KOLA/NORTH_EAST/P/020419/369343 HOLO/NORTH_EAST/P/020419/369359 HOLO/NORTH_EAST/P/020419/369360	12-Mar-19	8	Airports Authority Of India
	NOC for Height Clearance HOLO/NORTH_EAST/P/020419/369358	14-Mar-19	8	Airports Authority Of India
	NOC for Height Clearance HOLO/NORTH_EAST/P/052619/400654	6-Jun-19	8	Airports Authority Of India
	NOC for Height Clearance AGAR/NORTH_EAST/P/092719/431566 AGAR/NORTH_EAST/P/092719/431567 AGAR/NORTH_EAST/P/092719/431568 AGAR/NORTH_EAST/P/092719/431569 AGAR/NORTH_EAST/P/092719/431570	14-Oct-19	8	Airports Authority Of India
	NOC for Height Clearance KAMA/NORTH_EAST/P/112119/434560 KAMA/NORTH_EAST/P/112119/434561 KAMA/NORTH_EAST/P/112119/434562	23-Dec-19	8	Airports Authority Of India
	NOC for Height Clearance KAMA/NORTH_EAST/P/112119/434563 KAMA/NORTH_EAST/P/112119/434564	19-Dec-19	8	Airports Authority Of India
	NOC for Height Clearance KHOW/NORTH_EAST/P/112119/434554 KHOW/NORTH_EAST/P/112119/434555	20-Apr-20	8	Airports Authority Of India
	NOC for Height Clearance KHOW/NORTH_EAST/P/112119/434556 KHOW/NORTH_EAST/P/112119/434558 KHOW/NORTH_EAST/P/112119/434559	18-Dec-19	8	Airports Authority Of India

Source: Investment Manager

Appendix III – NERTL – Summary of Approvals & Licences (3/7)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
11	**Power & Telecommunication Coordination Committee ("PTCC") Clearance**			
	Approval to the route of 132 kV Biswanath Chariali - Itanagar D/C transmission line	11-Nov-19	Valid	Power & Telecom Co-ordination Committee, GOI
	Approval to the route of 132 kV Lilo to Gohpur substation from Biswanath Chariali - Itanagar D/C transmission line	11-Nov-19	Valid	Power & Telecom Co-ordination Committee, GOI
	Approval to the route of 132 kV D/C transmission line of AGTPP (NEEPCO) - P.K Bari	20-Sep-18	Valid	Power & Telecom Co-ordination Committee, GOI
	Approval to the route of 132 kV D/C Surajmaninagar - P.K Bari transmission line	13-Feb-19	Valid	Power & Telecom Co-ordination Committee, GOI
	Approval to the route of 400 KV D/C (Quad) Silchar Misa transmission line	24-Jun-19	Valid	Power & Telecom Co-ordination Committee, GOI
12	**Power Line Crossing**			
	Approval for power line crossing of 132 kV B.Chariali-Itanagar transmission line at existing 132 kV Sonabil-Gohpur D/C transmission line	28-Sep-18	Valid	Assam Electricity Grid Corporation Limited
	Approval for power line under crossing of existing 400 kV D/C Ranganadi-Biswanath Chariali transmission line in between AP 182 & 183 and AP 255 & 256	31-Dec-18	Valid	Power Grid Corporation of India Limited
	Approval for power line crossing for construction of 132 kV D/C NEEPCO-P.K Bari transmission line	12-Sep-18	Valid	Power Grid Corporation of India Limited
	Approval for power line crossing of up-coming 132 kV D/C NEEPCO-P.K Bari line of NERTL above existing 132 kV S/C Kumarghat-RC Nagar line of Powergrid	14-Sep-19	Valid	Power Grid Corporation of India Limited
	Approval for power line crossing for construction of 132 kV D/C NEEPCO-P.K Bari transmission line	14-May-18	Valid	Tripura State Electricity Corporation Limited
	Approval for crossing of 400 kV D/C Surajmaninagar - P.K Bari transmission line	05-Jun-18	Valid	Tripura State Electricity Corporation Limited
	Approval of power line crossing for construction of 400 kV D/C Surajmaninagar - P.K Bari transmission line	25-Jun-18	Valid	Power Grid Corporation of India Limited
	Approval of power line crossing for construction of 132/400 kV M/C NEEPCO(AGTPP) & Surajmaninagar - P.K Bari transmission line	23-Aug-18	Valid	Tripura State Electricity Corporation Limited
	Approval of power line crossing of 132 kV S/C Ambassa-Kamalpur transmission line for construction of 132/400 kV M/C NEEPCO(AGTPP) & Surajmaninagar - P.K Bari transmission line	31-May-18	Valid	Tripura State Electricity Corporation Limited
	Confirmation regarding overhead power line crossing over existing 132 kV S/C Badarpur-Jiribam tranmission line	03-Jan-19	Valid	Power Grid Corporation of India Limited
	Approval for power line crossing over existing 132 kV S/C Badarpur-Jiribam transmission line by proposed 400 kV D/C Silchar-Misa transmission line	27-Dec-19	Valid	Power Grid Corporation of India Limited
	Approval for power line crossing of 400 kV D/C (Quad) Silchar-Misa transmission line with 400 kV D/C Palatana-Silchar and 400 kV D/C Silchar-Bongaigaon transmission line of NETC	22-Feb-19	Valid	North East Transmission Company Limited (NETC)

Source: Investment Manager

Appendix III – NERTL – Summary of Approvals & Licences (4/7)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
12	**Power Line Crossing**			
	Approval of placement of dead end tower of proposed Silchar-Misa line at Silchar substation end and power line crossing of 400 kV D/C Silchar-Misa transmission line	11-Oct-19	Valid	Power Grid Corporation of India Limited
	Confirmation of High tension power line crossing over the existing 132 kV Haflong-Jiribam transmission line by 400 kV D/C Silchar-Misa transmission line	03-Mar-18	Valid	Power Grid Corporation of India Limited
	Approval of under power line crossing of 132 kV D/C Silchar-Hailakandi line by proposed 400 kV D/C Silchar-Misa transmission line	30-Sep-19	Valid	Power Grid Corporation of India Limited
	Approval for line crossing of 132 kV D/C Samaguri-Lanka line by 400 kV D/C Silchar-Misa transmission line	27-Sep-18	Valid	Assam Electricity Grid Corporation Limited
	Approval for overhead power line crossing of 400 kV D/C Silchar-Misa transmission line with Powergrid lines	30-Sep-19	Valid	Power Grid Corporation of India Limited
	Approval for overhead power line crossing of 400 kV D/C Silchar-Misa transmission line and Termination Arrangement at Misa substation	05-Sep-19	Valid	Power Grid Corporation of India Limited
	Approval for line crossing of 400 kV D/C Silchar-Mehleriat line of Powergrid by proposed 400 kV D/C Silchar-Misa transmission	15-Nov-19	Valid	Power Grid Corporation of India Limited
	Approval for power line crossing of 400 KV D/C Silchar-Misa line with 132 kV S/C Panchgram-Srikona Line	06-Oct-18	Valid	Assam Electricity Grid Corporation Limited
	Confirmation for construction of DD type tower of 400 kV D/C Silchar-Misa line over 132 kV S/C Jiribam-Haflong line	13-Jul-18	Valid	Power Grid Corporation of India Limited
	Approval for overhead power line crossing of 400 kV D/C Silchar-Misa transmission line with Kopili-Misa Powergrid lines	19-Dec-18	Valid	Power Grid Corporation of India Limited
	Approval of under power line crossing of 400 kV D/C Silchar-P.K Bari line by proposed 400 kV D/C Silchar-Misa transmission line	03-Oct-19	Valid	Power Grid Corporation of India Limited
	Confirmation for construction of DD type tower of 400 kV D/C Silchar-Misa line over 132 kV S/C Khandong-Haflong line	10-Jul-18	Valid	Power Grid Corporation of India Limited
	Permission for crossing 400 kV D/C Silchar-Misa transmission line	20-Aug-18	Valid	Office of Executive Engineer, P.W.D NH Division, Silchar, Government of Assam

Source: Investment Manager

Appendix III – NERTL – Summary of Approvals & Licences (5/7)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
13	**Road Crossing**			
	Approval for NH-15 crossing of 132 kV D/C transmission line from Biswanath Chariali to Itanagar	14-Nov-18	Valid	National Highways & Infrastructure Development Corporation Ltd.
	Permission for crossing of 132 kV D/C transmission line	04-Aug-18	Valid	Naharlagun Highway Division, Government of Arunachal Pradesh
	NOC of NH-08 (44) road crossing by 400 kV D/C Surajmaninagar-P.K Bari transmission line	28-Aug-18	Valid	Agartala National Highway Division, Government of Tripura
	NH-37, near village Hathirhat, District Cachar	20-Aug-18	Valid	Silchar National Highway Division, Government of Assam
	NH-54, Silchar to Balachera section, State of Assam	20-Mar-18	Valid	National Highway Authority of India
	NH-54, Jatinga to Harangajao section, State of Assam	17-Jul-18	Valid	National Highway Authority of India
	NOC of NH-27 for construction of 400 kV D/C Silchar-Misa transmission line	30-Oct-18	Valid	National Highway Authority of India
	NH-54, near village Bororampur, District Cachar	20-Mar-18	Valid	National Highway Authority of India
14	**Substations Approval**			
	Approval of Building Plan of 400/132 kV substation at Purbanagon, West Tripura	14-Aug-20	Valid	Agartala Municipal Corporation
	NOC for construction of Bore Well for 400 kV P.K Bari substation at Masauli	29-Nov-19	Valid	Office of Executive Engineer, Government of Tripura
	NOC for construction of Bore Well for 400 kV substation at East Naogaon (named new Surajmaninagar)	06-May-20	Valid	Office of Sub-Divisional Officer, Government of Tripura
15	**Railway Crossing**			
	Permission for OH Electrical track crossing of 132 kV D/C between Bishwanath Charali - Monabari Railway Stations	22-Aug-19	10	Northeast Frontier Railway, Rangiya Divisional office
	Agreement for erecting and maintaining an overhead power line crossing over and across railway lines entered into between NERTL and Divisional Railway Manager (Engineering) in respect of the Bishwanath Chariali to Itanagar and associated Gohpur LILO Line.	21-Aug-19	Valid	Northeast Frontier Railway, Rangiya Divisional office
	Agreement for erecting and maintaining an overhead power line crossing over and across railway lines entered into between NERTL and Divisional Railway Manager (Engineering) in respect of the Bishwanath Chariali to Itanagar and associated Gohpur LILO Line.	16-Aug-19	Valid	Northeast Frontier Railway, Rangiya Divisional office
	Permission for overhead railway track crossing between Jogendranagar - Jirania	3-Dec-18	10	Northeast Frontier Railway, Lumding Divisional office
	Agreement for above 220kV and upto 440kV transmission line overhead railway track crossing between Jogendranagar and Jirania	3-Dec-18	Valid	Northeast Frontier Railway, Lumding Divisional office

Source: Investment Manager

Appendix III – NERTL – Summary of Approvals & Licences (6/7)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
15	**Railway Crossing**			
	Permission for execution of 400 kV overhead power line crossing between Jogendranagar - Jirania	3-Apr-19	Valid	Northeast Frontier Railway, Lumding Divisional office
	Agreement for erecting and maintaining an overhead power line crossing over and across railway tracks in respect of Surajmaninagar-P.K Bari transmission line	3-Apr-19	Valid	Northeast Frontier Railway, Lumding Divisional office
	Permission for overhead railway track crossing between Salchapra - Arunachal	3-Apr-19	10	Northeast Frontier Railway, Lumding Divisional office
	Agreement for above 220kV and upto 440kV transmission line overhead railway track crossing between Salchapra and Arunachal	3-Apr-19	Valid	Northeast Frontier Railway, Lumding Divisional office
	Permission for overhead railway track crossing between Ditokchera - New Harangajao	3-Apr-19	10	Northeast Frontier Railway, Lumding Divisional office
	Agreement for crossing above 220kV and upto 440kV transmission line overhead railway track crossing between Ditokchera and New Harangajao	3-Apr-19	Valid	Northeast Frontier Railway, Lumding Divisional office
	Permission for overhead railway track crossing between Abandoned Harangajao - Ditokchera	3-Apr-19	10	Northeast Frontier Railway, Lumding Divisional office
	Agreement for crossing above 220kV and upto 440kV transmission line overhead railway track crossing between Abandoned Harangajao and Ditokchera	3-Apr-19	Valid	Northeast Frontier Railway, Lumding Divisional office
	Permission for overhead railway track crossing between Jamunamukh - Jugijan	24-Jan-19	10	Northeast Frontier Railway, Lumding Divisional office
	Agreement for crossing above 220kV and upto 440kV transmission line overhead railway track crossing between Jamunamukh and Jugijan	23-Jan-19	Valid	Northeast Frontier Railway, Lumding Divisional office
16	**Diversion of Forest Land/ Permission for felling of trees**			
	Diversion of Forest land in favour of NERTL for construction of 132 kV D/C Neepco (AGTP) to P.K Bari (TSECL) transmission line - Stage I Clearance	12-Oct-18	Valid	Ministry of Environment & Forest, GOI
	Diversion of Forest land in favour of NERTL for construction of 132 kV D/C Neepco (AGTP) to P.K Bari (TSECL) transmission line - Stage II Clearance	19-Jun-19 12-Jul-19	Valid	Ministry of Environment & Forest, GOI
	Diversion of Forest land in favour of NERTL for construction of 132 kV D/C Biswanath Chariali to Itanagar transmission line with Lilo of one Circuit - Stage I Clearance	12-Oct-18	Valid	Ministry of Environment & Forest, GOI
	Diversion of Forest land in favour of NERTL for construction of 132 kV D/C Biswanath Chariali to Itanagar transmission line - Stage I Clearance	23-Sep-19	Valid	Ministry of Environment & Forest, GOI
	Diversion of Forest land in favour of NERTL for construction of 132 kV D/C Biswanath Chariali to Itanagar transmission line - Stage II Clearance	28-May-20	Valid	Ministry of Environment & Forest, GOI
	Diversion of Forest land in favour of NERTL for construction of 400 kV D/C Multi Circuit Surajmani Nagar to P.K Bari transmission line - Stage I Clearance	21-Jan-19	Valid	Ministry of Environment & Forest, GOI
	Diversion of Forest land in favour of NERTL for construction of 400 kV D/C Multi Circuit Surajmani Nagar to P.K Bari transmission line - Stage II Clearance	20-May-19 9-Jul-19	Valid	Ministry of Environment & Forest, GOI
	Diversion of Forest land in favour of NERTL for construction of 400 kV D/C Silchar to Misa transmission line - Stage I Clearance	29-Aug-18	Valid	Ministry of Environment & Forest, GOI
	Diversion of Forest land in favour of NERTL for construction of 400 kV D/C Silchar to Misa transmission line a part near Misa substation - Stage I Clearance	6-Jun-19	Valid	Ministry of Environment & Forest, GOI

Source: Investment Manager

Appendix III – NERTL – Summary of Approvals & Licences (7/7)

Sr. No.	Approvals	Date of Issue	Validity (in years)	Issuing Authority
16	**Diversion of Forest Land/ Permission for felling of trees**			
	Working permission for felling of trees in favour of NERTL for construction of 132 kV D/C Biswanath Chariali to Itanagar transmission line	7-Feb-19	Valid	Environment and Forest Department, Government of Assam
	Working permission for felling of trees in favour of NERTL for construction of 132 kV D/C AGTPP (NEEPCO) to P.K Bari (TSECL) transmission line	5-Jan-19	Valid	Office of Principal Chief Conservator of Forests Tripura, Government of Tripura
	Working permission for felling of trees in favour of NERTL for construction of 400 kV D/C Multi Circuit Surajmani Nagar to P.K Bari transmission line	2-May-19	Valid	Office of Principal Chief Conservator of Forests Tripura, Government of Tripura
	Working permission for felling of trees in favour of NERTL for construction of 400 kV D/C Silchar to Misa transmission line	4-Dec-19	Valid	Office of Principal Chief Conservator of Forests and Head of Forest Force, Government of Assam
	Working permission for felling of trees in favour of NERTL for construction of 400 kV D/C Silchar to Misa transmission line	6-Oct-18	Valid	Environment and Forest Department, Government of Assam
	Working permission for felling of trees in favour of NERTL for construction of 132 kV D/C Biswanath Chariali to Itanagar transmission line	6-Nov-19	Valid	Department of Environment & Forests Itanagar, Government of Anurachal Pradesh
17	**Forest Rights Certificate**			
	Certificate issued in respect of Surajmaninagar to P.K Bari transmission line	27-Jun-18	Valid	Office of District Magistrate and Collector, West Tripura, Government of Tripura
	Certificate issued in respect of Surajmaninagar to P.K Bari transmission line	26-Jun-18	Valid	District Magistrate and Collector, Dhalai District, Jawaharnagar, Government of Tripura
	Certificate issued in respect of Surajmaninagar to P.K Bari transmission line	20-Aug-18	Valid	District Magistrate and Collector, Khowai District, Tripura, Government of Tripura
	Certificate issued in respect of Biswanath Chariali to Itanagar transmission line	13-Dec-17	Valid	Office of Deputy Commissioner, Biswanath, Government of Assam
	Certificate issued in respect of Biswanath Chariali to Itanagar transmission line	6-Aug-19	Valid	Office of the District Land Revenue and Settlement Officer, Yupia District, Government of Arunachal Pradesh
	Certificate issued in respect of NEEPCO (AGTPP) to P.K Bari transmission line	26-Jun-18	Valid	Office of District Magistrate and Collector, West Tripura, Government of Tripura
	Certificate issued in respect of Silchar to Misa transmission line	22-Nov-18	Valid	Office of Deputy Commissioner, Hojai, Sankardev Nagar, Government of Assam
	Certificate issued in respect of Silchar to Misa transmission line	23-Nov-17	Valid	Office of Deputy Commissioner, West Karbi Anglong Harmen, Government of Assam
	Certificate issued in respect of Silchar to Misa transmission line	21-Sep-17	Valid	Principal Secretary, North Cachar Hills Autonomous Council, Dima Hasao District, Haflong
	Certificate issued in respect of Silchar to Misa transmission line	17-Nov-17	Valid	Office of Deputy Commissioner, Hojai, Sankardev Nagar, Government of Assam

Source: Investment Manager

Appendix IV – NERTL – Summary of Ongoing Litigations (1/6)

Sr. No	Matter	Against	Pending Before	Details of the case	Amount Involved (INR Million)
1	Shri Birendra Dey	NERTL	District Judge, Unakoti Judicial District-Kailashahar	**<u>Background of the case:</u>** Mr. Birendra Dey, owner of corridor has filed an application u/s 8 of the Indian Telegraph Act, 1885 for grant of compensation for causing damage to his property .He is claiming damage to the tune of Rs.6 lacs along with interest @ 12 % per annum from the date of damage till realization. Owner is claiming that trees have been cut over his land but no compensation has been paid. Reply has been filed. **<u>Current Status:</u>** The matter is currently pending for cross examination after affidavits submitted by the applicant. The next date of hearing is 4 February 2021.	0.60
2	Dipak Ranjan Paul	NERTL	District Judge, Unakoti Judicial District-Kailashahar	**<u>Background of the case:</u>** Mr. Dipak Ranjan, owner of corridor has filed an application u/s 8 of the Indian Telegraph Act, 1885 for grant of compensation for causing damage to his property .He is claiming damage to the tune of Rs.8 lacs along with interest @ 12 % per annum from the date of damage till realization. Owner is claiming that trees have been cut over his land but no compensation has been paid. Reply has been filed. **<u>Current Status:</u>** The matter is currently pending for cross examination after 02 affidavits submitted by the applicant. The next date of hearing is 4 February 2021.	0.80
3	Shri Binoy Dutta	NERTL	District Judge, Unakoti Judicial District-Kailashahar	**<u>Background of the case:</u>** Mr. Binoy Dutta, owner of corridor has filed an application u/s 8 of the Indian Telegraph Act, 1885 for grant of compensation for causing damage to his property .He is claiming damage to the tune of Rs.4 lacs along with interest @ 12 % per annum from the date of damage till realization. Owner is claiming that trees have been cut over his land but no compensation has been paid.Reply has been filed. **<u>Current Status:</u>** The matter is currently pending for cross examination after affidavits submitted by the applicant. The next date of hearing is 4 February 2021.	0.40
4	Shri Tarapad Dey	NERTL	District Judge, Unakoti Judicial District-Kailashahar	**<u>Background of the case:</u>** Mr. Tarapad Dey, owner of corridor has filed an application u/s 8 of the Indian Telegraph Act, 1885 for grant of compensation for causing damage to his property. He is claiming damage to the tune of Rs.12.50 lacs along with interest @ 12 % per annum from the date of damage till realization. Owner is claiming that trees have been cut over his land but no compensation has been paid. Tower has been constructed over the land of the owner and owner has received crop/tree compensation at the time of foundation and installation. Reply has been filed. **<u>Current Status:</u>** The matter is currently pending for cross examination after affidavits submitted by the applicant. The next date of hearing is 4 February 2021.	1.25
5	Bupendra Bhowmik	NERTL	District Judge, Unakoti Judicial District-Kailashahar	**<u>Background of the case:</u>** Mr. Bhupendra Bhowmik, owner of corridor has filed an application u/s 8 of the Indian Telegraph Act, 1885 for grant of compensation for causing damage to his property .He is claiming damage to the tune of Rs.21 lacs along with interest @ 12 % per annum from the date of damage till realization. Owner is claiming that trees have been cut over his land but no compensation has been paid. Tower has been constructed over the land of the owner and owner has received crop/tree compensation at the time of foundation and installation. **<u>Current Status:</u>** The matter is pending at the stage of written statements/written objections. The next date of hearing is 23 February 2021.	2.10

Source: Investment Manager

Appendix IV – NERTL – Summary of Ongoing Litigations (2/6)

Sr. No	Matter	Against	Pending Before	Details of the case	Amount Involved (INR Million)
6	Jishu Debbarma	NERTL	High court of Tripura, Agartala	**Background of the case:** Mr. Jishu Debbarma, the land owner is demanding compensation for its rubber plants which were cut during construction of transmission line. High Court has observed that it will not intervene on the issue of compensation assessment, though court wants to understand the process initiated to construct the transmission line. Reply has been filed. **Current Status:** The matter is currently pending at the stage of admission and the next date is 10 February 2021.	23.35
7	Md. Taj Uddin Barbhuiya	NERTL	Court of Munsiff No. 3 at Silchar Cachar	**Background of the case:** Mr. Md. Taj Uddin Barbhuiya, the land owner has filed suit for declaration of right, title, interest over his land and for confirmation of possession therein and for permanent/temporary the injunction restraining Defendants/0.Ps to draw 400KV High Voltage line adjacent to the homestead of the plaintiff/ petitioner and for other relief or reliefs etc. Plaintiff is claiming that he has constructed one house over his land and defendants are laying the 400 kV line from just 2.5 mtrs to his house and defendants be restrained from drawing the wire.Reply has been filed. The matter was argued on interim order. Interim order dated 23rd December 2020 has been extended. Court has asked OP no 1- PGCIL to file its reply in the matter. Further court has directed NERTL to take necessary steps to take care of open high voltage wires. **Current Status:** The matter is currently pending at the stage of service report and written statement. The next date of hearing is 18 February 2021.	Non Quantifiable
8	Basulal Das and Gyanbala Das	NERTL	Court of Civil Judge, Silchar	**Background of the case:** Mr. Basulal Das and Gyanbala Das, Plaintiff have filed suit for declaration and injunction. Plaintiffs are claiming that they are Occupancy Tenant over an area of land and which was allotted to them by the Govt. of Assam as per provision of The Assam (Temporary Settled. Areas) Tenancy Act, 1971. That the plaintiffs are cultivators and they use their land for the purpose of cultivation of crops and use the fishery for cultivation of fishes which is their prime source of earning their livelihood and they have permanent heritable, and transferable right of use and occupancy over the suit land as provided by express provision of the law. It is alleged that the defendants promised to pay Rs. 6 lacs against the road construction through the land of the plaintiffs plus extra amount for more damages but only paid Rs.71,090 and has not paid differential amount. Now the plaintiffs are claiming that The amount of loss are Rs.5,28,910/- being outstanding money for road construction + Rs.10,00,000/- for destroying tilla land and valuable plantation thereon + Rs.15,00,000/- for causing damage to the fertile land as well as fishery and fishes of plaintiffs. Total Rs.30,28,910/-. That, the plaintiffs pray for a decree- (a) Declaring that the plaintiffs are occupancy tenants over the suit land having permanent occupancy right, title, interest and possession thereon. (b) Declaring that defendants have absolutely no right title interest or possession over any potion of suit land described in schedule below. (c) Declaring that the defendants are trespassers over suit land of plaintiffs . (d) Declaring that the plaintiffs are entitled to get compensation amounting Rs. 30,28,910/- from the defendants. (e) For both temporary & permanent injunction restraining the defendants, their men, agent or any other person claim through them from creating any disturbance in the peaceful possession of the plaintiffs over the suit land described in schedule below. **Current Status:** The matter is currently pending at the stage of written statements. The next date of hearing is 3 March 2021.	3.03

Source: Investment Manager

Appendix IV – NERTL – Summary of Ongoing Litigations – Criminal Cases (3/6)

Sr. No	Matter	Against	Pending Before	Details of the case	Amount Involved (INR Million)
9	NERTL	Shaidul Islam Hq. Mozumder	Borkhola police station	**Background of the case:** An FIR was filed by NERTL under Sections 120-B/384 of Indian Penal Code, 1860 ("IPC") with Borkhola police station against Shaidul Islam Hq. Mozumder for obstructing commencement of construction of tower and demanding high compensation beyond stipulated guidelines.The said FIR was filed pursuant to a letter dated 12 May 2020 written by NERTL to the Officer in Charge, Borkhola Police Station, complaining that Shaldul Islam Hq. Mazumdar has obstructed the project and demanded compensation beyond guidelines. **Current Status:** The investigation is pending and the commissioning of project is awaited.	Non Quantifiable
10	NERTL	Jakir Hussain Laskar	Silchar police station	**Background of the case:** An FIR was filed by NERTL against Jakir Hussain Laskar under Section 341/385 of the IPC with Silchar police station for obstructing construction of 400 D/C (Quad) Transmission Line from Silchar to Misa under NERTL Project by NERTL and demanding high ROW compensation beyond stipulated guidelines.The said FIR was filed pursuant to a letter dated 5 May 2020 by NERTL to the Officer in Charge, Borkhola Police Station, complaining that the accused have obstructed the project and demanded compensation beyond guidelines. **Current Status:** The investigation is pending and the commissioning of project is awaited.	Non Quantifiable
11	NERTL	Harilal Das and Babul Chakrabarty	Silchar police station	**Background of the case:** An FIR was filed by NERTL under Sections 341/325/385/506/341 of IPC with Silchar Police Station against Harilal Das and Babul Chakrabarty in relation to the manhandling of Mr. Rajneesh Pandey at Srikona on 10 August 2019. The said FIR was filed pursuant to a letter dated 11 August 2019 by NERTL to the Officer in Charge, Silchar Sadar Police Station, complaining of mental and physical harassment of Mr. Rajneesh Pandey. **Current Status:** The investigation is pending and the commissioning of project is awaited.	Non Quantifiable
12	NERTL	Basu Lal Das, Kajal Das, Chandan Das, Bisheshwar Goswami, Bidyut Kumar Deb, Khalilur Rahman Baralaskar and Johiruddin Baralaskar	Silchar police station	**Background of the case:** An FIR was filed by NERTL against Basu Lal Das, Kajal Das, Chandan Das, Bisheshwar Goswami, Bidyut Kumar Deb, Khalilur Rahman Baralaskar and Johiruddin Baralaskar under Sections 341/385/506/34 of the IPC for obstructing the work and demanding high ROW compensation beyond guidelines under Section 10 of the Indian Telegraph Act, 1885 and guidelines issued by the Government of Assam. The said FIR was filed pursuant to a letter dated 13 August 2020 by NERTL to the Officer in Charge, Silchar Sadar Police Station, complaining that the accused have obstructed the project and demanded compensation beyond guidelines. **Current Status:** The statement under Section 161 of CrPC has been recorded and chargesheet is yet to be filed.	Non Quantifiable

Source: Investment Manager

Appendix IV – NERTL – Summary of Ongoing Litigations – Criminal Cases (4/6)

Sr. No	Matter	Against	Pending Before	Details of the case	Amount Involved (INR Million)
13	Bashu Lal Das	Employees of Sterlite Power Grid Ventures Limited	Silchar police station	**Background of the case:** An FIR was filed by Bashu Lal Das on 12 August 2020 against Mr. Pandey, Mr. Amit Singh, Mr. Ashok Tata. As per the FIR an agreement was made between the complainant and the accused persons and NERTL for an amount of INR 6,00,000 (Indian Rupees Six Lakhs Only) for the use of the complainant's land for transporting RCC raw materials through JCB and trucks. Further, the Accused assured that the said route will be repaired. It is stated that the accused failed to undertake the repair of the land, crops and vegetables. Further, the Accused threatened and abused the complainant and trespassed on the land. **Current Status:** The statement under Section 161 of CrPC has been recorded and chargesheet is yet to be filed.	Non Quantifiable
14	Employees of Sterlite Power Grid Ventures Limited	Bashu Lal Das	Sessions Court, Cachar, Silchar	**Background of the case:** A petition under Section 438 of Code of Criminal Procedure, 1973 was filed by Mr. Amit Kumar, Mr. Ashok Rout, Mr. Rajneesh Pandey (collectively referred to as the "Accused"), employees of SPTL, for seeking pre-arrest bail in connection with the above mentioned case registered with the Silchar Police Station. NERTL and TATA Projects Ltd were given the contract of installation of High Tension Power Line by Govt. of India. NERTL paid compensation for use and occupation of lands of the informant and accordingly, on 25 October 2019, the informant was paid INR 17,700 (Indian Rupees Seventeen Thousand Seven Hundred Only) towards compensation and use of his land. In the petition, the Accused pleaded that the FIR does not disclose any offence u/s 406 of IPC which is the only non-bailable offence. By an order dated 28 August 2020, the Hon'ble Asst. Sessions Judge No. 2 granted interim relief of anticipatory bail to the Accused. By an order dated 10 September 2020, the said interim relief was made absolute. **Current Status:** Anticipatory Bail was granted.	Non Quantifiable
15	NERTL	Mr. Bittu Dev Barma, Mr. Raju, Mr. Kajal Dev Barma, Mr. Uttam Barma, Mr. Prashant , Mr. Manoranjan Deb Verma, and Mr. Pulse	Senior Superintendent of Police (SSP), West Tripura, Agartala	**Background of the case:** A complaint dated 6 April 2019 made to Senior Superintendent of Police (SSP), West Tripura, Agartala for reporting an incident against Mr. Bittu Dev Barma, Mr. Raju, Mr. Kajal Dev Barma, Mr. Uttam Barma, Mr. Prashant , Mr. Manoranjan Deb Verma, and Mr. Pulse ("Accused") for creating issues in the execution of the work. Further, police protection was requested for completion of the work. In this regard, a notice under Section 41A(1) of the CrPC was issued by the police station against the Accused. On 19 April 2019, a notice was issued to the Accused Sri Uttam Debbarma and directed to appear before the Sub-Inspector of Police at the Ranir Bazar Police Station within 7 (seven) days of receipt of that notice.A notice dated 19 September 2019 under Section 41A(1) of the CrPC was issued by the police station against the Accused. **Current Status:** The matter is under investigation.	Non Quantifiable

Source: Investment Manager

Appendix IV – NERTL – Summary of Ongoing Litigations – Criminal Cases (5/6)

Sr. No	Matter	Against	Pending Before	Details of the case	Amount Involved (INR Million)
16	NERTL	Mr. Aklim Raja Barbhuiya, Aftab Uddin Barbhiuya, Taj Uddin Barbhuiya	Srikona Police Outpost, Silchar	**Background of the case:** FIR was filed by Mr. Rajesh Pandey on 27 December 2020 under sections 341, 294,385, 506, 34 of the IPC, 1860, against Mr. Aklim Raja Barbhuiya, Aftab Uddin Barbhiuya, Taj Uddin Barbhuiya alleging that the accused had obstructed the work and demanded ROW compensation without any basis. The said FIR was filed pursuant to a letter dated 25 December 2020 by NERTL to the Officer in Charge, Srikona Police Outpost, Silchar, complaining that the accused have obstructed the project and demanded compensation beyond guidelines. **Current Status:** The matter is under investigation.	Non Quantifiable
17	NERTL	Wahida Akhtar Barbhuiya, Rashid Ahmed Barbhuiya	Borkhola Police Station	**Background of the case:** FIR was filed by Mr. Gupta on 26 December 2020 against Wahida Akhtar Barbhuiya, Rashid Ahmed Barbhuiya alleging that the accused are demanding higher compensation beyond government guidelines.The said FIR was filed pursuant to a letter dated 25 December 2020 by NERTL to the Officer in Charge, Borkhola Police Station, complaining that the accused have obstructed the project and demanded compensation beyond guidelines. **Current Status:** The matter is under investigation.	Non Quantifiable
18	NERTL	Shaibur Rahman Laskar, Azad Hussain Laskar, Iftakar Alom Lakskar and others	Borkhola Police Station	Background of the case: FIR was filed by Mr. Santosh Kumar on 27 October 2020 against Shaibur Rahman Laskar, Azad Hussain Laskar, Iftakar Alom Lakskar and others, alleging that the accused are obstructing construction. The said FIR was filed pursuant to a letter dated 24 October 2020 by NERTL to the Officer in Charge, Borkhola Police Station, complaining that Shaibur Rahman Laskar, Azad Hussain Laskar, Iftikar Alam Laskar and others have obstructed the project and demanded compensation beyond guidelines. **Current Status:** The matter is under investigation.	Non Quantifiable

Source: Investment Manager

Appendix IV – NERTL – Summary of Ongoing Litigations – Direct Tax Matters (6/6)

Sr. No	Matter	Against	Pending Before	Details of the case	Amount Involved (INR Million)
19	Direct Tax Matters	NERTL	Income Tax Department	**Background of the case:** Notice dated 22nd September 2019 has been issued for selection of case under Income-tax scrutiny assessment **Current Status:** Adjournment has been filed on 7th October 2020	Non Quantifiable
20	Direct Tax Matters	NERTL	Income Tax Department	**Background of the case:** Notice dated 26th February 2020 has been issued wherein detailed questions have been asked by the officer **Current Status:** Adjournment request has been filed on 4th March 2020	Non Quantifiable
21	Direct Tax Matters	NERTL	Income Tax Department	**Background of the case:** Notice dated 15th October 2020 has been issued regarding the intimation that case has been transferred to the National E-Assessment Centre **Current Status:** Submission dated 3rd November 2020 has been filed	Non Quantifiable
22	Direct Tax Matters	NERTL	Income Tax Department	**Background of the case:** Notice issued on 17th December 2019 for selection of cases for TDS scrutiny verification **Current Status:** Partial response to the notice has been submitted vide submission dated 26th December 2019. Further submission has been filed on 6th January 2020	Non Quantifiable
23	Direct Tax Matters	NERTL	Income Tax Department	**Background of the case:** 2 notices dated 5th February 2020 have been issued on Director's and Mr. Manish Aggarwal (One of the director of the NERTL) respectively. **Current Status:** Submission dated 24th February 2020 has been filed in response to both the notices	Non Quantifiable

Source: Investment Manager

Appendix V – NERTL – Summary of Legal Notices (1/2)

Sr. No	Matter	Against	Pending Before	Details of the case	Amount Involved (INR Million)
1	Rajat Kanti Dey and Chaya Rani	NERTL		**Background of the case:** Notice issued by Rajat Kanti Dey and Chaya Rani Dey dated 23rd November 2020 claiming adequate compensation for felling rubber trees was sent to NERTL. It was also stated that the assessment by the revenue inspector of the SDM Kumarghat, Unakoti of the yield component of the trees, vegetables and plants was insufficient and improper as permanent damage has been caused. **Current Status:** Reply Notice is yet to be prepared and will be sent based on available fact.	Non Quantifiable
2	Sukumar Debbarma	NERTL		**Background of the case:** Notice issued by Sukumar Debbarma dated 1st December 2020 demanding additional claim for felling of 240 Rubber tree @ 10,000/- per tree aggregating to Rs. 24,00,000/- **Current Status:** Reply Notice is yet to be prepared and will be sent based on available facts	2.40
3	Uttam Das	NERTL		**Background of the case:** Notice issued Mr. Sri Uttam Das dated 3rd October 2020 demanding additional claim for felling of 298 Rubber tree @ 10,000/- per tree aggregating to Rs 29,80,000/-.The land owners have acknowledged that they have received a sum of rs 2,68,200/- compensation towards feeling of the said rubber trees @ 900/- per tree. Now they are demanding compensation @ Rs 10,000/- per tree. Site team negotiating with the land owner to settle amicably. **Current Status:** Reply Notice is being prepared and the team is still discussing the compensation to be paid for damage of trees.	2.98
4	Swapna Debnath	NERTL		**Background of the case:** Notice issued by Ms.Swapna Debnath dated 3rd October 2020 demanding additional claim for felling of 42 Rubber tree @ 10,000/- per tree aggregating to Rs 4,20,000/-. The land owners have acknowledged that they have received a sum of Rs 37,800/- compensation towards feeling of the said rubber trees @ 900/- per tree. Now they are demanding compensation @ Rs 10,000/- per tree. Site team negotiating with the land owner to settle amicably. **Current Status:** Reply Notice is being prepared and the team is still discussing the compensation to be paid for damage of trees.	0.42
5	Ramu Kundu	NERTL		**Background of the case:** Notice issued by Mr. Ramu Kundu dated 3rd October 2020 demanding additional claim for felling of 233 Rubber tree and 4 Teak trees @ 10,000/- per tree aggregating to Rs 23,70,000/-. The land owners have acknowledged that they have received a sum of Rs 2,11,352/- compensation towards feeling of the said rubber trees @ 900/- per tree and @ Rs 413 per Teak Tree. Now they are demanding compensation @ Rs 10,000/- per tree. Site team negotiating with the land owner to settle amicably. **Current Status:** Reply Notice is being prepared and the team is still discussing the compensation to be paid for damage of trees.	2.37
6	Nirmal Biswas	NERTL		**Background of the case:** Notice issued by Nirmal Biswas dated 3rd October 2020 demanding additional claim for felling of 226 Rubber tree @ 10,000/- per tree aggregating to Rs 22,60,000/-. The land owners have acknowledged that they have received a sum of Rs 2,03,400/- compensation towards feeling of the said rubber trees @ 900/- per tree. Now they are demanding compensation @ Rs 10,000/- per tree. Site team negotiating with the land owner to settle amicably. **Current Status:** Reply Notice is being prepared and the team is still discussing the compensation to be paid for damage of trees.	2.26
7	Ranjit Deb	NERTL		**Background of the case:** Notice issued by Ranjit Deb dated 3rd October 2020 demanding additional claim for felling of 51 Rubber tree @ 10,000/- per tree aggregating to Rs 5,10,000/-. The land owners demanding compensation towards feeling of the said rubber trees @ 10,000/- per tree. Site team negotiating with the land owner to settle amicably. **Current Status:** Reply Notice is being prepared and the team is still discussing the compensation to be paid for damage of trees.	0.51

Source: Investment Manager

Appendix V – NERTL – Summary of Legal Notices (2/2)

Sr. No	Matter	Against	Pending Before	Details of the case	Amount Involved (INR Million)
8	Rabia Sardar Para and Saral Das Para	NERTL		**Background of the case:** Notice issued by Rabia Sardar and Saral Das Para dated 6th July 2020 demanding satisfactory payment for standing tree and crops. Identify on whose behalf notice was issued by the said Advocate not known and in the said Advocate notice did not mention anything about the land in question or the site in question. Accordingly reply sent. **Current Status:** Reply Notice has been sent on 30th July 2020	Non Quantifiable
9	Sri Sekhar Chakraborty	NERTL		**Background of the case:** Notice issued by Sri Sekhar Chakraborty dated 6th August 2019 demanding Rs 15,000/- per rubber tree and Rs 10,000/- per Kani for land. The Notice was sent to Mr. Vivek Sachar, Sterlite ROW Team through Mrs. Rakhi Roy, Advocate on behalf of Mr. Sekhar Chakraborty); Sterlite Project team has gone and met Mr. Sekhar Chakraborty. They discussed with him that there was no damage was done to his rubber plant; so therefore, there need not be any compensation for rubber tree and land for plantation. After this Mr. Sekhar Chakraborty, has not filed any case or followed up on this notice till now and this implies that he was satisfactory with the discussion held by our team. Therefore, no further action was indicated by Sterlite team. **Current Status:** Based on ground negotiations the same was mutually settled by ground team.	Non Quantifiable
10	Uttam Bhattarjee	NERTL		**Background of the case:** Letter dated 16 July 2020 was written by Bhattacharjee Developers to inform the Deputy Commissioner about non-release of fund against work done for the foundation of 400 KV D/C Silchar Misa Transmission Line at Assam in ref. Work Order No. JME/SPGVL/022/19-20 dated 3 September and payment is due since 6 March 2020. In this regard, by a letter dated 1 October 2020, Sterlite Power Grid Ventures Limited wrote to the Jagamanjari Engineering Private Limited for taking action in this regard. The payment has been made to Mr. Bhattacharjee. **Current Status:** The document acknowledging resolution of dispute between the parties will be shared at the stage of contract closure with JME (SPGVL Contractor).	Non Quantifiable
11	Shri Samiran Dey	NERTL		**Background of the case:** Notice issued by Shri Samiran Dey dated 28th March 2019 demanding compensation for important trees and crops that will be damaged due to construction of proposed Transmission line which will pass through the land owned by Shri Samiran Dey. **Current Status:** The matter is currently pending	Non Quantifiable
12	Jagadish Debanath	NERTL		**Background of the case:** Notice by Mr. Jagadish Debanath, claiming that his land, the DAG No. of which is 14506, has illegally been possessed by Mr. Nirmal Biswas, and that as the purported owner of the land, he is entitled to compensation from NERTL for the cutting of his trees. **Current Status:** The matter is currently pending.	Non Quantifiable

Source: Investment Manager

ANNEXURE B

TECHNICAL CONSULTANTS' REPORTS

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NER - II Transmission Limited

Technical Due Diligence Report

IndiGrid Trust
New Delhi | India

RESTRICTED

03 March 2021

REPORT

Final

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DUE DILIGENCE REPORT

Our ref.: **Document No. P.017470-U-00201-001**

Imputation: Project No. P.017470

RESTRICTED

Client : «IndiGrid Trust»

Project : **NER – II Transmission Ltd.**

Subject : **Submission of Technical Due Diligence Report**

Comments:

Revision No.	Date	Prepared / Revision By	Description
B	2021/03/03	DMA	Issued for Submission

REV.	YY/MM/DD	STAT.	WRITTEN	VERIFIED	APPROVED	VALIDATED
B	2021/03/03	Final	DMA	SDM	DMA	DMA
A	2021/02/26	Draft	DMA	SDM	DMA	DMA

TRACTEBEL ENGINEERING pvt. ltd. - Registered office: A-3 (2nd Floor), Neeti Bagh - New Delhi - 110049 - INDIA
CIN: U74899DL2000PTC104134

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1. EXECUTIVE SUMMARY

The Government of India, Ministry of Power, vide its Gazette notification No. 2454 dated 17th November, 2015 notified REC Transmission Projects Company Limited as the Bid Process Coordinator (BPC) for the purpose of selection of Bidder as Transmission Service Provider (TSP) to establish Transmission System for NER System Strengthening Scheme – II (Part B) and V, (NER – II B & V) through tariff based competitive bidding process.

North Eastern Region II Transmission Limited (NERTL) (hereinafter referred to as "Project Company") is a Special Purpose Vehicle incorporated for establishing Transmission System Strengthening in NE on Build, Own, Operate and Maintain basis and to provide transmission service on a long term basis to the Long Term Transmission Customers (LTTCs).

Bid evaluation Committee, vide its letter dated 22nd February, 2017 issued by Ministry of Power, Govt. of India, selected M/s. Sterlite Grid 4 Limited as the successful bidder as the TSP.

Indigrid Trust (IT) has appointed Tractebel Engineering Pvt. Ltd. as Independent Engineer (IE) to undertake Technical Due Diligence study for the above mentioned Transmission System Project.

Accordingly, IE has prepared this Due Diligence Report based on site visit from 21st to 23rd November, 2020 and documents/ information furnished by the Project Company.

Key Details of the Project is indicated in the table below:

Particulars	:	Details
Effective Date as per TSA	:	31st March, 2017
SCOD of the Project	:	44 months from the effective date i.e. 30th November, 2020
Scope	:	✓ 132kV D/C Transmission Line Biswanath Chariyalli – Itanagar (67.46 kms) ✓ LILO of one circuit of Biswanath Chariali (PG) – Itanagar 132kV DC Line at Gohpur (8.49 kms) ✓ 400kV D/C Transmission Line Silchar – Misa (178.28 kms) ✓ 400kV D/C Transmission Line Surajmaninagar – P. K. Bari (17.72 kms) ✓ 400kV D/C Transmission Line Surajmaninagar – P. K. Bari (through Multi – Circuit Line) (59.57 kms) ✓ 132kV D/C Transmission Line AGTPP (NEEPCO) – P.K. Bari Multicircuit and normal transmission line (23.8 kms) ✓ 2 nos. of 400/132 kV Substations at Surajmaninagar and P.K. Bari

Particulars	:	Details
		✓ 6 nos. of Line Bays (2nos. at Itanagar, 2 nos. at NEEPCO and 2 nos. at P.K Bari)
Transmission Service Agreement Signed Date	:	27th December, 2016
Share Purchase Agreement Signed Date	:	31st March, 2017
EPC Contract Signed date	:	26th September, 2017

The Transmission Service Agreement (TSA) is signed between NER II Transmission Limited and 7 nos. of Long Term Transmission Customers (LTTCs). The project has been awarded under tariff – based competitive bidding process wherein annual tariffs have been quoted for the next 35 years from the scheduled COD of the Project.

The schedule TSA COD (hereinafter to be referred as Original L2), element – wise from the effective date of 31st March, 2017 is indicated below –

S. No.	Name of Transmission Element	Scheduled COD in months from effective Date	Percentage of Quoted Transmission Charges recoverable on Scheduled COD of the Element of the Project	Element(s) which are pre – required for declaring the COD of respective elements
		NERSS – II (Part – B)		
1.	Biswanath Chariyalli (PGCIL) – Itanagar 132 kV D/C (Zebra Conductor) line	36 months (31/03/2020)	3.38%	Elements at Sl. No. 1 & 2 are required simultaneously
2.	2 nos. 132 kV Line bays at Itanagar for termination of Biswanath Chariyalli (PGCIL) – Itanagar	36 months (31/03/2020)	0.49%	Elements at Sl. No. 1 & 2 are required simultaneously
3.	LILO of one circuit of Biswanath Chariyalli (PGCIL) – Itanagar 132 kV D/C	36 months (31/03/2020)	0.29	After commissioning of elements at Sl. 1 & 2
4.	Silchar (PGCIL) – Misa (PGCIL) 400 kV D/C (Quad) line	44 months (30/11/2020)	53.67%	Nil
		NERSS – V		
5.	400/132 kV, 7X105 MVA S/S at Surajmaninagar	40 months (31/07/2020)	8.28 %	Elements at Sl. No. 5, 6, 7 & 8 are required simultaneously
6.	400/132 kV, 7X105 MVA S/S at P.K. Bari	40 months (31/07/2020)	8.28 %	Elements at Sl. No. 5,6,7 & 8 are required simultaneously
7.	Surajmaninagar – P K Bari 400 kV D/C line	40 months (31/07/2020)	17.38 %	Elements at Sl. No. 5,6,7 & 8 are required simultaneously

S. No.	Name of Transmission Element	Scheduled COD in months from effective Date	Percentage of Quoted Transmission Charges recoverable on Scheduled COD of the Element of the Project	Element(s) which are pre – required for declaring the COD of respective elements
8.	2 nos. of 400 kV line bays at Palatana GBPP switchyard for termination of Palatana – Surajmaninagar 400 kV D/C line	40 months (31/07/2020)	1.51 %	Elements at Sl. No. 5,6,7 & 8 are required simultaneously
9.	AGTPP (NEEPCO) – P K Bari (TSECL) 132 kV D/C line with high Capacity HTLS conductor	36 months (31/03/2020)	5.74 %	Elements at Sl. No. 9, 10 & 11 are required simultaneously
10.	2 no. of 132 kV line bays at AGTPP generation switchyard for termination of AGTPP (NEEPCO) – P K Bari (TSECL) 132 kV D/C line	36 months (31/03/2020)	0.49%	Elements at Sl. No. 9, 10 & 11 are required simultaneously
11.	2 no. of 132 kV line bays at P K Bari (TSECL) S/S for termination of AGTPP (NEEPCO) – P K Bari (TSECL) 132 kV D/C line	36 months (31/03/2020)	0.49%	Elements at Sl. No. 9, 10 & 11 are required simultaneously

As per TSA, the construction of 2 nos. of 400 kV Line Bays at Palatana GBPP switchyard, is not under the purview of SPGVL. It is agreed that the expenses towards the construction of the two bays amounting to Rs. 24.00 crores including management and engineering consultancy fees & applicable taxes shall be paid to ONGC Tripura Power Company (OTPC) and the construction works shall be carried out by OTPC.

The schedule COD of the overall Project as per TSA is 44 months from the Effective Date. Hence, considering 44 months from 31st March, 2017, IE observed that the SCOD for the Project was 30th November, 2020.

Due to events beyond the control of the Project Company, as stated below, consequently delayed the execution works. As per the actual progress status, all the Elements are yet to achieve electrical & mechanical completion. Project Company has intimated the LTTCs time and again, regarding the Force Majeure events as per Article 11.5 of TSA, indicating the below mentioned reasons –

1. Delay in allotment of Government Land for 400/132 kV Substations at PK Bari and Surajmaninagar
2. Stoppage of Construction works due to protest against CAA in North – Eastern India
3. Delay of NOC from Airport Authority of India for 132 kV Biswanath Chariyalli to Itanagar Transmission Line
4. Delay in receipt of Forest Clearance for 400 kV Silchar – Misa Line, 400 kV Multi circuit Transmission Line from Surjamaninagar – PK Bari and 132 kV D/C AGTPP (NEEPCO) – PK Bari (TSECL) Transmission Line.

IE opines that the actual acceptance of the FM events or reasons beyond the control of the Project Company can be ascertained by the CERC and CEA after the Project Completion based on the petitions filed by Project Company.

Letter from Ministry of Power –

As per the Ministry of Power Letter dated 27th July, 2020, All inter – state transmission projects, which were under construction as on date of lock – down i.e. 25th March, 2020, shall get an extension of 5 months in respect of SCOD. This order shall not apply to those projects, whose SCOD date was prior to 25th March, 2020.

NER – II Transmission Limited has signed the EPC Contract for design, engineering, manufacturing, supply, construction, erection, testing, commissioning works for the entire Project with M/s. Sterlite Power Grid Ventures Limited vide agreement dated 26th September, 2017. The effective date of the Contract is 26th September, 2017, and the completion date for each of the element is indicated below:

S. No.	Name of Element	Completion Date/ SCOD	Revised Completion Date
1.	132kV D/C Transmission Line Biswanath Chariyalli – Itanagar	31st March 2020	8th March'2021 (tentative)
2.	LILO of one circuit of Biswanath Chariali (PG) – Itanagar 132kV DC Line at Gohpur	31st March 2020	8th March'2021 (tentative)
3.	2 nos. 132kV line bays at Itanagar Substation	31st March 2020	8th March'2021 (tentative)
4.	400kV D/C Transmission Line Silchar – Misa	30th Nov'2020	28th Feb'2021 (POSOCO letter yet to be received)
5.	Establishment of 400/132 kV, 2x315 MVA S/s at Surajmaninagar	31st July 2020	6th Jan'2021 (As per provisional charging letter from POSOCO)
6.	Establishment of 400/132 kV, 2x315 MVA S/s at P.K. Bari	31st July 2020	28th Jan'2021 (As per provisional charging letter from POSOCO)
7.	400kV D/C Transmission Line Surajmaninagar – P. K. Bari	31st July 2020	16th Jan'2021 (As per provisional charging letter from POSOCO)
8.	132kV D/C Transmission Line AGTPP (NEEPCO) – P.K. Bari Multicircuit of both 400kV & 132kV	31st March 2020	27th Jan'2021 (As per provisional charging letter from POSOCO)
9.	2 nos. 132kV line bays at NEEPCO Substation	31st March 2020	27th Jan'2021 (As per provisional charging letter from POSOCO)
10.	2 nos. 132kV line bays at PK Bari Substation	31st March 2020	27th Jan'2021 (As per provisional charging letter from POSOCO)

SPGVL, the Main EPC Contractor of NER II Transmission Limited ("the Project") has further subcontracted the works, facility – wise to the following Contractors:

1. M/s. Tata Project Limited – Engineering, Procurement and Construction of following Transmission Lines:

i. 132kV D/C Transmission Line Biswanath Chariyalli – Itanagar
ii. LILO of one circuit of Biswanath Chariali (PG) – Itanagar 132kV DC Line at Gohpur
iii. 400kV D/C Transmission Line Silchar – Misa

2. M/s. Kalpataru Power Transmission Limited – Engineering, Procurement and Construction of following Transmission Lines:
   i. 400kV D/C Transmission Line Surajmaninagar – P. K. Bari
   ii. 400kV D/C Transmission Line Surajmaninagar – P. K. Bari (Multi – Circuit Line)
   iii. 132kV D/C Transmission Line AGTPP (NEEPCO) – P.K. Bari Multicircuit and normal transmission line
3. M/s. GE T&D India Limited – Design, Engineering, Procurement, Supply, Erection, Testing and Commissioning of following elements :
   i. 400/132 kV S/S at Surajmaninagar
   ii. 400/132 kV S/S at P.K. Bari
   iii. Construction of 2 no. of 132 kV line bays at AGTPP generation switchyard
   iv. Construction of 2 no. of line bays at P.K. Bari
   v. Construction of 2 nos. of 132 kV line bays at Itanagar
4. M/s. Sterlite Power Transmission Limited – the LOA was signed on 31st March, 2017, for supply of ACSR Moose, ACSR Zebra and HTLS Conductor (Mischmetal), for 400 kV D/C and 132 kV D/C Transmission Lines.
5. M/s. Apar Industries Limited – The LOA was signed on 8th August, 2017, for supply of ACSR Moose Conductor for 400 kV D/C Transmission Lines.
6. The Supply of OPGW (48 Fires) is under the purview of SPGVL.

Due to reasons beyond the control of Project Company, the execution works are delayed from their respective TSA SCOD, hence Project Company is advised to contractually amend the completion date in the EPC Contract and the sub – contracts as well.

<u>Physical Progress of Substation and Bays –</u>

1. Land
   a. Substation at Surajmaninagar – the entire land requirement of 24.93 acres is acquired. IE opines that the acquired land is adequate for present scope of work including space for future expansion, as indicated in TSA
   b. Substation at PK Bari – the entire land requirement of 20.76 acres is acquired. IE opines that the acquired land is adequate for present scope of work including space for future expansion, as indicated in TSA.
2. Engineering progress – 100% engineering works are complete for all the Substations and Bays for the Project.
3. Procurement Progress – procurement is 100% complete for both the substation and bays construction works.
4. Construction Progress
   a. 400/132 kV Substation at Surajmaninagar – The TSA SCOD date was 31st July, 2020. The works are 100% complete and charged. CEA approval granting the readiness for electrical energization was accorded vide letter dated 1st December, 2020. Provisional charging approval has been granted by POSOCO vide letter dated 6th January, 2021.

b. 400/132 kV Substation at PK Bari – The TSA SCOD date was 31st July, 2020. The works are 100% complete and charged. The CEA inspection was conducted on 12th November, 2020. CEA approval granting the readiness for electrical energization was accorded vide letter dated 1st December, 2020. Provisional charging approval has been granted by POSOCO vide letter dated 28th January, 2021.
c. 2 nos. of Bays at Palatana – as per the understanding between Project Company and ONGC, the updated progress is submitted yearly basis i.e. April month of every year. As on 31st March, 2020, the physical progress as indicated by ONGC was 87.0%. During site visit, IE was informed that CEA inspection was conducted on 13th November, 2020. The element was expected to get commissioned by February, 2021, however, confirmation is still pending from ONGC.
d. 2 nos. of 132 kV Bays at AGTPP (NEEPCO) – The physical progress is 100% complete. The CEA inspection was conducted on 13th November, 2020. CEA approval granting the readiness for electrical energization was accorded vide letter dated 1st December, 2020. Provisional approval for charging of the element was received vide POSOCO letter dated 27th January, 2021.
e. 2 Nos. of Bays at PK Bari (TSECL) –The TSA SCOD was 31st March, 2020. The physical progress is 100% complete. CEA inspection was conducted on 12th November, 2020. CEA approval granting the readiness for electrical energization was accorded vide letter dated 1st December, 2020. Provisional approval for charging of the element was received vide POSOCO letter dated 27th January, 2021.
f. 2 Nos. of 132 kV Bays at Itanagar – The actual progress is 100% complete. The TSA SCOD was 31st March, 2020. IE observes that the works are complete, however, the CEA inspection and 24 hour trial – run test is still pending for the element. The element shall be simultaneously commissioned along with 132 kV BNC to Itanagar Transmission Line i.e. first week of March, 2021.

Physical Progress of Transmission Lines –

1. 132 kV D/C Biswanath Chariyalli – Itanagar and LILO of one circuit of Biswanath Chariali (PG) – Itanagar at Gohpur – the latest physical progress as on 14th February, 2021 vis-à-vis the catch – up plan is indicated below–

Activity	Total Target	Catch – up Plan as on 14/02/2021	Actual % as on 14/02/2021
Enablement	17	17	17
Procurement	100%	100%	100%
Total Foundation (No)	241	241	234
Tower Erection (No.)	241	241	220
Final Stringing (km)	76.35	76.35	64.0
Total Progress		**100%**	**93.49%**

The actual physical progress is 93.49% as against the Catch – up planned progress of 100.0% as on 14th February, 2021.

As informed by the Project Company, all the foundation and tower erection works in the main line (149 nos.) under Assam section is complete.

In the LILO line, all the foundation and tower erection works are complete. Stringing of 8.1 kms is done except the LILO connection of 390 mts.

The Scheduled COD for the above element as per the TSA was 31st March, 2020, however Project Company plans to complete the works by first week of Mar'2021. Due to impact of COVID – 19 and subsequent lockdown, construction works were restricted. Work permit for the gangs in the Arunachal Portion of the BNC – Itanagar line is granted and around 7 foundation, 7 tower erection and 7 stringing gangs are deployed.

Looking into the present physical progress of the element, IE opines that the revised completion schedule of March, 2021 is achievable.

2. 400 kV D/C Silchar – Misa line – the latest physical progress as on 14th Feb'2021 vis-à-vis the catch – up plan is indicated below –

Activity	Total Target	Catch – up Plan as on 14/02/2021	Actual as on 14/02/2021
Enablement	35	35	35
Procurement	100%	100%	100.0%
Total Foundation (No)	487	487	487
Tower Erection (No.)	487	487	487
Final Stringing (km)	178.28	178.28	177.2
Total Progress		**100%**	**99.85%**

The actual progress is 99.85% as against the catch – up plan progress of 100.0% as on 14th Feb'2021. 12 stringing gangs are deployed at site. The TSA SCOD of the element was 30th November, 2020, however, Project Company plans to achieve the commissioning by February, 2021.

3. 132 kV D/C and 400 kV D/C Transmission Line from Surajmaninagar to P.K. Bari (including the Multi – circuit towers) – The transmission line element constitutes of two elements with different SCOD.
   a. 400 kV D/C Surajmaninagar (NERTL Substation) – PK Bari (NERTL Substation) Transmission Line – line length is 77.285 kms. The TSA SCOD is 31/07/2020.
   b. 132 kV D/C AGTPP (NEEPCO) – PK Bari (TSECL) Transmission Line – line length is 83.451 kms. The TSA SCOD is 31/03/2020.

Since both the lines run parallel to each other for major portion of the line length and to reduce on the ROW & Forest area, Project Company decided to implement Multi – circuit towers (MCT), carrying two circuits of 400 kV and two circuits of 132 kV. The brief description of lines is indicated below:

a. 400kV D/C Transmission Line Surajmaninagar – P. K. Bari (Normal Towers) (17.718 kms and around 53 locs)
b. 400kV D/C and 132 kV D/C Transmission Line Surajmaninagar – P. K. Bari (Multi – Circuit Line) (59.567 kms and around 155 locs)
c. 132kV D/C Transmission Line AGTPP (NEEPCO) – P.K. Bari (normal towers) transmission line (23.8 kms and around 80 locs)

The physical progress of the element vis-à-vis the catch – up plan, as on 14th Feb'2021 –

Activity	Total Target	Catch – up Plan as on 14/02/2021	Actual as on 14/02/2021
Enablement	21	21	21
Procurement	100%	100%	100.0%
Total Foundation (No)	289	289	289
Tower Erection (No.)	289	289	289
Final Stringing (km)	101.2	101.2	101.2
Total Progress		**100%**	**100%**

The physical progress is 100% complete. Provisional charging approval has been granted by POSOCO vide letter dated 16th January 2021.

The Scheduled COD for the above element as per the TSA was 31st March, 2020 for 132kV D/C Surajmaninagar – PK Bari Line and July, 2020 for 400kV D/C Surajmaninagar to PK Bari Transmission Line. The delay in element completion from the TSA SCOD, is yet to be intimated to CERC and CEA. The actual acceptance of the events beyond the control of the Project Company, by the CERC and CEA can be determined towards the Project completion.

The overall transmission line construction progress is 98.47% as against the catch up plan construction progress of 100.0% as on 14th February, 2021.

The overall Project Construction progress (including Transmission Lines, Bays and Substations) is 99.38% as against the catch – up plan construction progress of 100%, as on 14th February 2021.

Project Company has received all the critical approvals like under Section – 68, 164, 63 of Electricity Act, 2003, PTCC, Forest Clearance, Civil & Defence Aviation, transmission license etc. for commissioning of the Project.

The Project Cost is Rs 2933.00 crores with debt to equity ratio of 75:25 for around 192.846 kms of 400 kV D/C Transmission Line, 100.68 kms of 132 kV D/C Transmission Lines, 59.573 kms of Multi – circuit Tower Transmission Line, 2 nos. of 400/132 kV Substations at Surajmaninagar and P.K. Bari and 6 nos. of Line Bays.

As per Chartered Accountant's Certificate dated 15th February 2021 provided by the Project Company, LE noted that Project Company has incurred a Project Expenditure of Rs.2696.00 crores till 1st February 2021 which has been met from promoter contribution of Rs. 730.0 crores and Fund Based Loan of Rs.2042.0 crores. Project Company has cash in hand of Rs.76.0 crores as on 1st February 2021.

IE observed that around Rs. 2070.0 crores were incurred towards EPC Cost which is around 93.58% of the estimated EPC budget of Rs. 2212.0 crs, as on 1st February, 2021.

The Total Hard Cost expenditure (i.e. EPC Cost, SPV Acquisition, Land, Statutory expenses, Expenditure on Bays Extension, Forest and ROW) is Rs. 2296.0 crores, which is around 91.84% of the total estimated Hard Cost budget of Rs. 2500.0 crores, as on 1st February 2021.

2. INTRODUCTION

The Government of India, Ministry of Power, vide its Gazette notification No. 2454 dated 17th November, 2015 notified REC Transmission Projects Company Limited as the Bid Process Coordinator (BPC) for the purpose of selection of Bidder as Transmission Service Provider (TSP) to establish Transmission System for NER System Strengthening Scheme – II (Part B) and V (NER – II B & V) through tariff based competitive bidding process.

North Eastern Region II Transmission Limited (NERTL) (hereinafter referred to as “Project Company”) is a Special Purpose Vehicle incorporated for establishing Transmission System Strengthening in NE on Build, Own, Operate and Maintain basis and to provide transmission service on a long term basis to the Long Term Transmission Customers (LTTCs).

Bid evaluation Committee, vide its letter dated 22nd February, 2017 issued by Ministry of Power, Govt. of India selected M/s. Sterlite Grid 4 Limited as the successful bidder as the TSP.

Indigrid Trust (IT) has appointed Tractebel Engineering Pvt. Ltd. as Independent Engineer (IE) to undertake Technical Due Diligence study for the above mentioned Transmission System Project.

2.1. Definitions

Project	:	North Eastern Region II Transmission Limited
Client	:	IndiGrid Trust
Project Company	:	Sterlite Grid 4 Limited (SGL 4)
Independent Engineer	:	Tractebel Engineering Pvt. Ltd.

2.2. Scope of Services

The scope of services includes Technical Due Diligence of North Eastern Region II Transmission Limited (NERTL)

2.3. Basis of Report

Based on the scope of service, IE has prepared this Technical Due Diligence Report based on site visit from 20th to 23rd November, 2020, discussion with site personnel and the documents/ information furnished by the Project Company.

Following are the documents received by the Project Company:

- Latest Project Physical Progress as on 14th February, 2021.
- Material Supply Status as on 14th February, 2021.
- Status of Permits & Clearances
- CA Certificate indicating Project Expenditures till 1st February, 2021.

DISCLAIMER

Purpose, Authorized Use and User, Liability

IE has made no search of any public records nor independently validated the information provided by Project Company with any external source, and save for the reviewed documents listed above, IE has not examined any other documents relating to the matters of the Project Company for the purpose of this Report.

*IE's findings are strictly limited to the matters stated herein and is not to be read as extending by implication to any other matter. It is given as on the date of writing this Report solely for the benefit of, and disclosure to India Grid, IndiGrid Investment Managers Limited (formerly Sterlite Investment Managers Limited) (the "**Investment Manager**"), the Project Company, the investors and may not be disclosed to or relied upon by anyone else without IE's prior consent, provided that, this opinion may be disclosed to the auditors or any professional advisors of any of the Addressees or to any regulatory authority (as may be required by such regulatory authority) or otherwise pursuant to a court order or legal process. The IE hereby consents the use and inclusion of this Report in the letter of offer or any other material in relation to the proposed rights issue of India Grid Trust, in accordance with applicable law, including the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 read with the guidelines, circulars and notifications issued thereunder.*

IE categorically disclaims all responsibility and liability for any indirect, special, consequential or incidental damage, loss or costs or loss of profit, goodwill or business arising from anything done or omitted to be done by any party in reliance, whether wholly or partially, on any of the information contained in this Report.

The use of this Report by a party other than India Grid Trust, the Investment Manager, the Project Company or the investors is strictly prohibited and the IE disclaims all responsibility and liability whatsoever in regard thereto and resulting therefrom.

3. GENERAL DESCRIPTION OF PROJECT

The TSP i.e. North Eastern Region II Transmission Limited (NERTL), is required to establish the following transmission system for “Transmission System Strengthening in ER (hereinafter referred to as 'Project') on build, own, operate and maintain basis and to provide transmission service on a long term basis to the Long Term Transmission Customers (LTTCs).

The detail Scope of Works along with the SCOD as per the TSA is indicated below–

S. No.	Name of Transmission Element	Scheduled COD in months from effective Date	Percentage of Quoted Transmission Charges recoverable on Scheduled COD of the Element of the Project	Element(s) which are pre – required for declaring the COD of respective elements
		NERSS – II (Part – B)		
1.	Biswanath Chariyalli (PGCIL) – Itanagar 132 kV D/C (Zebra Conductor) line	36 months (31/03/2020)	3.38%	Elements at Sl. No. 1 & 2 are required simultaneously
2.	2 nos. 132 kV Line bays at Itanagar for termination of Biswanath Chariyalli (PGCIL) – Itanagar	36 months (31/03/2020)	0.49%	Elements at Sl. No. 1 & 2 are required simultaneously
3.	LILO of one circuit of Biswanath Chariyalli (PGCIL) – Itanagar 132 kV D/C	36 months (31/03/2020)	0.29	After commissioning of elements at Sl. 1 & 2
4.	Silchar (PGCIL) – Misa (PGCIL) 400 kV D/C (Quad) line	44 months (30/11/2020)	53.67%	Nil
		NERSS – V		
5.	400/132 kV, 7X105 MVA S/S at Surajmaninagar	40 months (31/07/2020)	8.28 %	Elements at Sl. No. 5, 6, 7 & 8 are required simultaneously
6.	400/132 kV, 7X105 MVA S/S at P.K. Bari	40 months (31/07/2020)	8.28 %	Elements at Sl. No. 5,6,7 & 8 are required simultaneously
7.	Surajmaninagar – P K Bari 400 kV D/C line	40 months (31/07/2020)	17.38 %	Elements at Sl. No. 5,6,7 & 8 are required simultaneously
8.	2 nos. of 400 kV line bays at Palatana GBPP switchyard for termination of Palatana – Surajmaninagar 400 kV D/C line	40 months (31/07/2020)	1.51 %	Elements at Sl. No. 5,6,7 & 8 are required simultaneously
9.	AGTPP (NEEPCO) – P K Bari (TSECL) 132 kV D/C line with high Capacity HTLS conductor	36 months (31/03/2020)	5.74 %	Elements at Sl. No. 9, 10 & 11 are required simultaneously

S. No.	Name of Transmission Element	Scheduled COD in months from effective Date	Percentage of Quoted Transmission Charges recoverable on Scheduled COD of the Element of the Project	Element(s) which are pre – required for declaring the COD of respective elements
10.	2 no. of 132 kV line bays at AGTPP generation switchyard for termination of AGTPP (NEEPCO) – P K Bari (TSECL) 132 kV D/C line	36 months (31/03/2020)	0.49%	Elements at Sl. No. 9, 10 & 11 are required simultaneously
11.	2 no. of 132 kV line bays at P K Bari (TSECL) S/S for termination of AGTPP (NEEPCO) – P K Bari (TSECL) 132 kV D/C line	36 months (31/03/2020)	0.49%	Elements at Sl. No. 9, 10 & 11 are required simultaneously

Key Details of the Project is shown in the table below:

Particulars	:	Details
Effective Date as per TSA	:	31st March, 2017
SCOD of the Project	:	44 months from the effective date i.e. 30th November, 2020
Scope	:	✓ 132kV D/C Transmission Line Biswanath Chariyalli – Itanagar (67.46 kms) ✓ LILO of one circuit of Biswanath Chariali (PG) – Itanagar 132kV DC Line at Gohpur (8.49 kms) ✓ 400kV D/C Transmission Line Silchar – Misa (178.28 kms) ✓ 400kV D/C Transmission Line Surajmaninagar – P. K. Bari (17.72 kms) ✓ 400kV & 132 kV D/C Transmission Line Surajmaninagar – P. K. Bari (through Multi – Circuit Line) (59.57 kms) ✓ 132kV D/C Transmission Line AGTPP (NEEPCO) – P.K. Bari Multicircuit and normal transmission line (23.8 kms) ✓ 2 nos. of 400/132 kV Substations at Surajmaninagar and P.K. Bari ✓ 6 nos. of Line Bays (2nos. at Itanagar, 2 nos. at NEEPCO and 2 nos. at P.K Bari)
Transmission Service Agreement Signed Date	:	27th December, 2016
Share Purchase Agreement Signed Date	:	31st March, 2017
EPC Contract Signed date	:	26th September, 2017

3.1. Transmission and Sale of Power

The project has been awarded under tariff – based competitive bidding process wherein annual tariffs have been quoted for the next 35 years. NERTL, the TSP has signed the Transmission Service Agreements ("TSA") with 7 nos. of the Long Term Transmission Customers (LTTCs), indicated below:

S. No.	Name of Long Term Transmission Customers	Allocated Project Capacity
1.	Assam Power Distribution Company Limited (APDCL)	48.99%
2.	Tripura State Electricity Corporation Limited (TSECL)	13.70%
3.	Meghalaya Power Distribution Corporation Limited	11.10%
4.	Manipur State Power Distribution Corporation Limited	8.56%
5.	Department of Power, Govt. of Arunachal Pradesh	7.13%
6.	Department of Power, Government of Nagaland	5.86%
7.	Power & Electricity Department, Govt. of Mizoram	4.66%

The schedule COD of the overall Project as per TSA is 44 months from the Effective Date. Hence, considering 44 months from 31st March, 2017 the SCOD for the Project was 30th November, 2020.

Due to events beyond the control of the Project Company, as stated below, consequently delayed the execution works. As per the actual progress status, all the Elements are yet to achieve electrical & mechanical completion. Project Company has intimated the LTTCs time and again, regarding the Force Majeure events as per Article 11.5 of TSA, indicating the below mentioned reasons –

1. ***Delay in allotment of Government Land for 400/132 kV Substations at PK Bari and Surajmaninagar***
2. ***Stoppage of Construction works due to protest against CAA in North – Eastern India***
3. ***Delay of NOC from Airport Authority of India for 132 kV Biswanath Chariyalli to Itanagar Transmission Line***
4. ***Delay in receipt of Forest Clearance for 400 kV Silchar – Misa Line, 400 kV Multi circuit Transmission Line from Surjamaninagar – PK Bari and 132 kV D/C AGTPP (NEEPCO) – PK Bari (TSECL) Transmission Line.***

Letter from Ministry of Power –

As per the Ministry of Power Letter dated 27th July, 2020, all inter – state transmission projects, which were under construction as on date of lock – down i.e. 25th March, 2020, shall get an extension of 5 months in respect of SCOD. This order shall not apply to those projects, whose SCOD date was prior to 25th March, 2020.

IE opines that the actual acceptance of the delay or extension of COD by CERC, can be ascertained after the Project Completion based on the petition filed by the Project Company.

3.2. Status of Upstream and Downstream Elements of the Project

S. No.	Name of Transmission Element	Upstream Element Status	Downstream Element Status
1.	Biswanath Chariyalli (PGCIL) – Itanagar 132 kV D/C (Zebra Conductor) line	Biswanath Chariyalli Substation (PGCIL) **Operational**	2 nos. 132 kV Line bays at Itanagar (NERTL) **Ready**
2.	2 nos. 132 kV Line bays at Itanagar for termination of Biswanath Chariyalli (PGCIL) – Itanagar	Biswanath Chariyalli– Itanagar 132 kV D/C line **(NERTL) Expected by Mar'2021**	Itanagar 132 kV Substation **Operational**
3.	LILO of one circuit of Biswanath Chariyalli (PGCIL) – Itanagar 132 kV D/C Line	Biswanath Chariyalli– Itanagar 132 kV D/C line **(NERTL) Expected by Mar'2021**	132 kV Gohpur Substation **Under Construction and 24 months delay**
4.	Silchar (PGCIL) – Misa (PGCIL) 400 kV D/C (Quad) line	Silchar (PGCIL) Substation Bays **Ready**	Misa (PGCIL) Substation Bays **Ready**
5.	400/132 kV, 7X105 MVA S/S at Surajmaninagar	Palatana – Surajmaninagar 400 kV D/C line (PGCIL) **Under Construction Expected in March 2021 (CEA website)**	Surajmaninagar – P K Bari 400 kV D/C line (NERTL) **Physically complete (January, 2021)**
6.	400/132 kV, 7X105 MVA S/S at P.K. Bari (NTL)	Surajmaninagar – P K Bari 400 kV D/C line (NERTL) **Physically complete (January, 2021)**	P K Bari – Silchar Transmission line (PGCIL) **Under Construction Expected in March'21**
7.	Surajmaninagar – P K Bari 400 kV D/C line	400/132 kV, 7X105 MVA S/S at Surajmaninagar (NERTL) **Physically Complete (January, 2021)**	400/132 kV, 7X105 MVA S/S at P.K. Bari (NERTL) **Physically Complete (January, 2021)**
8.	2 nos. of 400 kV line bays at Palatana GBPP switchyard for termination of Palatana – Surajmaninagar 400 kV D/C line	Palatana GBPP switchyard **Under Operation**	Palatana – Surajmaninagar 400 kV D/C line (PGCIL) **Under Construction Expected in March 2021 (CEA website)**
9.	AGTPP (NEEPCO) – P K Bari (TSECL) 132 kV D/C line with high Capacity HTLS conductor	2 no. of 132 kV line bays at AGTPP **Ready**	P K Bari (TSECL) 132 kV substation Bays (NERTL) **Ready**
10.	2 no. of 132 kV line bays at AGTPP generation switchyard for termination of AGTPP (NEEPCO) – P K Bari (TSECL) 132 kV D/C line	AGTPP (NEEPCO) switchyard **Operational**	AGTPP (NEEPCO) – P K Bari (TSECL) 132 kV D/C line (NERTL) **Physically Complete (January, 2021)**
11.	2 no. of 132 kV line bays at P K Bari (TSECL) S/S for termination of AGTPP (NEEPCO) – P K Bari (TSECL) 132 kV D/C line	AGTPP (NEEPCO) – P K Bari (TSECL) 132 kV D/C line (NERTL) **Physically Complete (January, 2021)**	P K Bari (TSECL) S/S **Under Operation**

Status of construction progress of the upstream and downstream elements of the Project –

- ✓ Palatana – Surajamaninagar 400 kV D/C Line – original line length was 2 Ckt KM which shall connect the new 400 kV Palatana Bays to New Surajamaninagar substation. The line extension work is under progress and is expected to get complete by March'2021 as per the CEA status update. The line length is revised to 11kms with around 42 tower locations. The EPC contractor is Unique Structures Tower Limited. As informed by the PGCIL personnel, the entire foundation works were complete within a month's time. Tower erection and stringing works are yet to start. PGCIL plans to complete the works by March, 2021. Proposals for all the permits & clearance are submitted. The permits & approval process for PGCIL assets does not take much time.
- ✓ P K Bari – Silchar line 400 kV D/C Line – original line length was 6 Ckt KM which seems to be connecting the existing & operating 400 kV line to New P.K Bari substation. The line length is revised to 8 kms with 35 tower locations. The EPC contractor is Sterling & Wilson. As per the information collected from site, PGCIL plans to complete the works by March, 2021.
- ✓ The Bays at Silchar substation for P K Bari – Silchar 400 kV D/C Line is operational
- ✓ 2X400 kV GIS bays at both Misa S/S and Silchar S/S for termination of 400 kV Misa – Silchar line under NERSS – IIB project is complete.
- ✓ 2X132 kV Line bays at Biswanath Chariali for termination of 132 kV Itanagar – Biswanath Chariali line under NERSS – II B project was anticipated to get complete by July, 2020 as per the 167th OCC (North – Eastern Region Power Committee) meeting held on 19th June, 2020. As on 14th Feb, 2021, the bays are ready.

3.3. Technical Feasibility for achieving SCOD – (Power flow capability)

Based on the above status, IE is of the view that NERTL still can complete following elements and declare Deemed COD

- ✓ LILO of one circuit of Biswanath Chariyalli (PGCIL) – Itanagar 132 kV D/C as the terminating Gohpur substation is presently delayed by 24 months.
- ✓ 400 kV D/C Transmission Line from Surajmaninagar (New Substation) to P K Bari (New Substation)
- ✓ 400/132 kV Substation at Surajmaninagar
- ✓ 400/132 kV Substation at P.K. Bari.

Nevertheless, charging and power flow can happen only after completion of Gohpur substation, Palatana – Surajmaninagar 400 kV D/C line and P K Bari – Silchar 400 kV D/C line respectively. The revenue impact is 35.74% of total Transmission charges for the project. NERTL needs to file petition with CERC post deemed COD of these elements to receive payment from the respective LTCCs.

As per Tripura State Electricity Corporation Limited (TSECL) letter dated 21st August, 2020, it is stated that, the Government of Tripura has accorded permission to the proposal of NER – II Transmission Ltd. for implementation of following 132 kV interconnection elements and NER – II Transmission Limited is hereby allowed to execute the same on behalf of TSECL without seeking any cost re – imbursement from TSECL for utilisation of the under implementation 400/132 kV TBCB sub – stations at Surajmaninagar and P.K. Bari –

i. 132 kV S/C Ambassa to P.K. Bari line (TSECL) to be LILOed at TBCB sub – station P.K. Bari (2.5 kms approximate length)
ii. One circuit of 132 kV D/C line from Surajmaninagar to Bodhjungnagar to be LILOed at TBCB sub – station Surajmaninagar (5.5 kms approximate length)

The proposed 2 nos. LILO connection would be part of Intra – State Transmission System and NER – II Transmission Limited will only construct the lines on behalf of TSECL. The implementation of the 132kV downstream inter – connecting lines by NER – II Transmission Limited on behalf of TSECL is supposed to match with the Commercial Operation Date (COD) of transmission system (400/132 kV TBCB sub – stations at Surajmaninagar and P.K. Bari) of NERSS – V (Part B) scheme under the scope of NER – II Transmission Limited.

IE opines that the contingency arrangement under the purview of TSECL which is being executed by NER – II Transmission Limited, shall help the commissioning and trail – run operation of the Elements 5, 6 and 7 of the Transmission Project. The scheme is also notified to CEA and does not require any further approval/ acceptance as on date. With a similar experience in the past for NRSS – 29 Transmission Limited (400 kV D/C Jalandhar – Samba Transmission Line), IE opines that the above alternate option for commissioning of the elements of NER – II Transmission Limited should be accepted. Since the scheme is already notified to CEA hence does not require any further approval/ acceptance as on date.

The physical progress for the LILO lines as on 14th February 2021 –

Activity		Surajmaninagar LILO				PK Bari LILO			
		Scope	Completed	WIP	Gangs	Scope	Completed	WIP	Gangs
Foundation	Nos.	20	20	-	-	13	13	-	-
Erection	Nos.	20	20	-	-	13	13	-	-
Final Sag - Stringing	Km	5.19	5.19	-	-	2.97	2.97	-	-

NERTL can get the POSOCO Certificates of successful completion of trail – run operation for the following elements, without the dependency of completion of upstream and downstream elements :-

✓ 400 kV D/C Transmission Line from Silchar to Misa.
✓ 132 kV D/C Transmission Line from Biswanath Chariali to Itanagar
✓ 2 no. of Bays seach at AGTPP (NEEPCO), P.K. Bari and Itanagar

3.4. EPC Contract

NER – II Transmission Limited has signed the EPC Contract for design, engineering, manufacturing, supply, construction, erection, testing, commissioning works for the entire Project with M/s. Sterlite Power Grid Ventures Limited vide agreement dated 26th September, 2017.

The effective date of the Contract is 26th September, 2017, and the completion date for each of the element is indicated below:

S. No.	Name of Element	Completion Date/ SCOD	Revised Completion Date
1.	132kV D/C Transmission Line Biswanath Chariyalli – Itanagar	31st March 2020	8th March'2021 (tentative)
2.	LILO of one circuit of Biswanath Chariali (PG) – Itanagar 132kV DC Line at Gohpur	31st March 2020	8th March'2021 (tentative)
3.	2 nos. 132kV line bays at Itanagar Substation	31st March 2020	8th March'2021 (tentative)
4.	400kV D/C Transmission Line Silchar – Misa	30th Nov'2020	28th Feb'2021 (POSOCO letter yet to be received)
5.	Establishment of 400/132 kV, 2x315 MVA S/s at Surajmaninagar	31st July 2020	6th Jan'2021 (As per provisional charging letter from POSOCO)
6.	Establishment of 400/132 kV, 2x315 MVA S/s at P.K. Bari	31st July 2020	28th Jan'2021 (As per provisional charging letter from POSOCO)
7.	400kV D/C Transmission Line Surajmaninagar – P. K. Bari	31st July 2020	16th Jan'2021 (As per provisional charging letter from POSOCO)
8.	132kV D/C Transmission Line AGTPP (NEEPCO) – P.K. Bari Multicircuit of both 400kV & 132kV	31st March 2020	27th Jan'2021 (As per provisional charging letter from POSOCO)
9.	2 nos. 132kV line bays at NEEPCO Substation	31st March 2020	27th Jan'2021 (As per provisional charging letter from POSOCO)
10.	2 nos. 132kV line bays at PK Bari Substation	31st March 2020	27th Jan'2021 (As per provisional charging letter from POSOCO)

SPGVL, the Main EPC Contractor of NER II Transmission Limited ("the Project") has further subcontracted the works, facility – wise to the following Contractors:

1. M/s. Tata Project Limited – Engineering, Procurement and Construction of following Transmission Lines:
   i. 132kV D/C Transmission Line Biswanath Chariyalli – Itanagar
   ii. LILO of one circuit of Biswanath Chariali (PG) – Itanagar 132kV DC Line at Gohpur

iii. 400kV D/C Transmission Line Silchar – Misa vacancy

The LOA was signed on 6th October, 2017, which is also the effective date of the Contract.

2. M/s. Kalpataru Power Transmission Limited – Engineering, Procurement and Construction of following Transmission Lines:
   i. 400kV D/C Transmission Line Surajmaninagar – P. K. Bari
   ii. 400kV D/C Transmission Line Surajmaninagar – P. K. Bari (Multi – Circuit Line)
   iii. 132kV D/C Transmission Line AGTPP (NEEPCO) – P.K. Bari Multicircuit and normal transmission line

The LOA was signed on 4th December, 2017, which is also the effective date of the Contract.

3. M/s. GE T&D India Limited – Design, Engineering, Procurement, Supply, Erection, Testing and Commissioning of following elements :
   i. 400/132 kV S/S at Surajmaninagar
   ii. 400/132 kV S/S at P.K. Bari
   iii. Construction of 2 no. of 132 kV line bays at AGTPP generation switchyard
   iv. Construction of 2 no. of line bays at P.K. Bari
   v. Construction of 2 nos. of 132 kV line bays at Itanagar

The LOA was signed on 8th December, 2017, which is also the effective date of the Contract.

4. M/s. Sterlite Power Transmission Limited – the LOA was signed on 31st March, 2017, for supply of ACSR Moose, ACSR Zebra and HTLS Conductor (Mischmetal), for 400 kV D/C and 132 kV D/C Transmission Lines.
5. M/s. Apar Industries Limited – The LOA was signed on 8th August, 2017, for supply of ACSR Moose Conductor for 400 kV D/C Transmission Lines.

Due to reasons beyond the control of Project Company, the execution works are delayed from their respective TSA SCOD, hence Project Company is advised to contractually amend the completion date in the EPC Contract and the sub – contracts as well.

4. ENGINEERING, PROCUREMENT AND CONSTRUCTION

As per the documents furnished by the Project Company, the status of Engineering, Procurement & Construction (EPC) activities being carried out by NER II through EPC Package for transmission lines have been discussed under the following heads –

4.1. Engineering

The engineering, drawing and design status of different types of foundations and Towers for all the 5 Transmission line elements, Bays and Substations is 100% complete.

4.2. Procurement and Supply of Materials

Procurement of materials is 100% complete for the project as on 14th February, 2021.

4.3. Construction and Erection Works

The construction progress is reviewed against the planned progress as per the catch – up plan shared by the Project Company vide email dated 9th July, 2020. The catch – up plan incorporates that impact of COVID – 19 crisis.

As discussed with the Project Company, IE considers the following weightages (activity – wise) to calculate the physical progress of the Transmission Lines –

1. Enablement – 20% (towards obtaining permits and clearances etc)
2. Procurement – 10%
3. Foundation – 25%
4. Erection – 20%
5. Stringing – 25%

The detail construction progress, element – wise is discussed below –

4.3.1. Physical Progress of Biswanath Chariyalli – Itanagar and LILO of 132 kV D/C Transmission Line

The estimated line length of 132 kV D/C BNC – to Itanagar was 67.46 kms which is now revised to 67.86 kms. The increase in line length is as per the recommendation from upcoming Hollongi Airport in Arunachal Pradesh, based on which the Civil Aviation is granted. There is increase in tower locations from 202 nos. to 211 nos. The line length for 132 kV D/C LILO at Gohpur is 8.487 kms with 30 nos. tower locations.

The total line length has 27.053 kms of forest land, 38.772 kms of non – forest and around 10.135 kms of Tea – estates.

The physical progress of the line when compared with the catch – up plan, as on 14th February, 2021 is indicated below –

Activity	Total Target	Catch – up Plan as on 14/02/2021	Actual % as on 14/02/2021
Enablement	17	17	17
Procurement	100%	100%	100%
Total Foundation (No)	241	241	234
Tower Erection (No.)	241	241	220
Final Stringing (km)	76.35	76.35	64.0
Total Progress		**100%**	**93.49%**

The actual physical progress is 93.49% as against the Catch – up planned progress of 100.0% as on 14th February, 2021.

As informed by the Project Company, all the foundation and tower erection works in the main line (149 nos.) under Assam section is complete.

In the LILO line, all the foundation and tower erection works are complete. Stringing of 8.1 kms is done except the LILO connection of 390 mts.

The Scheduled COD for the above element as per the TSA was 31st March, 2020, however Project Company plans to complete the works by first week of Mar'2021. Due to impact of COVID – 19 and subsequent lockdown, construction works were restricted. Work permit for the gangs in the Arunachal Portion of the BNC – Itanagar line is granted and around 7 foundation, 7 tower erection and 7 stringing gangs are deployed.

Looking into the present physical progress of the element, IE opines that the revised completion schedule of March, 2021 is achievable.

Status of permits & approvals is indicated below –

S. No	Description	Status
1.	Powerline Crossing – 3 nos.	Received for all
2.	Railway Crossings – 2 nos.	Received for all
3.	NH crossing – 2 nos.	Received for both
4.	Civil Aviation	As per the minutes of meeting of the Appellate Committee dated 15th September, 2020, the Civil aviation approval is granted for the pending 8 locations in Arunachal Pradesh section.
5.	Defence Aviation	Received
6.	PTCC	Received vide letter dt. 11th November, 2019.

From the above table, IE notes that Project Company has received all the critical approvals required for execution and commissioning of the element.

4.3.2. Physical Progress of 400 kV D/C Silchar – Misa Line

The estimated Line length is 178.28 kms, and check survey is complete for the entire route length. Around 489 locs. were earlier anticipated which is now changed to 487.

The physical progress of the element vis-à-vis the catch – up plan, as on 14th February, 2021 –

Activity	Total Target	Catch – up Plan as on 14/02/2021	Actual as on 14/02/2021
Enablement	35	35	35
Procurement	100%	100%	100.0%
Total Foundation (No)	487	487	487
Tower Erection (No.)	487	487	487
Final Stringing (km)	178.28	178.28	177.2
Total Progress		**100%**	**99.85%**

The actual progress is 99.85% as against the catch – up plan progress of 100.0% as on 14th Feb'2021. 12 stringing gangs are deployed at site. The TSA SCOD of the element was 30th November, 2020, however, Project Company plans to achieve the commissioning by February, 2021.

Following is the status of permits & clearances for the element –

S. No	Description	Status
1.	Powerline Crossing – 19 nos.	NOC received for all.
2.	Railway Crossings – 4 nos.	NOC is received for all
3.	NH crossing – 4 nos.	Received for all
4.	Civil Aviation	Received
5.	Defence Aviation	Received
6.	PTCC	Received

From the above table, IE opines that Project Company has received all the critical approvals required for execution and commissioning of the element.

IE visited the following locations on 21st & 22nd of November, 2020 –

1. AP7A/0 to AP 10 – stringing works in progress
2. AP 11 to AP11A – stringing work in progress
3. AP 12/0 – tower erection is complete
4. AP13/1 – the ROW location. Foundation work in progress. Casting is complete for three legs. Casting is under progress for the fourth pit.

5. AP 14 & AP 15 – Tower erection is complete
6. AP 16/0 – the ROW location. Foundation complete
7. AP16A/0 – Tower erection is complete.
8. AP17/0 – Tower erection is under progress.
9. Locations 18/0 to 22/0 – tower erection is complete
10. AP 25/0 – foundation complete. Tower erection is planned in 7 days
11. Location 26/1 – Tower erection in progress
12. AP 27/0 – tower erection in progress
13. Location 27/2 – tower erection in progress
14. AP 28/0 – tower erection in progress
15. AP 72/0 – foundation is complete. Tower erection under progress
16. AP 73/0 – tower erection has just started
17. AP 65/0 – tower erection under progress.
18. AP 66/0 & 67/0 – tower erection is complete
19. AP 61A/0 to AP 62/0 – stringing works under progress
20. AP72/0 – tower erection have just started
21. AP 73/0 – tower erection under progress.

Based on the site visit assessment, IE observed that adequate gangs (for foundation, tower erection and stringing works) were deployed in all the pending locations of Silchar side. IE did not observe any right of way (RoW) issues at site. Obtaining RoW permission is a continuous process till stringing work is complete and Project Company needs to pursue with different stakeholders.

4.3.3. Physical progress of Surajmaninagar to P.K. Bari Line

During the RFP stage, two different lines were envisaged, first 400 kV D/C Twin Line from Surajmaninagar to P. K. Bari and another 132 kV D/C AGTPP (NEEPCO) to P. K. Bari (TSECL), since both the lines run parallel to each other for major portion of the line length and to reduce on the ROW area, Project Company decided to implement Multi – circuit towers (MCT), carrying two circuits of 400 kV and two circuits of 132 kV. The same has been approved by CEA vide letter dated 8th August, 2017. The brief description of lines is indicated below:

i. 400kV D/C Transmission Line Surajmaninagar – P. K. Bari (Normal Towers) (17.718 kms and around 53 locs)
ii. 400kV D/C and 132 kV D/C Transmission Line Surajmaninagar – P. K. Bari (Multi – Circuit Line) (59.573 kms and around 155 locs)
iii. 132kV D/C Transmission Line AGTPP (NEEPCO) – P.K. Bari (normal towers) transmission line (23.8 kms and around 80 locs)

The physical progress of the element vis-à-vis the catch – up plan, as on 14th February 2021 –

Activity	Total Target	Catch – up Plan as on 14/02/2021	Actual as on 14/02/2021
Enablement	21	21	21
Procurement	100%	100%	100.0%
Total Foundation (No)	289	289	289
Tower Erection (No.)	289	289	289
Final Stringing (km)	101.2	101.2	101.2

Activity	Total Target	Catch – up Plan as on 14/02/2021	Actual as on 14/02/2021
Total Progress		**100%**	**100%**

The physical progress is 100% complete. Provisional charging approval has been granted by POSOCO vide letter dated 16th January 2021.

The Scheduled COD for the above element as per the TSA was 31st March, 2020 for 132kV D/C Surajmaninagar – PK Bari Line and July, 2020 for 400kV D/C Surajmaninagar to PK Bari Transmission Line. The delay in element completion from the TSA SCOD, is yet to be intimated to CERC and CEA. The actual acceptance of the events beyond the control of the Project Company, by the CERC and CEA can be determined towards the Project completion.

Status of permits & approvals as on 14th February, 2021 is indicated below –

S. No	Description	Status
1.	Powerline Crossing – 8 nos.	NOC received for all
2.	Railway Crossings – 1 no.	Received
3.	NH crossing – 1 nos.	Received
4.	Civil Aviation	Received
5.	Defence Aviation	Received
6.	PTCC	Received

IE opines that Project Company has received all the critical approvals required for execution and commissioning of the element.

IE visited the following location on 21st November, 2020 –

1. Location 30/0 – the last location of the transmission line system. Foundation works were under progress. Casting was complete for three legs and dewatering and boulder filling was under progress for the fourth leg.

4.3.4. 400/132 kV, 7X105 MVA S/s at Surajmaninagar

As per the substation plot plan and as informed by the Project Company, around 24.93 acres of land is acquired for Surajmaninagar S/s. As per the plot plan furnished by the Project Company, IE opines that the acquired land is adequate for present scope of work including space for future expansion, as indicated in TSA. The soil investigation, design and engineering works are complete.

The physical progress of the element vis-à-vis the catch – up plan, as on 14th February, 2021 –

Activity	Catch – up Plan % as on 14/02/2021	Actual % as on 14/02/2021
Engineering	100%	100.00%

Activity	Catch – up Plan % as on 14/02/2021	Actual % as on 14/02/2021
Procurement	100%	100.0%
Civil work	100%	100.0%
Erection work	100%	100.0%
Total Progress	**100%**	**100.0%**

The TSA SCOD date was 31st July, 2020. The works are 100% complete and charged. CEA approval granting the readiness for electrical energization was accorded vide letter dated 1st December, 2020. Provisional charging approval has been granted by POSOCO vide letter dated 6th January, 2021*.*

The delay in element completion from the TSA SCOD of July, 2020, is yet to be intimated to CERC and CEA. The actual acceptance of the events beyond the control of the Project Company can be ascertained by the CERC and CEA after the Project Completion based on the petitions filed by Project Company.

4.3.5. 400/132 kV, 7X105 MVA S/s at P.K. Bari

As per the substation plot plan and as informed by the Project Company, around 20.76 acres of Land is acquired for P.K. Bari S/s. As per the plot plan furnished by the Project Company, IE opines that the acquired land is adequate for present scope of work including space for future expansion, as indicated in TSA. The soil investigation, design and engineering works are complete.

The physical progress of the element vis-à-vis the catch – up plan, as on 14th February, 2021 –

Activity	Catch – up Plan % as on 14/02/2021	Actual % as on 14/02/2021
Engineering	100%	100.00%
Procurement	100%	100.0%
Civil work	100%	100%
Erection work	100%	100%
Total Progress	**100%**	**100%**

The TSA SCOD date was 31st July, 2020. The works are 100% complete and charged. The CEA inspection was conducted on 12th November, 2020. CEA approval granting the readiness for electrical energization was accorded vide letter dated 1st December, 2020. Provisional charging approval has been granted by POSOCO vide letter dated 28th January, 2021.

The delay in element completion from the TSA SCOD of July, 2020, is yet to be intimated to CERC and CEA. The actual acceptance of the events beyond the control of the Project Company can be ascertained by the CERC and CEA after the Project Completion based on the petitions filed by Project Company.

4.3.6. 2 Nos. of 132 kV Bays at AGTPP (NEEPCO)

The space for construction of Bays has been allocated to NER – II Transmission Limited. The Land development and grading works are complete. The physical progress is 100% complete. The CEA inspection was conducted on 13th November, 2020. CEA approval granting the readiness for electrical energization was accorded vide letter dated 1st December, 2020. Provisional approval for charging of the element was received vide POSOCO letter dated 27th January, 2021.

4.3.7. 2 Nos. of 132 kV Bays at P.K. Bari (TSECL)

The space for construction of Bays has been allocated to NER – II Transmission Limited. The Land development and grading works are complete. The TSA SCOD was 31st March, 2020. The physical progress is 100% complete. CEA inspection was conducted on 12th November, 2020. CEA approval granting the readiness for electrical energization was accorded vide letter dated 1st December, 2020. Provisional approval for charging of the element was received vide POSOCO letter dated 27th January, 2021.

4.3.8. 2 Nos. of 132 kV Bays at Itanagar

The space for construction of Bays is allocated to NER – II Transmission Ltd. The land development works are complete. The actual progress is 100% complete. The TSA SCOD was 31st March, 2020. ***IE observes that the works are complete, however, the CEA inspection and 24 hour trial – run test is still pending for the element. The element shall be simultaneously commissioned along with 132 kV BNC to Itanagar Transmission Line i.e. first week of March, 2021.***

4.3.9. 2 nos. of Bays at Palatana

As per the understanding between Project Company and ONGC, the updated progress is submitted yearly basis i.e. April month of every year. As on 31st March, 2020, the physical progress as indicated by ONGC was 87.0%. During site visit, IE was informed that CEA inspection was conducted on 13th November, 2020. The element was expected to get commissioned by February, 2021, however, confirmation is still pending from ONGC.

4.4. Overall Observation

The overall transmission line construction progress is 98.47% as against the catch up plan construction progress of 100.0% as on 14th February, 2021.

The overall Project Construction progress (including Transmission Lines, Bays and Substations) is 99.38% as against the catch – up plan construction progress of 100%, as on 14th February 2021.

As per the Catch – up plan, element -wise revised COD is indicated below –

S. No.	Name of Element	Completion Date/ SCOD	Revised Completion Date
1.	132kV D/C Transmission Line Biswanath Chariyalli – Itanagar	31st March 2020	8th March'2021 (tentative)
2.	LILO of one circuit of Biswanath Chariali (PG) – Itanagar 132kV DC Line at Gohpur	31st March 2020	8th March'2021 (tentative)
3.	2 nos. 132kV line bays at Itanagar Substation	31st March 2020	8th March'2021 (tentative)
4.	400kV D/C Transmission Line Silchar – Misa	30th November 2020	28th Feb'2021 (POSOCO letter yet to be received)
5.	Establishment of 400/132 kV, 2x315 MVA S/s at Surajmaninagar	31st July 2020	6th Jan'2021 (As per provisional charging letter from POSOCO)
6.	Establishment of 400/132 kV, 2x315 MVA S/s at P.K. Bari	31st July 2020	28th Jan'2021 (As per provisional charging letter from POSOCO)
7.	400kV D/C Transmission Line Surajmaninagar – P. K. Bari	31st July 2020	16th Jan'2021 (As per provisional charging letter from POSOCO)
8.	132kV D/C Transmission Line AGTPP (NEEPCO) – P.K. Bari Multicircuit of both 400kV & 132kV	31st March 2020	27th Jan'2021 (As per provisional charging letter from POSOCO)
9.	2 nos. 132kV line bays at NEEPCO Substation	31st March 2020	27th Jan'2021 (As per provisional charging letter from POSOCO)
10.	2 nos. 132kV line bays at PK Bari Substation	31st March 2020	27th Jan'2021 (As per provisional charging letter from POSOCO)

The project completion dates is revised to March, 2021

Due to below mentioned reasons, beyond the control of the Project Company, the execution works for the Project have been affected. The same has been intimated to the LTTCs time and again regarding the Force Majeure events as per Article 11.5 of TSA.

1. Delay in allotment of Government Land for 400/132 kV Substations at PK Bari and Surajmaninagar
2. Stoppage of Construction works due to protest against CAA in North – Eastern India
3. Delay in NOC from Airport Authority of India for 132 kV Biswanath Chariyalli to Itanagar Transmission Line
4. Delay in receipt of Forest Clearance for 400 kV Silchar – Misa Line, 400 kV Multi circuit Transmission Line from Surjamaninagar – PK Bari and 132 kV D/C AGTPP (NEEPCO) – PK Bari (TSECL) Transmission Line

5. Overall execution works were impacted due to COVID – 19 crisis.

As per the Ministry of Power Letter dated 27th July, 2020, all inter – state transmission projects, which were under construction as on date of lock – down i.e. 25th March, 2020, shall get an extension of 5 months in respect of SCOD. This order shall not apply to those projects, whose SCOD date was prior to 25th March, 2020.

IE opines that the actual acceptance of the events beyond the control of the Project Company, by the CERC, CEA and LTTCs can be determined towards the Project Commissioning phase.

Visual Chart, Project Physical Progress and Site Photographs are attached as **Annexure 1, 2** and **3** respectively.

5. OTHER PROJECT ASPECTS

5.1. Site Organization

As per the SPGVL organization chart furnished by the Project Company, IE observed that, there are four Project Heads reporting to a Project Director. The entire project is divided into four elements, and accordingly there are Site Commercials, Auditor, Finance officer, Site Planning Management Officer, Forest Manager, EHS Manger, FQA and Surveyor to look after the project activities and Four Construction Heads for Transmission Lines and Two construction heads for sub – stations respectively reporting to the Project Head. Separate team of qualified experienced engineers for each line are deployed who report to their respective Construction Heads.

The sub – contractors, M/s. TPL and M/s. KPTL have deployed separate Project Manager, Section in – charge for each line, one quality and safety personnel to each gang (activity wise).

5.2. Quality Control

SPGVL is adhering to the Quality Assurance Program and Field Quality Plan, as prepared, for execution of the Projects. Accordingly, Project Company should keep a strict vigil in implementing the Field Quality Plan. The sub – contractor's engineers are supervising the construction work and are following the Quality Plans. Quality Plans are also being followed during inspections at Manufacturer's Works.

5.3. Safety

To maintain the Safety Standards, Sterlite implements the following practices at site –

- Conduct all activities in a manner as to avoid harm to employees, contractors and the community
- Comply with all Statutory requirement related to QHSE
- Maintain and proactively improve the QHSE practices and performance through setting – up QHSE matrix
- Endeavour to achieve high quality standards and operate a robust testing program to continually offer quality products & services
- Create a culture of learning and practicing QHSE systems, procedures and practices among all the employees and contractors
- Minimize environmental impact by conserving resources, reducing waste generation and preventing pollution in all the activities at the work places
- Impart appropriate training and develop skills of the employees to keep them safe and healthy at workplace.
- Ensure continual improvement through the involvement and consultation of all employees, contractors and others in the development and implementation of effective QHSE programs and procedures.

The Project Company has deployed Safety Manager for each element of the Project who, on regular basis as indicated in the QHSE Report, monitors the safety & house – keeping of the works at site as well as health and safety of the Project Personnel at their respective Guest – House Facilities.

Similarly, the O&M Contractor has deployed a Safety Engineer for the Project, who is responsible for Quality, Health, Safety and Environment of the O&M services and its respective Engineers deployed at Site.

5.4. Progress Reporting

The sub – contractor submits monthly, weekly and daily progress report to Sterlite's Site Manager and to CMG/ Project Management Group covering the following aspects:

- Approved schedule of Supply, and its updated status.
- Achievement of interim milestone for the current month and for next month forecast plan
- S – Curves for supply and erection works progress and explanation of the gap between scheduled plan Vs actual progress including resources gap and action plan to mitigate resources gap.
- Critical issues related to supply, construction and erection works.
- Look ahead schedule for the next month that must contain progress backlog if any.
- Quality surveillance reports

6. PERMITS AND CLEARANCES

A list of all the permits and clearances required to be obtained by the Project Company along with their current status is given below:

Table 6.1 – Status of Clearances, Permits & Licenses

Sl. No.	Description	Authority	Present Status
1.	Transmission License	Central Electricity Regulatory Commission (CERC)	Approval received vide order dated 20th June, 2017 and valid for 25 years.
2.	Company Registration	Registrar of Companies	Completed
3.	Environmental Clearance	MoEF	Not Applicable
4.	Forest Clearance	State Govt./ MOEF	Obtained
5.	Approval under Section 68 of Electricity Act, 2003	GOI, Ministry of Power	Obtained on 7th February, 2017
6.	Approval from GoI under section 164 of Electricity Act 2003	GOI, Ministry of Power	Obtained vide letter no. CEA-PS-12-16/20/2018 – PSPA-II Division dated 31st August, 2018
7.	Transmission Service Agreement (TSA)	NERTL and LTTCs	Signed on 27th December, 2016
8.	Approval for adoption of Tariff under Section 63 of EA 2003.	CERC	Approval received vide order dated 12th June, 2017
9.	Approval from CERC under Section 17(3)	CERC	Received vide letter dated 29th January, 2020.
10.	Power & Telecommunication Coordination Committee Clearance (PTCC)	CEA / Ministry of Power	Approval received for BNC – Itanagar along with LILO of 132 kV line on 11/11/2019 Approval received for SMN – PK Bari 132 kV line on 20/09/2018. Approval received for SMN – PK Bari 400 kV line on 13/02/2019. Approval received for Silchar – Misa 400 kV line on 24/06/2019.
11.	Railway Crossing	Ministry of Railways	BNC – Itanagar: 2 no. NOC received on 22/08/2019. SMN – PK Bari: 1 no. Rly. Crossing. Approval received. SLC – Misa: 4 nos. Rly. Crossing. Approval received for all.
12.	Road Crossing	National Highway/ State Road Department	BNC – Itanagar: 2 nos. NH Crossing. Proposal prepared and submitted. NOC received for both. SMN – PK Bari: 1 no. NH Crossing. Proposal prepared and submitted. NOC received.

Sl. No.	Description	Authority	Present Status
			SLC – Misa: 4 nos. NH Crossing. Proposal prepared and submitted. NOC received for all.
13.	Power Line Crossings (PLCs)	Concerned State Power Utilities / PGCIL	BNC – Itanagar & LILO: Proposal submitted for 3 PLCs. Approval received for all. SMN – PK Bari: 8 P/L crossing. Approval received for all. SLC – Misa: Proposal submitted for 19 nos. NOC received all.
14.	Aviation Clearance	Airport Authority of India	Approval received for SM, Surajmaninagar – PK Bari and BNC lines.
15.	Defence clearance	Ministry of Defence	Approval received for all.

FOREST CLEARANCE

Transmission Lines	Division (Area in Hec.)	Line Length in Forest (in Kms)	Status
Biswanath Chariyali – Itanagar 132 kV	10.667 (Assam section) 48.147 (Arunachal section)	3.98 17.355	Stage – 1 along with tree Cutting permission received for Assam section. Stage – 1 along with tree cutting permission received for AP section.
Silchar – Misa 400 kV D/C	108.162	23.50	Stage – 1 along with Tree cutting permission received.
Biswanath Chariyali LILO	13.115	4.775	Stage – 1 along with Tree cutting permission received.
Surajmaninagar – P.K. Bari 400 kV D/C and MCT	139.931	30.42	Stage – 1 along with Tree cutting permission received
NEEPCO – P.K. Bari 132 kV D/C	17.569	6.507	Stage – 1 along with Tree cutting permission received

IE opines that Environment Clearance is not applicable to Transmission Lines, however Project Company should execute the construction works as per the MoEF guidelines. Project Company has received all the critical approvals like under Section – 68, 164, 63 of Electricity Act, 2003, PTCC, Forest Clearance, Civil & Defence Aviation, transmission license etc. for smooth execution and commissioning of the Project.

7. FINANCIAL ESTIMATION

The Project Cost is Rs 2933.00 crores with debt to equity ratio of 75:25 for around 192.846 kms of 400 kV D/C Transmission Line, 100.68 kms of 132 kV D/C Transmission Lines, 59.573 kms of Multi – circuit Tower Transmission Line, 2 nos. of 400/132 kV Substations at Surajmaninagar and P.K. Bari and 6 nos. of Line Bays.

7.1. Project Expenses

As per Chartered Accountant's Certificate dated 15th February 2021 provided by the Project Company, LE noted that Project Company has incurred a Project Expenditure of Rs.2696.00 crores till 1st February 2021 which has been met from promoter contribution of Rs. 730.0 crores and Fund Based Loan of Rs.2042.0 crores. Project Company has cash in hand of Rs.76.0 crores as on 1st February 2021.

IE observed that around Rs. 2070.0 crores were incurred towards EPC Cost which is around 93.58% of the estimated EPC budget of Rs. 2212.0 crs, as on 1st February, 2021.

The Total Hard Cost expenditure (i.e. EPC Cost, SPV Acquisition, Land, Statutory expenses, Expenditure on Bays Extension, Forest and ROW) is Rs. 2296.0 crores, which is around 91.84% of the total estimated Hard Cost budget of Rs. 2500.0 crores, as on 1st February 2021.

At the helm of the Energy Transition, Tractebel provides a full range of engineering and advisory services throughout the life cycle of its clients' projects, including design and project management. As one of the world's leading engineering and advisory companies and with more than 150 years of experience, it's our mission to actively shape the world of tomorrow. With about 5,000 experts and presence in more than 70 countries, we are able to offer our customers multidisciplinary solutions in energy, water and urban.

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ANNEXURE C

AIFMD DISCLOSURES

This disclosure statement ("**Disclosure Statement**") contains either the information required by Article 23(1) of the AIFMD, and Rule 3.2.2 Investment Funds sourcebook (each such Rule, "FUND") of the United Kingdom's Financial Conduct Authority's Handbook and Regulation 59 UK AIFMR to be made available to Bidders before they invest in IndiGrid or cross-refers to the relevant document that is available and which contains such information. This document refers to, and should be read in conjunction with, this Draft Letter of Offer. Terms used but not defined herein shall have the same meanings given to them in this Draft Letter of Offer.

AIFMD article	FUND	Information to be disclosed	Document and section where disclosed
23(1)(a)	3.2.2(1)	Investment strategy and objectives of the AIF	See "*Overview of IndiGrid – Investment Objectives*" and "*Our Business- Competitive Strengths*".
23(1)(a)	3.2.2(1)	Information on where master AIF is established and where the underlying funds are established	N/A; IndiGrid is neither a "feeder fund" nor a "fund of funds".
23(1)(a)	3.2.2(1)	Types of assets in which AIF may invest and any applicable investment restrictions	See "*Overview of IndiGrid – Investment Objectives*".
23(1)(a)	3.2.2(1)	The techniques the AIF, or the AIFM on its behalf, may employ and all associated risks	See "*Risk Factors*". See "*Our Business - Competitive Strengths*".
23(1)(a)	3.2.2(1)	Circumstances in which the AIF may use leverage, the types and sources of leverage permitted and the associated risks, restrictions on using leverage and any collateral and asset reuse arrangements	See "*Financial Indebtedness and Deferred Payments*". See "*Risk Factors*"
23(1)(a)	3.2.2(1)	Maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF	See "*Financial Indebtedness and Deferred Payments*". The AIFM is entitled to employ a maximum leverage of 70% under the InvIT Regulations.
23(1)(b)	3.2.2(2)	Procedures by which the AIF may change its investment strategy or policy, or both	See "*Rights of Unitholders – Meeting of Unitholders*"
23(1)(c)	3.2.2(3)	Description of the main legal implications of the contractual relationship entered into for the purpose of investment including information on: jurisdiction; applicable law; and the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established.	An investor becomes a Unitholder by subscribing for or acquiring Units in IndiGrid and consequently becomes bound by the Amended and Restated Trust Deed in such investor's capacity as a Unitholder. The Amended and Restated Trust Deed is governed by the laws of India.
23(1)(d)	3.2.2(4)	Identity of the AIFM and description of its duties	The Investment Manager is the AIFM of IndiGrid. See "*Parties to IndiGrid – the Investment Manager - IndiGrid Investment Managers Limited (formerly, Sterlite Investment Managers Limited)*".
23(1)(d)	3.2.2(4)	Identity of the AIF's depositary and description of its duties and the investors' rights	As a non-EEA AIF, IndiGrid is not required to have a depositary unless Bidders from certain EEA Member States acquire Units in IndiGrid pursuant to the national private placement regimes in such EEA Member States. The Investment Manager reserves the right to appoint

AIFMD article	FUND	Information to be disclosed	Document and section where disclosed
			a depositary if necessary. The duties of the depositary will be owed contractually to IndiGrid, the Investment Manager and accordingly the Unitholders in IndiGrid will have no direct rights against the depositary. As a non-UK AIFM of a non-UK AIF, the AIFM is not required to appoint a depositary in respect of investors admitted who are domiciled or have their registered office in the UK.
23(1)(d)	3.2.2(4)	Identity of the AIF's auditor and description of its duties and the Bidders' rights	As at the date of the Draft Letter of Offer, S R B C & CO LLP will serve as the auditor to IndiGrid. The role of the auditor will be to undertake an annual audit of IndiGrid in accordance with Indian GAAS. The duties of the auditor will be owed contractually to IndiGrid and/or the Investment Manager and accordingly the Bidders in IndiGrid will have no direct rights against the auditor. See "*General Information*".
23(1)(d)	3.2.2(4)	Identity of AIF's other service providers and description of their duties and investors' rights	See "*Parties to IndiGrid* " and "*General Information*".
23(1)(e)	3.2.2(5)	Description of how the AIFM is protected against potential professional liability risks	As a non-EEA AIFM, the AIFM is not subject to Article 9(7) of the AIFMD which requires EEA AIFMs to cover professional liability risks. Nevertheless, the AIFM currently maintains such insurance sufficient to withstand the risks to which its business is subject as required. See "*Our Business - Insurance*".
23(1)(f)	3.2.2(6)	Description of any delegated management functions by the AIFM, identity of the delegate and description of related conflicts of interest	See "*Parties to IndiGrid – the Investment Manager*"
23(1)(g)	3.2.2(7)	Description of the AIF's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing hard-to-value assets in accordance with Article 19	IndiGrid has appointed S. Sundararaman as independent valuer - see "*Annexure A – Valuation Report*".
23(1)(h)	3.2.2(8)	Description of the AIF's liquidity risk management, including redemption rights of investors	Unitholders may only deal in their Units through trading on BSE or NSE. Unitholders will not have the right to redeem Units or require the redemption of Units by the Investment Manager.
23(1)(i)	3.2.2(9)	Description of all fees, charges and expenses and of the maximum amounts thereof which are directly or indirectly borne by investors	See "*Overview of Indigrid – Fees and expenses*"

AIFMD article	FUND	Information to be disclosed	Document and section where disclosed
23(1)(j)	3.2.2(10); 3.2.2(11)	Description of how the AIFM ensures a fair treatment of investors and a description of any preferential treatment or the right to obtain preferential treatment obtained by any investors	The principles of treating Unitholders fairly include, but are not limited to, acting in the best interest of IndiGrid and the Unitholders; managing IndiGrid with regard to its objectives, investment policy and its risk profile; ensuring that fair, correct and transparent valuation models are used; preventing undue costs being charged to IndiGrid and Unitholders; taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of Unitholders; and recognizing and dealing with complaints fairly.
23(1)(k)	3.2.2(14)	Latest annual report	March 31, 2020
23(1)(l)	3.2.2(12)	Procedure and conditions for this issue and sale of Interests	See "*Distribution*".
23(1)(m)	3.2.2(13)	Latest net asset value of the AIF	See "*Annexure A – Valuation Report*"
23(1)(n)	3.2.2(5)	Historical performance of the AIF, where available	See "*Summary of Consolidated Financial Statements*"
23(1)(o)	3.2.2(16)	Identity of the prime broker and a description of any material arrangements of the AIF with its prime brokers and the way the conflicts of interest in relation thereto are managed and information about any transfer of liability to the prime broker that may exist	IndiGrid does not have a prime broker.
23(1)(p)	3.2.2(6)	Description of how any changes to liquidity or leverage provisions of the AIF will be disclosed to Bidders	The information required pursuant to AIFMD Articles 23(4) and 23(5) will be set out in annual reports and notices issued by IndiGrid and notifications issued by the stock exchanges in India and SEBI.
23(2)	3.2.2(1)	Any arrangement made by the depositary to contractually discharge itself of liability and any changes with respect to depositary liability	As a non-EEA AIF, IndiGrid is not required to have a depositary unless Bidders from certain EEA member states acquire interests in IndiGrid pursuant to the national private placement regimes in such Member States. The Investment Manager reserves the right to appoint a depositary if necessary. The duties of the depositary will be owed contractually to IndiGrid and/or the Investment Manager and accordingly the Bidders in IndiGrid will have no direct rights against the depositary. As a non-UK AIFM of a non-UK AIF, the AIFM is not required to appoint a depositary in respect of investors admitted who are domiciled or have their registered office in the UK.