Date: May 27, 2021

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001.

Scrip Code – 540565

National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051

Symbol - INDIGRID

Subject: Submission of Audited Financial Statements for the financial year ended on March 31, 2021

Dear Sir/ Madam,

Pursuant to the applicable provisions of SEBI (Infrastructure Investment Trusts) Regulations, 2014 as amended from time to time, we hereby submit the Audited Standalone and Consolidated Financial Statements of India Grid Trust (IndiGrid) along with audit report for the financial year ended on March 31, 2021 as approved by the Board of IndiGrid Investment Managers Limited, the Investment Manager of IndiGrid at its meeting held on May 27, 2021.

You are requested to take the same on record.

Thanking you,
For and on behalf of the IndiGrid Investment Managers Limited
(Representing India Grid Trust as its Investment Manager)

IndiGrid Investment Managers Limited

Swapnil Patil
Company Secretary & Compliance Officer
ACS-24861

CC to-
Axis Trustee Services Limited
The Ruby, 2nd Floor, SW,
29, Senapati Bapat Marg,
Dadar West, Mumbai- 400 028
Maharashtra, India

INDIA GRID TRUST
BALANCE SHEET AS AT 31 MARCH 2021
(All amounts in Rs. million unless otherwise stated)

	Notes	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
ASSETS			
Non-current assets			
Capital work-in-progress	3	1.09	-
Investment in subsidiaries	4	37,193.07	15,169.05
Financial Assets			
i. Investments	5	-	3,314.99
ii. Loans	6	1,11,361.96	70,713.80
Non-current tax assets	8	19.71	-
		1,48,576.63	89,197.84
Current assets			
Financial assets			
i. Investments	5	6,448.33	-
ii. Cash and cash equivalents	9	6,905.20	2,128.83
iii. Bank Balances other than (ii) above	10	841.05	798.90
iv. Loans	6	-	560.61
v. Other financial assets	7	550.79	331.49
		14,745.37	3,819.83
Total assets		1,63,322.00	93,017.67
EQUITY AND LIABILITIES			
Equity			
Unit capital	11	53,145.69	53,145.69
Other equity	12		
Retained earnings/ (Accumulated deficit)		1,951.03	(1,713.72)
Total unit holders' equity		55,096.72	51,431.97
Non-current liabilities			
Financial liabilities			
Borrowings	13	1,04,017.27	39,482.21
		1,04,017.27	39,482.21
Current liabilities			
Financial liabilities			
Other financial liabilities	14	4,198.05	2,090.33
Other current liabilities	15	9.96	9.06
Current tax liability	16	-	4.10
		4,208.01	2,103.49
Total liabilities		1,08,225.28	41,585.70
Total equity and liabilities		1,63,322.00	93,017.67

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

HSGinwala

per Huzefa Ginwala
Partner
Membership Number : 111757
Place : Pune
Date : 27 May 2021

S R B C & CO LLP ★ CHARTERED ACCOUNTANTS ★
SRBC

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 : 27 May 2021

Swapnil Patil
Company Secretary
Membership Number : 24861
Place : Mumbai
Date : 27 May 2021

Jyoti Kumar Agarwal
Chief Financial Officer

Place : Mumbai
Date : 27 May 2021

India Grid Trust

INDIA GRID TRUST
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021
(All amounts in Rs. million unless otherwise stated)

	Notes	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
INCOME			
Revenue from operations	18	12,488.31	10,554.10
Income from investment in mutual funds		-	97.44
Interest income on investment in fixed deposits		78.30	80.22
Total income (I)		12,566.61	10,731.76
EXPENSES			
Legal and professional fees		95.34	97.90
Annual listing fee		6.18	6.30
Rating fee		46.52	34.74
Valuation expenses		3.05	4.89
Trustee fee		3.01	3.46
Audit Fees			
- Statutory audit fees		4.01	2.36
- Tax audit fees		-	0.24
- Other services (including certification)		7.32	-
Other expenses	19	827.94	8.50
Finance costs	20	4,346.97	2,980.99
(Reversal of impairment)/ Impairment of investment in subsidiaries		(3,497.47)	2,627.22
Total expenses (II)		1,842.87	5,766.60
Profit before tax (I-II)		10,723.74	4,965.16
Current tax	17	-	56.96
Income tax for earlier years		(1.18)	-
Tax expense		(1.18)	56.96
Profit for the year		10,724.92	4,908.20
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		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		10,724.92	4,908.20
Earnings per unit			
Basic and diluted (in Rs.) (Computed on the basis of profit for the year)	21	18.38	8.86
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

HSGinwala

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Partner
Membership Number : 111757
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Membership Number : 24861
Place : Mumbai
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Jyoti Kumar Agarwal
Chief Financial Officer
Place : Mumbai
Date : 27 May 2021

India Grid Trust

INDIA GRID TRUST
STATEMENT OF STATEMENT OF CHANGES IN UNIT HOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2021
(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
Units issued during the year (Refer note 11)	299.69	25,140.48
Issue expenses	-	(374.79)
Balance as at 31 March 2020	583.49	53,145.69
Changes in unit capital during the year	-	-
Balance as at 31 March 2021	583.49	53,145.69

B. Other equity

(Rs. in million)

	Retained earnings/ (Accumulated deficit)	Total other equity
As at 01 April 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)
Profit for the year	10,724.92	10,724.92
Other comprehensive income	-	-
Less: Distribution during the year (refer note below)	(7,060.17)	(7,060.17)
As at 31 March 2021	1,951.03	1,951.03

Note:
The distribution relates to the distributions made during the financial year along with the distribution related to the last quarter of FY 2019-20 and does not include the distribution relating to the last quarter of FY 2020-21 which will be paid after 31 March 2021.

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

HSGinwala

per Huzefa Ginwala
Partner
Membership Number : 111757
Place : Pune
Date : 27 May 2021

S R B C & CO LLP CHARTERED ACCOUNTANTS SRBC

For and on behalf of the Board of Directors of
Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited)
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CEO & Whole Time Director
DIN: 02496122
Place : Mumbai
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Company Secretary
Membership Number : 24861
Place : Mumbai
Date : 27 May 2021

Jyoti Kumar Agarwal
Chief Financial Officer

Place : Mumbai
Date : 27 May 2021

India Grid Trust

INDIA GRID TRUST
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021
(All amounts in Rs. million unless otherwise stated)

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
A. Cash flow from operating activities		
Net profit as per statement of profit and loss	10,724.92	4,908.20
Adjustment for taxation	(1.18)	56.96
Profit before tax	10,723.74	4,965.16
Non-cash adjustment to reconcile profit before tax to net cash flows		
Interest income on non convertible debentures	(624.43)	(603.59)
(Reversal)/ Impairment of investment in subsidiaries	(3,497.47)	2,627.22
Finance cost	4,346.97	2,980.99
Interest income on loans given to subsidiaries	(11,863.88)	(9,950.51)
Income from investment in mutual funds	-	(97.44)
Interest income on investment in fixed deposits	(78.30)	(80.22)
Operating (loss) before working capital changes	(993.37)	(158.39)
Movements in working capital :		
- other current financial liabilities	23.11	80.20
- other current liabilities	0.90	6.62
- other current financial asset	(6.09)	13.39
Changes in working capital	17.92	100.21
Cash (used in) operations	(975.45)	(58.18)
Direct taxes paid (net of refunds)	(22.63)	(52.93)
Net cash flow (used in) operating activities (A)	(998.08)	(111.11)
B. Cash flow (used in) investing activities		
Purchase of equity shares of subsidiaries	(21,308.09)	(13,280.25)
Conversion of loan given to subsidiaries to equity	(1,121.15)	-
Loans given to subsidiaries	(67,000.14)	(40,375.65)
Loans repaid by subsidiaries	26,912.59	6,752.28
Interest income on loans given to subsidiaries	11,627.22	10,114.90
Interest income on investment in fixed deposits	101.75	33.01
Income from investment in mutual funds	-	97.44
Investment in mutual funds	(37,646.87)	(32,913.12)
Proceeds from mutual funds	37,646.87	32,913.12
Investment in fixed deposits (net)	(42.15)	(798.90)
Net cash flow (used in) investing activities (B)	(50,831.86)	(37,457.17)
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	67,469.18	22,748.58
Payment of upfront fees of long term borrowings	(266.53)	(259.93)
Finance costs	(3,538.41)	(2,746.30)
Payment of distributions to unitholders	(7,057.93)	(6,101.16)
Net cash flow generated from financing activities (C)	56,606.31	38,406.88
Net increase / (decrease) in cash and cash equivalents (A + B + C)	4,776.37	838.60
Cash and cash equivalents as at beginning of year	2,128.83	1,290.23
Components of cash and cash equivalents as at year end	6,905.20	2,128.83

S R B C & CO LLP ★ CHARTERED ACCOUNTANTS ★
SRBC

India Grid Trust

INDIA GRID TRUST
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021
(All amounts in Rs. million unless otherwise stated)

Components of cash and cash equivalents:

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Balances with banks:		
- On current accounts ^	4,279.55	2,079.93
- Deposit with original maturity of less than 3 months #	2,625.65	48.90
Total cash and cash equivalents (refer note 9)	6,905.20	2,128.83

^ Out of total amount, Rs. 9.35 million (31 March 2020: Rs. 7.34 million) pertains to unclaimed distribution to unitholders.

Includes amount of Rs. 2,044.20 million (31 March 2020: Nil) is kept in Debt Service Reserve Account ('DSRA') as per borrowing agreements with lenders.

Reconciliation between opening and closing balances for liabilities arising from financing activities (including current maturities) :-

Particulars	Long term borrowings
01 April 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
Cash flow	
- Interest	(3,538.41)
- Proceeds/(repayments)	67,202.65
Accrual	3,098.11
31 March 2021	1,06,333.30

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

HSGinwala

per Huzefa Ginwala
Partner
Membership Number : 111757
Place : Pune
Date : 27 May 2021

S R B C & CO LLP * CHARTERED ACCOUNTANTS * SRBC

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 : 27 May 2021

Swapnil Patil
Company Secretary
Membership Number : 24861
Place : Mumbai
Date : 27 May 2021

Jyoti Kumar Agarwal
Chief Financial Officer
Place : Mumbai
Date : 27 May 2021

India Grid Trust

INDIA GRID TRUST
Notes to Financial Statements for the year ended 31 March 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. STATEMENT OF NET ASSETS AT FAIR VALUE AS AT

(Rs. in million)

Particulars	31 March 2021		31 March 2020	
	Book value	Fair value	Book value	Fair value
A. Assets	1,63,322.00	1,93,096.80	93,017.67	1,01,624.29
B. Liabilities (at book value)	1,08,225.28	1,08,225.28	41,585.70	41,585.70
C. Net Assets (A-B)	55,096.72	84,871.52	51,431.97	60,038.59
D. Number of units	583.49	583.49	583.49	583.49
E. NAV (C/D)	94.43	145.45	88.14	102.90

Total assets after provision for impairment on investment in subsidiaries determined based on fair valuation. For the purpose of NAV Computation we have considered 100% of the fair valued assets and liabilities of PrKTCL and NER II and the effect of non controlling interest of 26% of the fair valued assets and liabilities is not considered to arrive at the computed NAV.

Project wise breakup of fair value of assets as at

(Rs. in million)

Project	31 March 2021	31 March 2020
Indigrid Limited	45,705.20	40,065.03
Indigrid 1 Limited^	49,276.99	44,604.81
Indigrid 2 Limited^	9,812.36	8,967.44
Patran Transmission Company Limited	2,622.19	2,377.46
East North Interconnection Company Limited*	12,821.20	2,067.45
Gurgaon-Palwal Transmission Limited#	5,533.13	-
Jhajjar KT Transco Private Limited#	3,172.87	-
Parbati Koldam Transmission Company Limited#	6,239.31	-
NER II Transmission Limited#	53,081.39	-
Subtotal	**1,88,264.63**	**98,082.20**
Assets (in IndiGrid)	4,832.17	3,542.09
Total assets	**1,93,096.80**	**1,01,624.28**

^ 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 year, the Trust has acquired Gurgaon-Palwal Transmission Limited with effect from 28 August 2020, Jhajjar KT Transco Private Limited with effect from 28 September 2020, Parbati Koldam Transmission Company Limited with effect from 08 January 2021 and NER II Transmission Limited with effect from 25 March 2021.

B. STATEMENT OF TOTAL RETURNS AT FAIR VALUE

Particulars	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Total comprehensive income (as per the statement of profit and loss)	10,724.92	4,908.20
Add/ (Less): other changes in fair value not recognized in total comprehensive income	21,286.03	8,488.77
Total Return	32,010.95	13,396.97

Notes:

1. Fair value of assets as at 31 March 2021 and as at 31 March 2020 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 23A.

SRBC & CO LLP * CHARTERED ACCOUNTANTS *
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India Grid Trust

ADDITIONAL DISCLOSURES AS REQUIRED BY PARAGRAPH 6 OF ANNEXURE A TO THE SEBI CIRCULAR NO. CIR/IMD/DF/127/2016

Statement of Net Distributable Cash Flows (NDCFs) of India Grid Trust

Description	Year ended 31 March 2021 (Audited)	Year ended 31 March 2020 (Audited)
Cash flows received from the Portfolio Assets in the form of interest	11,370.40	10,114.90
Cash flows received from the Portfolio Assets in the form of dividend	413.89	-
Any other income accruing at IndiGrid level and not captured above, including but not limited to interest/return on surplus cash invested by IndiGrid	78.30	177.66
Cash flows received from the Portfolio Assets towards the repayment of the debt issued to the Portfolio Assets by IndiGrid	26,912.59	6,752.28
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)	**38,775.18**	**17,044.84**
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)	(5,206.08)	(2,941.27)
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	1.18	(56.96)
Less: Amount invested in any of the Portfolio Assets for service of debt or interest	(25,487.90)	(6,843.29)
Less: Repair work in relation to the projects undertaken by any of the Portfolio Assets	-	-
Total cash outflows / retention at IndiGrid level (B)	**(30,692.80)**	**(9,841.53)**
Net Distributable Cash Flows (C) = (A+B)	**8,082.38**	**7,203.32**

Notes :

i. Does not include interest accrued but not due for year ended 31 March 2021: Rs. 348.47 million and year ended 31 March 2020: Rs. 150.51 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 year ended 31 March 2021 of Rs. 117.27 million and year ended March 31, 2020: Nil.

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India Grid Trust

India Grid Trust
Notes to standalone financial statements for the year ended March 31, 2021

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 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 Indigrid Investment Managers Limited (previously 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 assets in India with the objective of producing stable and sustainable distributions to unitholders.

As at March 31, 2021, IndiGrid has following project entities ("Special Purpose Vehicles" or "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')
11. Parbati Koldam Transmission Company Limited ('PrKTCL')
12. NER II Transmission Limited ('NER')

As at March 31, 2021, IndiGrid has following project entities which are transmission infrastructure projects developed on Build, Operate and Transfer ('BOT') basis:

1. Jhajjar KT Transco Private Limited ('JKTPL')

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 Unit No 101,First Floor, Windsor Village, KoleKalyan Off CST Road, Vidyanagari Marg, Santacruz(East) Mumbai, Maharashtra- 400098, India. The financial statements were authorised for issue in accordance with resolution passed by the Board of Directors of the Investment Manager on 27 May 2021.

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, 2021, 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, 2021 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 certain assets which have been measured at fair value.

The financial statements are presented in Indian Rupees Millions, except when otherwise indicated.

S R B C & CO LLP ★ CHARTERED ACCOUNTANTS ★
SRBC

India Grid Trust

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.

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India Grid Trust

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.

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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-

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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 which are held for sale 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

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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.

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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

(i) Amendments to Ind AS 116: Covid-19-Related Rent Concessions

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the 1 April 2020. This amendment had no impact on the standalone financial statements of the Trust.

(ii) Amendments to Ind AS 103 Business Combinations

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

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. This amendment had no impact on the standalone financial statements of the Trust.

(iii) Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the standalone financial statements of, nor is there expected to be any future impact to the Trust.

These amendments are applicable prospectively for annual periods beginning on or after the 1 April 2020. The amendments to the definition of material are not expected to have a significant impact on the Trust's standalone financial statements.

(iv) Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform

The amendments to Ind AS 109 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the standalone financial statements of the Trust as it does not have any interest rate hedge relationships.

The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are applicable for annual periods beginning on or after the 1 April 2020. These amendments are not expected to have a significant impact on the Trust's standalone financial statements.

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Notes to Financial Statements for the year ended 31 March 2021

Note 3: Capital work-in-progress

Particulars	Amount
As at 01 April 2019	-
Additions	-
Disposals	-
As at 31 March 2020	-
Additions	1.89
Disposals	-
As at 31 March 2021	1.89

Note 4: Investments in subsidiaries

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
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 (Refer Note 22)	(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
	735.53	735.53
Indigrid 1 Limited ("IGL1") (formerly known as "Sterlite Grid 2 Limited") #		
[93.35 million equity shares (31 March 2020: 87.30 million) of Rs. 10 each fully paid up]	14,041.76	12,626.66
	14,041.76	12,626.66
Indigrid 2 Limited ("IGL2") (formerly known as "Sterlite Grid 3 Limited") *		
[26.05 million equity shares (31 March 2020: 26.05 million) of Rs. 10 each fully paid up]	518.31	518.31
	518.31	518.31
East-North Interconnection Company Limited ("ENICL") @		
[1.05 million equity shares (31 March 2020: 0.05 million) of Rs. 10 each fully paid up]	1,294.72	1,288.55
	1,294.72	1,288.55
Gurgaon-Palwal Transmission Limited ("GPTL") ^		
[0.69 million equity shares (31 March 2020: Nil) of Rs. 10 each fully paid up]	906.36	-
	906.36	-
Jhajjar KT Transco Private Limited ("JKTPL") ^^		
[22.66 million equity shares (31 March 2020: Nil) of Rs. 10 each fully paid up]	1,404.20	-
	1,404.20	-
Parbati Koldam Transmission Company Limited ("PrKTCL") ##		
[201.90 million equity shares (31 March 2020: Nil) of Rs. 10 each fully paid up]	3,212.97	-
	3,212.97	-
NER II Transmission Limited ("NER") @@		
[2.32 million equity shares (31 March 2020: Nil) of Rs. 10 each fully paid up]	14,090.65	-
	14,090.65	-
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 (Refer Note 22)	(13.39)	(1,001.96)
	988.57	-
Total non-current investments	37,193.07	15,169.05

* The OCRPS are either convertible into equity shares of IGL in the ratio of 1:1 or redeemable solely at the option of IGL within a period of 7 years from the date of issue.

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Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Ownership interest %	
		31 March 2021	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%	0%
Jhajjar KT Transco Private Limited ("JKTPL")^^	India	100%	0%
Parbati Koldam Transmission Company Limited ('PrKTCL') ##	India	74%	0%
NER II Transmission Limited ("NER") @@	India	49%	0%
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. As of 31 March 2021, the Trust has paid additional consideration equivalent to 25% of the total consideration as an advance which would be adjusted towards payable for acquisition of 25% of equity stake. Considering the rights available to the Group as per SPA, the Group has concluded that it controls NER.

^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.

The Trust acquired 74% of paid up equity capital of Parbati Koldam Transmission Company Limited ('PrKTCL') with effect from 08 January 2021 from Reliance Infrastructure Limited (referred as "the Selling Shareholder") pursuant to Share Purchase Agreement dated 28 November 2020 ("SPA"). The balance 26% share in PrKTCL is held by PowerGrid Corporation of India Limited ("PGCIL").

@@ The Trust also acquired 49% of paid up equity capital of NER II Transmission Limited ("NER") with effect from 25 March 2021 from Sterlite Power Transmission Limited (SPTL)) and Sterlite Grid 4 Limited ('SGL4'), (together referred as "the Selling Shareholders") pursuant to Share Purchase Agreement dated 05 March 2021, as amended on 25 March 2021 ("SPA"). The Trust has finalised purchase consideration for acquisition of entire stake in NER and has entered into a binding agreement with the Selling Shareholders to acquire remaining 51% paid up equity capital in NER from the Selling Shareholders. As of 31 March 2021, the Trust has paid additional consideration equivalent to 25% of the total consideration as an advance which would be adjusted towards payable for acquisition of 25% of equity stake.

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Notes to Financial Statements for the year ended 31 March 2021

Note 5: Investments

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
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)#	6,448.33	-
Total	6,448.33	-

Non Convertible debenture (NCD) of Face value of Rs.10 each were issued by Indigrid Limited (formerly known as "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 equivalent amount has been re-classified as equity contribution in subsidiary disclosed under investment in subsidiary.

Note 6: Loans (unsecured, considered good)

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Non-current		
Loan to subsidiaries (refer note 24) *	1,11,361.96	70,713.80
Total	1,11,361.96	70,713.80
Current		
Loan to subsidiaries (refer note 24) #	-	560.61
Total	-	560.61

* 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 subsidiary is repayable on demand. This loans carries interest @ 15% p.a.

Note 7: Other financial assets (unsecured, considered good)

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Current		
Interest receivable from subsidiaries (refer note 24)	518.30	281.64
Advances receivable in cash or kind	6.30	0.21
Interest accrued on deposits	26.19	49.64
Total	550.79	331.49

Note 8: Other non-current assets

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Advance income tax, including TDS (net of provisions)	19.71	-
Total	19.71	-

Note 9: Cash and cash equivalents

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Balance with banks		
- in current accounts ^	4,279.55	2,079.93
Deposit with original maturity of less than 3 months #	2,625.65	48.90
Total	6,905.20	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.

^ Out of total amount, Rs. 9.35 million (31 March 2020: Rs. 7.34 million) pertains to unclaimed distribution to unitholders.

Includes amount of Rs. 2,044.20 million (31 March 2020: Nil) is kept in Debt Service Reserve Account ('DSRA') as per borrowing agreements with lenders.

Note 10: Other bank balances

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Current		
Deposit with original maturity for more than 3 months but less than 12 months #	342.10	798.90
Deposit with original maturity for more than than 12 months#	498.95	-
Total	841.05	798.90

Includes amount of Nil million (31 March 2020: Rs. 798.40 million) kept in Interest Service Reserve Account ('ISRA') as per borrowing agreements with lenders.

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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 March 2021	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.

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 2021		31 March 2020	
	(Nos. in million)	(Rs. in million)	(Nos. in million)	(Rs. in million)
Esoteric II Pte. Limited	136.04	23.31%	136.04	23.31%
Government of Singapore	116.82	20.02%	116.82	20.02%
Larsen And Toubro Limited	36.68	6.29%	-	-
Sterlite Power Transmission Limited *	2.04	0.35%	87.55	15.00%
Schroder Asian Asset Income Fund	-	-	19.78	3.39%

* Sterlite Power Grid Ventures Limited ('SPGVL') has been merged with Sterlite Power Transmission Limited ('SPTL').

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 12: Other Equity

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Retained earnings/ (Accumulated deficit)		
Balance as per last financial statements	(1,713.72)	(519.17)
Add: Profit for the year	10,724.92	4,908.20
Less: Distribution paid to unitholders	(7,060.17)	(6,102.75)
Closing balance	1,951.03	(1,713.72)

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Notes to Financial Statements for the year ended 31 March 2021

Note 13: Long term borrowings

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Non-Current		
Debentures		
7.11% 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
8.40% Non-convertible market linked debentures (secured) (refer note B below)	1,702.19	1,725.66
9.00% Non-convertible market linked debentures (secured) (refer note B below)	1,976.71	2,100.12
8.85% Non-convertible debentures (secured) (refer note A below)	1,980.06	1,969.00
9.10% Non-convertible debentures (secured) (refer note A below)	16,925.60	16,887.38
8.40% Non-convertible debentures (secured) (refer note A and (i) below)	3,496.51	-
7.40% Non-convertible debentures (secured) (refer note A and (i) below)	992.09	-
7.00% Non-convertible debentures (secured) (refer note A and (i) below)	2,496.17	-
7.25% Non-convertible debentures (secured) (refer note A and (i) below)	1,493.30	-
8.50% Non-convertible debentures (secured) (refer note A and (i) below)	3,974.08	-
7.25% Non-convertible debentures (secured) (refer note C and (i) below)	26,498.93	-
	68,385.64	29,532.16
Term loans		
Indian rupee loan from banks (secured) (refer note D and (ii) below)	35,631.63	9,950.05
	35,631.63	9,950.05
Total	1,04,017.27	39,482.21
The above amount includes		
Secured borrowings	1,04,017.27	39,482.21
Unsecured borrowings	-	-
Total non-current borrowings	1,04,017.27	39,482.21
Current maturities		
8.10% Non-convertible debentures (secured) (refer note A and i below)	998.83	-
Indian rupee loan from banks (secured) (refer note D and (ii) below)	493.55	-
Interest accrued but not due	823.65	88.74
Total current portion of non-current borrowings	2,316.03	88.74
Less: Amount disclosed under the head "Other current financial liabilities" (refer note 14)	2,316.03	88.74
Net borrowings	-	-

(i) The above items represent new secured non-convertible debentures that have been issued by the Trust during the year ended 31 March 2021.
(ii) During the year ended 31 March 2021 the Trust has taken new Indian rupee loan from banks of Rs. 24,900 million.

(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 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 is in the process of creating security charge on the above NCDs.

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The below table shows the maturity profile of outstanding NCD and MLD of the Trust the principal of which is repayable in full at the time of maturity :

Rate of Interest	Repayment Commencement Date	2022-2023	2023-2024	2024-2025	2025-2026	2028-2029
4,350 7.11% Non-convertible debentures of Rs. 10,00,000 each	14 February 2029	-	-	-	-	4,350
2,500 8.60% Non-convertible debentures of Rs. 10,00,000 each	31 August 2028	-	-	-	-	2,500
3000 9.10% Non-convertible debentures of Rs. 10,00,000 each	29 July 2024	-	-	3,000	-	-
1740 8.40% market linked non-convertible debentures of Rs. 10,00,000 each	24 January 2024	-	1,740	-	-	-
900 8.40% market linked non-convertible debentures of Rs. 10,00,000 each	24 January 2024	-	-	-	-	-
2,000 9.00% market linked non-convertible debentures of Rs. 10,00,000 each	04 January 2023	2,000	-	-	-	-
2,000 8.85% Non-convertible debentures of Rs. 10,00,000 each	02 November 2022	2,000	-	-	-	-
14,000 9.10% Non-convertible debentures of Rs. 10,00,000 each	03 June 2022	14,000	-	-	-	-
4,000 8.50% Non-convertible debentures of Rs. 10,00,000 each	01 March 2024	-	4,000	-	-	-
2,500 7.00% Non-convertible debentures of Rs. 10,00,000 each	28 June 2024	-	-	2,500	-	-
1,500 7.25% Non-convertible debentures of Rs. 10,00,000 each	27 June 2025	-	-	-	1,500	-
1,000 7.40% Non-convertible debentures of Rs. 10,00,000 each	26 December 2025	-	-	-	1,000	-
15,000 7.25% Non-convertible debentures of Rs. 10,00,000 each	10 April 2024	-	15,000	-	-	-
6,500 7.25% Non-convertible debentures of Rs. 10,00,000 each	10 April 2025	-	-	6,500	-	-
5,000 7.25% Non-convertible debentures of Rs. 10,00,000 each	10 April 2026	-	-	-	5,000	-

(D) Term loan from bank

1. The Indian rupee term loan from bank carries interest at the rate of 7.60% and 8.25% p.a. payable monthly. Entire loan amount shall be repayable as a bullet repayment at the end of 5 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.

2. 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.

3. The Indian rupee term loan from bank carries interest at the rate of 7.40%, 7.45% p.a and 7.6% payable monthly. Loan amount installments shall be repayable as per the payment schedule 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 2021, the Trust has satisfied all debt covenants prescribed in the terms of loan from bank and financial institutions, where applicable.

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Note 14: Other financial liabilities

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Other financial liabilities at amortised cost		
Current maturities of long-term borrowings (refer note 13)	1,492.30	-
Interest accrued but not due on borrowings	823.65	88.74
Distribution payable	9.58	7.34
Payable towards project acquired#	1,752.08	1,897.00
Others*	120.36	97.25
Total	4,198.05	2,090.33

Liability of Rs. 1,752.08 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), Jhajjar KT Transco Private Limited (31 March 2020 : Nil), Parbati Koldam Transmission Company Limited (31 March 2020 : Nil) and NER II Transmission 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 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Withholding taxes (TDS) payable	8.46	9.06
GST payable	1.50	-
Total	9.96	9.06

Note 16: Current tax liability (net)

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Current tax liability (net)	-	4.10
Total	-	4.10

Note 17: Deferred tax liability (net)

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Gross deferred tax liability (A)	-	-
Gross deferred tax asset (B)	-	-
Net deferred tax liability (A-B)	-	-

Reconciliation of deferred tax liability

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Opening deferred tax liability, net	-	
Deferred tax credit / (charge) recorded in statement of profit and loss	-	-
Deferred tax (credit) / charge recorded in OCI	-	-
Closing deferred tax liability, net	-	-

The major components of income tax expense for the years ended 31 March 2021 and 31 March 2020 are:

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
- Current tax	-	56.96
- Deferred tax	-	-
- Income tax for earlier years	(1.18)	-
Income tax expenses reported in the statement of profit and loss	(1.18)	56.96

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2021 and 31 March 2020:

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Accounting profit before income tax	10,723.74	4,965.16
At India's statutory income tax rate of 31.20% (31 March 2020: 42.74%)	3,345.81	2,122.11
Impact of exemption u/s 10(23FC) of the Income Tax Act, 1961 available to the Trust	(3,346.99)	(2,065.15)
At the effective income tax rate	(1.18)	56.96
Income tax expense reported in the statement of profit and loss	(1.18)	56.96

Note 18: Revenue from operations

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Interest income on loans given to subsidiaries (refer note 24)	11,863.88	9,950.51
Finance income on non-convertible debentures issued by subsidiary on EIR basis	624.43	603.59
Total	12,488.31	10,554.10

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Notes to Financial Statements for the year ended 31 March 2021

Note 19: Other expenses

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Investment management fees (refer note 24)	2.14	-
Rent	0.37	-
Rates and taxes	7.45	1.25
Insurance expenses	0.27	0.64
Vehicle hire charges	0.06	-
Interest on TDS	3.15	-
Earn out Expenses *	796.62	-
Miscellaneous expenses	17.88	6.61
Total	**827.94**	**8.50**

*Earn out expense of INR 796.62 million for year ended 31 March 2021 (31 March 2020: Nil) paid to Sterlite Power Grid Ventures (now merged with Sterlite Power Transmission Limited) on account of amounts received by the Trust due to change in law orders received by its subsidiary entities. Such amounts are passed on to the selling shareholder as per the terms of the respective agreements with them.

Note 20: Finance Cost

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Financial liabilities measured at amortised cost	4,345.42	2,979.83
Other bank and finance charges	1.55	1.16
Total	**4,346.97**	**2,980.99**

Note 21: 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 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Profit after tax for calculating basic and diluted EPU (Rs. in million)	10,724.92	4,908.20
Weighted average number of units in calculating basic and diluted EPU (No. in million)	583.49	554.01
Earnings Per Unit		
Basic and Diluted (Rupees/unit)	18.38	8.86

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Note 22: 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-Oct-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 23A and 23B). 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. 3,497.47 million for the year ended 31 March 2021 (year ended 31 March 2020: impairment provision of Rs. 2,627.22 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 23A.

Note 23A: 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.

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 March 2021 and 31 March 2020 are as shown below:

Description of significant unobservable inputs to valuation:

(Rs in million)

Significant unobservable inputs	Input for 31 March 2021	Input for 31 March 2020	Sensitivity of input to the fair value	Increase /(decrease) in fair value 31 March 2021	31 March 2020
WACC	7.57% to 8.23%	8.44% to 9.09%	+ 0.5%	(11,336.00)	(4,769.00)
			- 0.5%	9,083.00	5,655.00
Tax rate (normal tax and MAT)	Normal Tax - 25.168%	Normal Tax - 25.168%	+ 2%	(410.22)	(1,277.63)
			- 2%	374.92	1,311.93
Inflation rate	Revenue: 5.00% Expenses: 2.63% to 4.97%	Revenue: 5.00% Expenses: 2.72% to 4.56%	+ 1%	(1,850.04)	(788.38)
			- 1%	1,495.56	529.45

The independent valuer has considered effect of COVID-19 on the significant unobservable inputs used in fair valuation as referred above.

Note 23B: 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 March 2021 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 March 2021	-	-	1,84,778.16
	31 March 2020	-	-	98,365.09

There have been no transfers among Level 1, Level 2 and Level 3.

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Note 24: 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)
Parbati Koldam Transmission Company Limited ('PrKTCL') (from 08 January 2021)
NER II Transmission Limited ("NER") (from 25 March 2021)

(b) Other related parties under Ind AS-24 with whom transactions have taken place during the year
Entities with significant influence over the Trust
Esoteric II Pte. Ltd (from May 04, 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
Sterlite Grid 4 Limited (SGL4) - Subsidiary of Sponsor

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

Directors of SPTL:
Pravin Agarwal
Pratik Agarwal
A. R. Narayanaswamy
Arun Todarwal Lalchand
Zhao Haixia
Avaantika Kakkar (till 02 February 2021)
Anoop Seth

Directors of IIML:
Pratik Agarwal
Tarun Kataria
Late Shashikant Bhojani (till 22 July 2020)
Rahul Asthana
Harsh Shah (CEO and whole time director)
Sanjay Omprakash Nayar (from 07 June 2019)
Ashok Sethi (from 20 October 2020)
Kuldip Kumar Kaura (till 07 June 2019)

Key Managerial Personnel of IIML:
Harsh Shah (CEO and whole time director)
Jyoti Kumar Agarwal (CFO wef 16 September 2020)
Swapnil Patil (Company Secretary)

Directors of ATSL:
Rajesh Kumar Dahiya
Sanjay Sinha
Ganesh Sankaran (from 18 April 2019)
Ram Bharoseylal Vaish (till 08 November 2019)

Directors of Esoteric II Pte. Ltd.:
Velasco Azonos Cecilio Francisco (from 19 February 2021)
Tang Jin Rong (from 19 February 2021)
Ngan Nim Ying (from 19 February 2021)
Wong Wai Kin (till 19 February 2021)
Terence Lee Chi Hur (till 19 February 2021)
Ooi Yi Jun (till 19 February 2021)

Relative of directors mentioned above:
Sonakshi Agarwal
Jyoti Agarwal
Sujata Asthana
Mala Todarwal

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Firm in which director of sponsor is partner:
Cyril Amarchand Mangaldas (till 02 February 2021)

* During the previous year, 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').

(B) The transactions with related parties during the year are as follows:-

(Rs. in millions)

Particulars	Relation	2020-21	2019-20
1. Unsecured loans given to subsidiaries			
Bhopal Dhule Transmission Company Limited (BDTCL)	Subsidiary	549.44	166.20
Jabalpur Transmission Company Limited (JTCL)	Subsidiary	1,959.35	1,203.10
Maheshwaram Transmission Limited (MTL)	Subsidiary	162.04	-
RAPP Transmission Company Limited (RTCL)	Subsidiary	282.34	-
Purulia & Kharagpur Transmission Company Limited (PKTCL)	Subsidiary	535.08	-
Patran Transmission Company Limited (PTCL)	Subsidiary	676.40	-
NRSS XXIX Transmission Limited (NRSS)	Subsidiary	19,140.97	29,483.42
Odisha Generation Phase II Transmission Limited (OGPTL)	Subsidiary	151.31	6,143.52
East-North Interconnection Company Limited (ENICL)	Subsidiary	12,033.25	-
Gurgaon-Palwal Transmission Limited (GPTL)	Subsidiary	901.10	-
Jhajjar KT Transco Private Limited (JKTPL)	Subsidiary	1,793.67	-
NER II Transmission Limited (NER)	Subsidiary	27,305.57	-
Indigrid Limited (IGL)	Subsidiary	341.11	-
Indigrid 1 Limited (IGL1)	Subsidiary	31.22	1,089.93
Indigrid 2 Limited (IGL2)	Subsidiary	6.19	-
2. Repayment of loan from subsidiaries			
Bhopal Dhule Transmission Company Limited (BDTCL)	Subsidiary	954.78	90.11
Jabalpur Transmission Company Limited (JTCL)	Subsidiary	700.00	109.19
Maheshwaram Transmission Limited (MTL)	Subsidiary	41.46	-
RAPP Transmission Company Limited (RTCL)	Subsidiary	349.67	131.17
Purulia & Kharagpur Transmission Company Limited (PKTCL)	Subsidiary	629.62	126.25
Patran Transmission Company Limited (PTCL)	Subsidiary	497.53	33.71
NRSS XXIX Transmission Limited (NRSS)	Subsidiary	19,290.56	3,778.81
Odisha Generation Phase II Transmission Limited (OGPTL)	Subsidiary	421.32	144.13
East-North Interconnection Company Limited (ENICL)	Subsidiary	3,551.90	26.39
Gurgaon-Palwal Transmission Limited (GPTL)	Subsidiary	402.17	-
Jhajjar KT Transco Private Limited (JKTPL)	Subsidiary	73.37	-
Indigrid Limited (IGL)	Subsidiary	-	252.80
Indigrid 2 Limited (IGL2)	Subsidiary	0.20	2,059.72
3. Interest income from subsidiaries			
Bhopal Dhule Transmission Company Limited (BDTCL)	Subsidiary	1,321.63	1,305.15
Jabalpur Transmission Company Limited (JTCL)	Subsidiary	2,729.80	2,541.68
Maheshwaram Transmission Limited (MTL)	Subsidiary	581.70	568.58
RAPP Transmission Company Limited (RTCL)	Subsidiary	334.02	345.17
Purulia & Kharagpur Transmission Company Limited (PKTCL)	Subsidiary	583.68	592.69
Patran Transmission Company Limited (PTCL)	Subsidiary	258.78	236.71
NRSS XXIX Transmission Limited (NRSS)	Subsidiary	4,099.21	3,484.61
Odisha Generation Phase II Transmission Limited (OGPTL)	Subsidiary	905.67	621.56
East-North Interconnection Company Limited (ENICL)	Subsidiary	310.10	-
Gurgaon-Palwal Transmission Limited (GPTL)	Subsidiary	252.70	-
Jhajjar KT Transco Private Limited (JKTPL)	Subsidiary	133.13	-
NER II Transmission Limited (NER)	Subsidiary	78.55	-
Indigrid Limited (IGL)	Subsidiary	13.81	17.45
Indigrid 1 Limited (IGL1)	Subsidiary	171.54	127.71
Indigrid 2 Limited (IGL2)	Subsidiary	89.55	109.20
4. Conversion of subsidiary loan and interest outstanding to equity			
Indigrid 1 Limited	Subsidiary	1,377.97	-
5. 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
6. 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	-	518.31
7. 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
8. Purchase of equity shares of ENICL			
Sterlite Power Grid Ventures Limited^	Sponsor and Project Manager/Entity with significant influence	6.17	1,259.46
Sterlite Power Transmission Limited	Promoter of project manager	-	29.09
9. Purchase of loan to ENICL			
Sterlite Power Grid Ventures Limited^	Sponsor and Project Manager/Entity with significant influence	-	587.00
10. Purchase of equity shares of GPTL			
Sterlite Grid 4 Limited	Susidiary of Sponsor/Entity with significant influence	906.36	-
11. Purchase of loan to GPTL			
Sterlite Grid 4 Limited	Susidiary of Sponsor/Entity with significant influence	2,252.28	-
12. Purchase of equity shares of NER			
Sterlite Grid 4 Limited	Susidiary of Sponsor/Entity with significant influence	14,090.65	

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Particulars	Relation	2020-21	2019-20
13. Received towards indemnification of liabilities			
Sterlite Power Transmission Limited	Sponsor and Project Manager/Entity with significant influence	15.36	18.66
14. Earn Out Expenses			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	796.62	-
15. Issue of unit capital			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	-	11,412.04
Esoteric II Pte. Ltd	Entity with significant influence over the Trust	-	2,300.13
16. Distribution to unit holders			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager	537.73	968.32
Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited)	Investment manager of IndiGrid	2.08	-
Esoteric II Pte. Ltd	Entity with significant influence over the Trust	1,646.03	1,203.85
Pravin Agarwal	Director of Sponsor	-	3.06
Pratik Agarwal	Director of Sponsor and Investment Manager	2.39	4.41
Harsh Shah	Whole time director of Investment Manager	0.12	0.12
Swapnil Patil	Company Secretary of Investment Manager	0.03	-
Sonakshi Agarwal	Relative of director	0.19	0.18
Jyoti Agarwal	Relative of director	0.25	0.24
Sujata Asthana	Relative of director	1.01	0.67
Arun Todarwal	Director of Sponsor	0.08	0.06
A. R. Narayanaswamy	Director of Sponsor	0.19	0.15
Mala Todarwal	Relative of director	0.06	-
17. Trustee fee			
Axis Trustee Services Limited (ATSL)	Trustee	3.01	2.36
18. Legal and professional services taken			
Cyril Amarchand Mangaldas	Firm in which director of sponsor is partner	10.88	26.62

(C) The outstanding balances of related parties are as follows:-

(Rs in Million)

Particulars	31 March 2021	31 March 2020
Unsecured loan receivable from subsidiaries	1,11,361.96	71,274.41
Interest receivable from subsidiaries	518.30	281.64
Non-Convertible Debentures of subsidiary (including accrued interest on EIR)	6,448.33	5,823.90
Investment in equity shares of subsidiary (excluding provision for impairment)	38,133.72	17,098.27
Optionally convertible redeemable preference shares	1,001.96	1,001.96
Payable towards project acquired	1,704.94	1,897.00
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 year ended 31 March 2021:

(A) Summary of the valuation reports (issued by the independent valuer appointed under the InvIT Regulations):

(Rs in million)

Particulars	NER	GPTL
Enterprise value	51,175	11,630
Method of valuation	Discounted Cash Flow	
Discounting rate (WACC):	7.40%	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 August 28, 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 August 28, 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 IndiaGrid 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 equity shares of GPTL was financed by money raised through Qualified Institutional Placement (QIP) of Rs. 25,140 million 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 NER II Transmission Limited (NER):
Pursuant to the share purchase agreements dated 05 March 2021 ("SPA") executed among Sterlite Power Transmission Limited, Sterlite Grid 4 Limited, Axis Trustee Services Limited, Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited) and NER II Transmission Limited ('NER') for acquisition of equity stake in NER, Indigrid has acquired 49% of paid up equity capital of NER with effect from 25 March 2021. As of 31 March 2021, the Trust has paid additional consideration equivalent to 25% of the total consideration which would be adjusted towards payable for acquisition of 25% of equity stake.

Under the Agreements, the Trust has the following rights:
a. Right to nominate the majority of the directors on the Board of Directors of NER.
b. The Selling Shareholders are required to vote according in AGM/EGM or any other meeting of shareholders of NER in a manner favourable for the interests of IndiaGrid Trust.
c. Irrevocable and unconditional right to acquire the remaining 51% of the equity stake of NER at a later date (on expiry of the respective mandatory shareholding period).
d. Pledge on the remaining 51% equity stake in NER.
e. Non-disposal undertaking from the Selling Shareholders for the remaining 51% equity stake in NER.

The acquisition of equity shares of NER was financed by money raised through Qualified Institutional Placement (QIP) of Rs. 25,140 million by IndiGrid. No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

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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 April 30, 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 NRSS ((through acquisition of equity shares of Indigrid 1 Limited (formerly known as Sterlite Grid 2 Limited)) and was financed by money raised through Qualified Institutional Placement (QIP) of Rs. 25,140 million 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 April 30, 2019 as amended on June 28, 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 ((through acquisition of shares of Indigrid 2 Limited (formerly known as Sterlite Grid 3 Limited)) and was financed by money raised through Qualified Institutional Placement (QIP) of Rs. 25,140 million 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 March 23, 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 March 24, 2020 and acquired remaining 51% equity stake in ENICL on May 26, 2020.

The acquisition of equity shares of ENICL was financed by money raised through Qualified Institutional Placement (QIP) of Rs. 25,140 million 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 25: 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 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 26: Contingent liability
The Trust has no contingent liability to be reported.

Note 27: 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 28: 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 2021 and 31 March 2020.

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. 37,193.07 million (31 March 2020: Rs. 15,169.05 million). Sensitivity analyses of significant unobservable inputs used in the fair value measurement are disclosed in Note 23A.

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(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 2021 and 31 March 2020, 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	Payable on demand	Less than 3 months	3 months to 12 months	1 to 5 years	More than 5 years	Total
31 March 2021						
Borrowings	-	-	-	4,844.55	99,172.72	1,04,017.27
Other financial liabilities (excluding derivative instruments)	-	944.01	3,254.04	-	-	4,198.05
Total	-	944.01	3,254.04	4,844.55	99,172.72	1,08,215.32
Particulars						
31 March 2020						
Borrowings	-	-	-	22,682.16	16,800.05	39,482.21
Other financial liabilities (excluding derivative instruments)	-	193.33	1,897.00	-	-	2,090.33
Total	-	193.33	1,897.00	22,682.16	16,800.05	41,572.54

Note 29: 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 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Borrowings*	1,04,017.27	39,482.21
Trade payables	-	-
Other financial liabilities	4,198.05	2,090.33
Less: Cash and cash equivalents, other bank balances and short term investments	(14,194.58)	(2,927.73)
Net debt (A)	94,020.74	38,644.81
Unit capital	53,145.69	53,145.69
Other equity	1,951.03	(1,713.72)
Total capital (B)	55,096.72	51,431.97
Capital and net debt ((C) = (A) + (B))	1,49,117.46	90,076.78
Gearing ratio (C)/(A)	0.63	0.43

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

Note 30: Subsequent event

1. On 27 May 2021, the Board of directors of the Investment Manager approved a distribution of Rs. 3.10 per unit for the period 1 January 2021 to 31 March 2021 to be paid on or before 15 days from the date of declaration.

2. The Trust has offered an issue of up to 116,695,404 units of India Grid Trust ("Indigrid" and such units, the "units"), for cash at a price of ₹ 110.00 per unit (the "issue price"), aggregating to ₹ 12,836.49 million* to the eligible unitholders (as defined in the Letter of Offer) on a rights basis in the ratio of one lot for every five lots (each lot comprising 1,701 units) held by them on the record date, being 30 March 2021 (the "Issue") in accordance with the 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 (the "InvIT Regulations"). The issue opened on 06 April 2021 and closed on 13 April 2021.

3. The Trust has filed a Draft Shelf Prospectus ("DSP") on 08 April 2021 for the public issue by the India Grid Trust (the "Trust") of secured, rated, listed, redeemable non-convertible debt securities of face value of ₹ 1,000 each ("NCDs") for an amount aggregating upto ₹ 1,000 crore (the "Shelf Limit"). The issue is being made pursuant to the provisions of the "Guidelines for Issuance of Debt Securities by Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs)" dated 13 April 2018 issued by the Securities and Exchange Board of India read with the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, together with any amendments, circulars and guidelines issued thereunder (the "SEBI ILDS Regulations") and the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, together with any amendments, circulars and guidelines issued thereunder (the "InvIT Regulations"). The issue opened on 28 April 2021 and closed on 30 April 2021.

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India Grid Trust

Note 31: Impact of COVID-19

During the year, the outbreak of the coronavirus disease of 2019 ('COVID-19') spread throughout the world and became a global pandemic. The pandemic triggered a significant downturn globally, including in India. The pandemic curve in India was declining towards the end of 2020 but has resurged again from March 2021.

The management has evaluated the impact of COVID 19 pandemic 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 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 subsidiaries 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 31 March 2021 is minimum. Further, 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. 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.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

HSGinwala

per Huzefa Ginwala
Partner
Membership Number : 111757
Place : Pune
Date : 27 May 2021

S R B C & CO LLP ★ CHARTERED ACCOUNTANTS ★
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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 : 27 May 2021

Swapnil Patil
Company Secretary
Membership Number : 24861
Place : Mumbai
Date : 27 May 2021

Jyoti Kumar Agarwal
Chief Financial Officer

Place : Mumbai
Date : 27 May 2021

India Grid Trust

S R B C & CO LLP
Chartered Accountants

Ground Floor
Panchshil Tech Park, Yerwada
(Near Don Bosco School)
Pune - 411 006, India

Tel : +91 20 6603 6000

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of India Grid Trust

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of India Grid Trust (the "InvIT"), which comprise the Balance sheet as at March 31 2021, 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, the Statement of Net Assets at fair value as at March 31, 2021, the Statement of Total Returns at fair value, 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 notes("the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by 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 InvIT regulations, of the state of affairs of the InvIT as at March 31, 2021, its profit including other comprehensive income, its cash movements and its movement of the unit holders' funds for the year ended March 31, 2021, its net assets at fair value as at March 31, 2021, its total returns at fair value and the net distributable cash flows of the InvIT for the year ended March 31, 2021.

Basis for Opinion

We conducted our audit of the standalone 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 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 together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the InvIT Regulations and we have fulfilled our 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 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 financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone 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.

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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 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 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 financial statements.

Key audit matters	How our audit addressed the key audit matter
<u>Impairment of investments in subsidiaries and loans given to subsidiaries</u> *(as described in notes 4,5,6 and 22 of the standalone financial statements)*	
The InvIT has significant investments in subsidiaries and has granted loans to its subsidiaries amounting to Rs.155,522 million as at March 31, 2021. The value of investments and loans in aggregate comprise 95% of total assets in the Balance Sheet. The subsidiaries are in the business of owning and maintaining transmission assets and have entered into Transmission Services Agreement ("TSA") with Long Term Transmission Customers ("LTTC"). At each reporting period end, management assesses the existence of impairment indicators of investments in subsidiaries and loans given to subsidiaries. In case of existence of impairment indicators, the investment and loan balances are subjected to impairment test, where the fair value of the subsidiary is compared with the value of investments and loans given to such subsidiaries. The processes and methodologies for assessing and determining the fair value of the subsidiary 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 respective	Our audit procedures included, among others, the following: • We obtained an understanding of the InvIT's process on assessment of impairment of investments in subsidiaries and loans to subsidiaries 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 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. • In performing the above procedures, we involved valuation specialists to perform an independent review of methodology and key assumptions used in the valuation. • We read and assessed the disclosures included in the notes to the standalone financial statements.

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Key audit matters	How our audit addressed the key audit matter
subsidiary'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.	
Classification of unit holders' funds as equity *(as described in Note 22 of the standalone 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 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.	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 financial statements for compliance with the relevant requirements of InvIT regulations.

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<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2"><u>Disclosures relating to Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value as per InvIT regulations</u>
(as described in Note 22 of the standalone financial statements)</td></tr>
<tr><td>The InvIT is required to disclose Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value pursuant to SEBI circulars issued under the InvIT regulations 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 respective subsidiary'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>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 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.</td></tr>
</table>

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Key audit matters	How our audit addressed the key audit matter
	• In performing the above procedures, we used valuation specialists to perform an independent review of methodology and key assumptions used in the valuation. • We read and assessed the disclosures included in the notes to the standalone financial statements.

Other Information

The Management of Indigrid Investment Managers Limited (formerly known as 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 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 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 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 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 Financial Statements

The Management of the Investment Manager ('the Management') is responsible for the preparation of these standalone financial statements that give a true and fair view of the financial position as at March 31, 2021, financial performance including other comprehensive income, cash flows and the movement of the unit holders' funds for the year ended March 31, 2021, the net assets at fair value as at March 31, 2021, the total returns at fair value of the InvIT and the net distributable cash flows of the InvIT for the year ending March 31, 2021 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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In preparing the standalone financial statements, the 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.

The Management is also responsible for overseeing the InvIT's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 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 financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2021 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 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

HSGinwala

per Huzefa Ginwala
Partner
Membership Number: 111757
UDIN:21111757AAAACT2622
Place of Signature: Pune
Date: May 27, 2021

S R B C & CO LLP * CHARTERED ACCOUNTANTS *
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INDIA GRID TRUST
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2021
(All amounts in Rs. million unless otherwise stated)

	Notes	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,63,898.29	1,08,163.16
Capital work-in-progress	4	97.09	-
Financial assets			
i. Other financial assets	6	2,856.18	9.86
Other non-current assets	7	333.31	382.34
		1,67,184.87	**1,08,555.36**
Current assets			
Financial assets			
i. Trade receivables	8	2,976.55	2,458.33
ii. Cash and cash equivalents	9	26,066.29	4,088.41
iii. Bank Balances other than (ii) above	10	1,771.81	1,299.74
iv. Loans to employee	5	0.85	-
v. Other financial assets	6	2,096.22	1,282.63
Other current assets	7	257.91	235.72
		33,169.63	**9,364.83**
Total assets		**2,00,354.50**	**1,17,920.19**
EQUITY AND LIABILITIES			
Equity			
Unit capital	11	53,145.69	53,145.69
Other equity	12		
Retained earnings/(accumulated deficit)		(6,379.84)	(2,659.44)
Other reserves			
Self Insurance Reserve		58.07	-
Equity attributable to Non-controlling interests		1,681.02	-
Total unitholders' equity		**48,504.94**	**50,486.25**
Non-current liabilities			
Financial liabilities			
i. Borrowings	13	1,36,064.70	62,637.00
Employee Benefit Obligations	16	3.94	-
Deferred tax liabilities (net)	19	921.40	602.06
		1,36,990.04	**63,239.06**
Current liabilities			
Financial liabilities			
i. Trade payables	14		
a. Total outstanding dues of micro enterprises and small enterprises		23.25	105.32
b. Total outstanding dues of creditors other than micro enterprises and small enterprises		202.08	227.59
ii. Other financial liabilities	15	14,343.67	3,617.60
Employee Benefit Obligations	16	12.37	-
Other current liabilities	17	278.15	240.27
Current tax liability	18	-	4.10
		14,859.52	**4,194.88**
Total liabilities		**1,51,849.56**	**67,433.94**
Total equity and liabilities		**2,00,354.50**	**1,17,920.19**

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

HS Ginwala

per Huzefa Ginwala
Partner
Membership Number : 111757
Place : Pune
Date : 27 May 2021

S R B C & CO LLP * CHARTERED ACCOUNTANTS * SRBL

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 : 27 May 2021

Swapnil Patil
Company Secretary
Membership Number : 24861
Place : Mumbai
Date : 27 May 2021

Jyoti Kumar Agarwal
Chief Financial Officer
Place : Mumbai
Date : 27 May 2021

India Grid Trust

INDIA GRID TRUST
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021
(All amounts in Rs. million unless otherwise stated)

	Notes	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
INCOME			
Revenue from contracts with customers	20	16,769.19	12,427.13
Income from investment in mutual funds		129.91	190.89
Interest income on investment in fixed deposits		135.77	102.09
Other finance income		13.63	0.32
Other income	21	93.03	65.51
Total income (I)		**17,141.53**	**12,785.94**
EXPENSES			
Employee benefit expenses	22	140.78	1.67
Transmission infrastructure maintenance charges		300.79	240.38
Legal and professional fees		145.38	117.85
Annual listing fee		6.18	6.30
Rating fee		50.71	38.64
Valuation expenses		3.05	4.89
Trustee fee		3.48	3.60
Payment to auditors			
- Statutory audit fees		11.22	7.07
- Tax audit fees		2.14	2.71
- Other services (including certification)		7.77	1.22
Other expenses	23	1,720.26	564.20
Depreciation expense	3	4,304.85	3,101.12
Finance costs	24	6,864.95	4,153.38
Impairment/ (reversal of impairment) of property, plant and equipment and service concession receivable		175.11	(456.96)
Total expenses (II)		**13,736.67**	**7,786.07**
Regulatory Deferral Income (refer note 40) (III)		(15.51)	-
Profit before tax (I-II-III)		**3,420.37**	**4,999.87**
Tax expense			
Current tax	19	49.85	56.96
Deferred tax		24.92	(114.29)
Income tax for earlier years		1.51	-
Tax expense		**76.28**	**(57.33)**
Profit for the year		**3,344.09**	**5,057.20**
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		(3.62)	-
Other comprehensive income for the year		**(3.62)**	**-**
Total comprehensive income for the year		**3,347.71**	**5,057.20**
Profit for the year		**3,344.09**	**5,057.20**
Attributable to:			
Unit holders		3,337.09	5,057.20
Non-controlling interests		7.00	-
Other comprehensive income for the year		**(3.62)**	**-**
Attributable to:			
Unit holders		(2.68)	-
Non-controlling interests		(0.94)	-
Total comprehensive income for the year		**3,347.71**	**5,057.20**
Attributable to:			
Unit holders		3,339.76	5,057.20
Non-controlling interests		7.95	-
Earnings per unit			
Basic and diluted	25	5.72	9.13
Computed on the basis of profit for the year (Rs.)			
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

HSGinwala

per Huzefa Ginwala
Partner
Membership Number : 111757
Place : Pune
Date : 27 May 2021

S R B C & CO LLP * CHARTERED ACCOUNTANTS * SRBC

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 : 27 May 2021

Swapnil Patil
Company Secretary
Membership Number : 24861
Place : Mumbai
Date : 27 May 2021

Jyoti Kumar Agarwal
Chief Financial Officer
Place : Mumbai
Date : 27 May 2021

India Grid Trust

INDIA GRID TRUST
CONSOLIDATED STATEMENT OF STATEMENT OF CHANGES IN UNIT HOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2021
(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 year (refer note 11)	299.69	25,140.48
Issue expenses (refer note 11)	-	(374.79)
Balance as at 31 March 2020	583.49	53,145.69
Changes in unit capital during the year	-	-
Issue expenses	-	-
Balance as at 31 March 2021	583.49	53,145.69

B. Other equity

(Rs. in million)

	Attriutable to unitholders			Non-controlling interest	Total other equity
	Other comprehensive income	Retained earnings/ Accumulated deficit	Self Insurance Reserve		
As at 01 April 2019	-	(1,613.89)	-	-	(1,613.89)
Profit for the year	-	5,057.20	-	-	5,057.20
Less: Distribution during the year (refer note below)	-	(6,102.75)	-	-	(6,102.75)
Total comprehensive income	-	(1,045.55)	-	-	(1,045.55)
As at 31 March 2020	-	(2,659.44)	-	-	(2,659.44)
Add: Acquisition of subsidiary	-	-	58.07	1,673.07	1,731.14
Profit for the year	-	3,337.09	-	7.00	3,344.09
Other comprehensive income	2.68	-	-	0.94	3.62
Total comprehensive income	2.68	3,337.09	58.07	1,681.02	5,078.85
Less: Distribution during the year (refer note below)	-	(7,060.17)	-		(7,060.17)
As at 31 March 2021	2.68	(6,382.52)	58.07	1,681.02	(4,640.75)

Note:
The distribution relates to the distributions made during the financial year along with the distribution related to the last quarter of FY 2019-20 and does not include the distribution relating to the last quarter of FY 2020-21 which will be paid after 31 March 2021.

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

HSGinwala

per Huzefa Ginwala
Partner
Membership Number : 111757
Place : Pune
Date : 27 May 2021

S R B C & CO LLP * CHARTERED ACCOUNTANTS * SRBC

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 : 27 May 2021

Swapnil Patil
Company Secretary
Membership Number : 24861
Place : Mumbai
Date : 27 May 2021

Jyoti Kumar Agarwal
Chief Financial Officer
Place : Mumbai
Date : 27 May 2021

India Grid Trust

INDIA GRID TRUST
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021
(All amounts in Rs. million unless otherwise stated)

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
A. Cash flow from operating activities		
Net profit/ (loss) as per statement of profit and loss	3,347.71	5,057.20
Adjustment for taxation	76.28	(57.33)
Profit/ (Loss) before tax	3,423.99	4,999.87
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation expenses	4,304.85	3,101.12
Impairment /(reversal of impairment) of Property Plant & Equipment and service concession	175.11	(456.96)
Foreign exchange loss on borrowing	61.46	62.85
Finance cost	6,864.95	4,090.53
Income from investment in mutual funds	(129.91)	(190.89)
Interest income on investment in fixed deposits	(135.77)	(102.09)
Interest on others	(13.63)	-
Operating profit before working capital changes	14,551.05	11,504.43
Movements in working capital :		
- trade payables	(151.39)	3.08
- other current financial liabilities	862.04	194.12
- other current liabilities	(20.96)	(378.88)
- trade receivables	1,562.92	31.07
- other non-current financial asset	136.24	(5.82)
- other non-current asset	26.10	(10.72)
- other current financial asset	(407.88)	49.71
- other current assets	27.29	(12.03)
Change in working capital	2,034.36	(129.47)
Cash generated from operations	16,585.41	11,374.96
Direct taxes paid (net of refunds)	210.35	(125.92)
Net cash flow from operating activities (A)	16,795.76	11,249.04
B. Cash flow from investing activities		
Purchase of property plant & equipment (including capital work-in-progress and capital advances)	(54,955.51)	(59,156.47)
Purchase of service concession receivable of subsidiary	(3,128.27)	-
Acquisition of other assets (net of other liabilities)	(670.67)	(779.36)
Acquisition of mutual fund investments	-	(2,604.21)
Interest income on investment in fixed deposits	135.56	41.91
Income from investment in mutual funds	129.91	190.89
Interest on others	13.63	-
Proceeds from mutual funds (net)	-	2,679.93
Investment in fixed deposits (net)	(496.51)	(1,280.08)
Net cash flow from /(used) in investing activities (B)	(58,971.86)	(60,907.39)
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	54,530.79	28,248.58
Repayment of long term borrowings	(15,764.01)	(273.91)
Acquisition of borrowings	38,807.08	9,600.00
Payment of upfront fees of long term borrowings	(266.53)	(272.91)
Finance costs	(6,095.42)	(3,823.19)
Payment of distributions to unitholders	(7,057.93)	(6,101.16)
Net cash flow used in financing activities (C)	64,153.98	52,143.10
Net increase / (decrease) in cash and cash equivalents (A + B + C)	21,977.88	2,484.75
Cash and cash equivalents as at beginning of year	4,088.41	1,603.66
Cash and cash equivalents as at year end	26,066.29	4,088.41

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India Grid Trust

INDIA GRID TRUST
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021
(All amounts in Rs. million unless otherwise stated)

Components of cash and cash equivalents:

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Balances with banks:		
- On current accounts	23,101.29	3,467.87
- Deposit with original maturity of less than 3 months	2,965.00	620.54
Total cash and cash equivalents (refer note 9)	26,066.29	4,088.41

Reconciliation between opening and closing balances for liabilities arising from financing activities (including current maturities) :-

Particulars	Long term borrowings (including current maturities)
01 April 2019	26,172.27
Cash flow	
- Interest	(3,823.19)
- Proceeds/(repayments)	37,301.76
Foreign exchange loss on borrowing	209.56
Lease liability	53.34
Accrual	4,090.53
31 March 2020	64,004.27
Cash flow	
- Interest	(6,095.42)
- Proceeds/(repayments)	81,701.71
Foreign exchange loss on borrowing	113.40
Lease liability	45.87
Accrual	6,864.95
31 March 2021	1,46,634.78

Summary of significant accounting policies 2.1

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

HS Ginwala

per Huzefa Ginwala
Partner
Membership Number : 111757
Place : Pune
Date : 27 May 2021

S R B C & CO LLP * CHARTERED ACCOUNTANTS *
SRBC

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 : 27 May 2021

Swapnil Patil
Company Secretary
Membership Number : 24861
Place : Mumbai
Date : 27 May 2021

Jyoti Kumar Agarwal
Chief Financial Officer

Place : Mumbai
Date : 27 May 2021

India Grid Trust

INDIA GRID TRUST
Notes to Consolidated Financial Statements for the year ended 31 March 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. STATEMENT OF NET ASSETS AT FAIR VALUE AS AT

(Rs. in million)

Particulars	31 March 2021		31 March 2020	
	Book value	Fair value	Book value	Fair value
A. Assets	2,00,354.50	2,37,186.21	1,17,920.19	1,27,100.52
B. Liabilities (at book value)	1,51,849.56	1,51,849.56	67,433.94	67,433.94
C. Net Assets (A-B)	48,504.94	85,336.65	50,486.25	59,666.58
D. Number of units	583.49	583.49	583.49	583.49
E. NAV (C/D)	83.13	146.25	86.52	102.26

Total assets after provision for impairment on investment in subsidiaries determined based on fair valuation. For the purpose of NAV Computation we have considered 100% of the fair valued assets and liabilities of PrKTCL and NER II and the effect of non controlling interest of 26% of the fair valued assets and liabilities is not considered to arrive at the computed NAV.

Project wise breakup of fair value of assets as at (Rs. in million)

Project	31 March 2021	31 March 2020
Bhopal Dhule Transmission Company Limited	20,903.57	18,781.64
Jabalpur Transmission Company Limited	16,340.59	14,490.39
Maheshwaram Transmission Limited	5,984.30	5,466.06
RAPP Transmission Company Limited	4,295.43	4,035.67
Purulia & Kharagpur Transmission Company Limited	6,964.28	6,501.67
Patran Transmission Company Limited	2,622.19	2,386.61
NRSS XXIX Transmission Limited ^	49,275.13	45,382.69
Odisha Generation Phase-II Transmission Limited ^	15,188.55	14,371.15
East North Interconnection Company Limited*	12,821.20	12,581.81
Gurgaon-Palwal Transmission Limited#	12,858.56	-
Jhajjar KT Transco Private Limited#	3,172.87	-
Parbati Koldam Transmission Company Limited#	10,226.37	-
NER II Transmission Limited#	67,695.29	-
Subtotal	**2,28,348.33**	**1,23,997.69**
Assets (in IndiGrid)	8,837.88	3,102.83
Total assets	**2,37,186.21**	**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 year, the Trust has acquired Gurgaon-Palwal Transmission Limited with effect from 28 August 2020, Jhajjar KT Transco Private Limited with effect from 28 September 2020, Parbati Koldam Transmission Company Limited with effect from 08 January 2021 and NER II Transmission Limited with effect from 25 March 2021.

B. STATEMENT OF TOTAL RETURNS AT FAIR VALUE

Particulars	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Total comprehensive income (as per the statement of profit and loss)	3,347.71	5,057.20
Add: other changes in fair value (e.g., in property, plant & equipment (if cost model is followed)) not recognized in total comprehensive income	28,286.19	8,545.52
Total Return	**31,633.90**	**13,602.72**

Notes:

1. Fair value of assets as at 31 March 2021 and as at 31 March 2020 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 27A.

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ADDITIONAL DISCLOSURES AS REQUIRED BY PARAGRAPH 6 OF ANNEXURE A TO THE SEBI CIRCULAR NO. CIR/IMD/DF/127/2016

A) Statement of Net Distributable Cash Flows (NDCFs) of India Grid Trust

Description	Year ended 31 March 2021 (Audited)	Year ended 31 March 2020 (Audited)
Cash flows received from the Portfolio Assets in the form of interest	11,370.40	10,114.90
Cash flows received from the Portfolio Assets in the form of dividend	413.89	-
Any other income accruing at IndiGrid level and not captured above, including but not limited to interest/return on surplus cash invested by IndiGrid	78.30	177.66
Cash flows received from the Portfolio Assets towards the repayment of the debt issued to the Portfolio Assets by IndiGrid	26,912.59	6,752.28
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)	38,775.18	17,044.84
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)	(5,206.08)	(2,941.27)
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	1.18	(56.96)
Less: Amount invested in any of the Portfolio Assets for service of debt or interest	(25,487.90)	(6,843.29)
Less: Repair work in relation to the projects undertaken by any of the Portfolio Assets	-	-
Total cash outflows / retention at IndiGrid level (B)	(30,692.80)	(9,841.53)
Net Distributable Cash Flows (C) = (A+B)	8,082.38	7,203.32

Notes :

i. Does not include interest accrued but not due for quarter ended 31 March 2021 of Rs. 86.51 million, quarter ended 31 March 2020 of Rs. 62.10 million, quarter ended 31 December 2020 of Rs. 98.45 million, year ended 31 March 2021: Rs. 348.47 million and year ended 31 March 2020: Rs. 150.51 million) related to market linked non convertible debentures ('MLDs') which

ii. Does not include Earn - out expenses for the quarter ended 31 March 2021 of Nil, quarter ended 31 December 2020 of Rs. 26.08 million, quarter ended 31 March 2020: Nil, year ended 31 March 2021 of Rs. 117.27 million and year ended March 31, 2020: Nil).

B) Statement of Net Distributable Cash Flows (NDCFs) of underlying Holdcos and SPVs

(i) IndiGrid Limited (formerly known as Sterlite Grid 1 Limited) (Holdco)

Description	Year ended 31 March 2021 (Audited)	Year ended 31 March 2020 (Audited)
Profit/(loss) after tax as per profit and loss account (A)	851.22	(884.64)
Add: Depreciation, impairment and amortisation	(1,481.96)	436.45
Add/Less: Decrease/(increase) in working capital	50.50	4.93
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid	638.24	621.04
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;	-	-
-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	(21.92)	-
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;	(157.16)	(160.15)
-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)	-	-
Amortization of Upfront fees	-	
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)	(972.29)	902.27
Net Distributable Cash Flows (C) = (A+B)	(121.07)	17.63

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(ii) **Bhopal Dhule Transmission Company Limited (BDTCL) (SPV)**

Description	Year ended 31 March 2021 (Audited)	Year ended 31 March 2020 (Audited)
Profit/(loss) after tax as per profit and loss account (A)	97.41	(285.62)
Add: Depreciation, impairment and amortisation	704.88	707.04
Add/Less: Decrease/(increase) in working capital	110.82	(80.41)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid	1,321.63	1,305.15
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	(85.26)	(0.82)
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	40.40	-
-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)	-	-
Amortization of Upfront fees	3.75	4.10
Loss on account of MTM of F/W & ECB	113.40	62.85
Non Cash Income - Reversal of Prepayment penalty		-
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)	(120.95)
Total Adjustments (B)	2,165.83	1,876.96
Net Distributable Cash Flows (C) = (A+B)	2,263.24	1,591.34

Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

(iii) **Jabalpur Transmission Company Limited (JTCL) (SPV)**

Description	Year ended 31 March 2021 (Audited)	Year ended 31 March 2020 (Audited)
Profit/(loss) after tax as per profit and loss account (A)	329.75	(1,103.49)
Add: Depreciation, impairment and amortisation	(1,617.83)	(34.43)
Add/Less: Decrease/(increase) in working capital	131.83	137.41
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid	2,729.80	2,541.68
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;	-	-
-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	(25.16)	(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 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)	-	-
Amortization of Upfront fees	-	
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)	1,218.64	2,623.58
Net Distributable Cash Flows (C) = (A+B)	1,548.39	1,520.09

Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

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India Grid Trust

(iv) **Maheshwaram Transmission Limited (MTL) (SPV)**

Description	Year ended 31 March 2021 (Audited)	Year ended 31 March 2020 (Audited)
Profit/(loss) after tax as per profit and loss account (A)	(157.52)	(146.04)
Add: Depreciation, impairment and amortisation	121.77	121.78
Add/Less: Decrease/(increase) in working capital	18.09	(8.21)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid	581.70	568.58
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;	-	-
-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	(1.64)	-
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)	-	-
Amortization of Upfront fees	-	
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)	719.92	682.15
Net Distributable Cash Flows (C) = (A+B)	562.40	536.11

Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

(v) **RAPP Transmission Company Limited (RTCL) (SPV)**

Description	Year ended 31 March 2021 (Audited)	Year ended 31 March 2020 (Audited)
Profit/(loss) after tax as per profit and loss account (A)	10.80	27.39
Add: Depreciation, impairment and amortisation	85.65	85.66
Add/Less: Decrease/(increase) in working capital	39.98	(31.37)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid	334.02	345.17
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;	-	-
-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	(7.54)	-
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)	-	-
Amortization of Upfront fees	-	
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)	452.11	399.46
Net Distributable Cash Flows (C) = (A+B)	462.91	426.85

Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

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(vi) **Purulia & Kharagpur Transmission Company Limited (PKTCL) (SPV)**

Description	Year ended 31 March 2021 (Audited)	Year ended 31 March 2020 (Audited)
Profit/(loss) after tax as per profit and loss account (A)	(22.74)	(21.19)
Add: Depreciation, impairment and amortisation	142.88	142.89
Add/Less: Decrease/(increase) in working capital	53.63	0.13
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid	583.68	592.69
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;	-	-
-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	(3.93)	-
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 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)	-	-
Amortization of Upfront fees	-	
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)	776.26	735.71
Net Distributable Cash Flows (C) = (A+B)	753.52	714.52

Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

(vii) **Patran Transmission Company Limited (PTCL) (SPV)**

Description	Year ended 31 March 2021 (Audited)	Year ended 31 March 2020 (Audited)
Profit/(loss) after tax as per profit and loss account (A)	(144.84)	(168.14)
Add: Depreciation, impairment and amortisation	180.98	205.58
Add/Less: Decrease/(increase) in working capital	14.04	(7.94)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid	258.78	236.71
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;	-	-
-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	(7.00)	-
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)	-	-
Amortization of Upfront fees	-	
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)	446.80	434.35
Net Distributable Cash Flows (C) = (A+B)	301.96	266.21

Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

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India Grid Trust

(viii) **IndiGrid 1 Limited (formerly known as Sterlite Grid 2 Limited) (Holdco)**

Description	Year ended 31 March 2021 (Audited)	04 June 2019* to 31 March 2020 (Audited)
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	(172.27)	(129.37)
Add: Depreciation, impairment and amortisation	-	-
Add/Less: Decrease/(increase) in working capital	19.10	(292.84)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid	171.54	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;	-	-
-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)	-	-
Amortization of Upfront fees	-	
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)	190.64	(165.13)
Net Distributable Cash Flows (C) = (A+B)	18.37	(294.50)

* Being the date of acquisition by IndiGrid.

^ Regrouped

(ix) **NRSS XXIX Transmission Limited (NRSS) (SPV)**

Description	Year ended 31 March 2021 (Audited)	04 June 2019* to 31 March 2020 (Audited)
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	28.31	598.65
Add: Depreciation, impairment and amortisation	828.58	683.93
Add/Less: Decrease/(increase) in working capital	243.04	(456.11)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid	4,099.21	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;	-	-
-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	(9.55)	(3.17)
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	(12.70)	-
-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;	54.61	(95.30)
-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)	-	
Amortization of Upfront fees	-	
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)	5,203.19	3,613.96
Net Distributable Cash Flows (C) = (A+B)	5,231.50	4,212.61

* Being the date of acquisition by IndiGrid.

Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

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(x) **IndiGrid 2 Limited (formerly known as Sterlite Grid 3 Limited) (Holdco)**

Description	Year ended 31 March 2021 (Audited)	28 June 2019* to 31 March 2020 (Audited)
Profit/(loss) after tax as per profit and loss account (A)	(87.95)	785.52
(pertaining to period post acquisition by IndiGrid)		^
Add: Depreciation, impairment and amortisation	-	(895.96)
Add/Less: Decrease/(increase) in working capital	36.39	0.96
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid	89.55	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;	-	-
-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)	-	-
Amortization of Upfront fees	-	
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)	**125.94**	**(785.80)**
Net Distributable Cash Flows (C) = (A+B)	**37.99**	**(0.28)**

* Being the date of acquisition by IndiGrid.
^ Regrouped

(xi) **Odisha Generation Phase-II Transmission Limited (OGPTL) (SPV)**

Description	Year ended 31 March 2021 (Audited)	28 June 2019* to 31 March 2020 (Audited)
Profit/(loss) after tax as per profit and loss account (A)	(79.36)	626.45
(pertaining to period post acquisition by IndiGrid)		
Add: Depreciation, impairment and amortisation	381.40	(428.76)
Add/Less: Decrease/(increase) in working capital	193.14	(75.77)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid	905.67	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;	-	-
-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	(4.37)	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 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)	-	-
Amortization of Upfront fees	1.25	-
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)	**1,463.51**	**117.14**
Net Distributable Cash Flows (C) = (A+B)	**1,384.15**	**743.59**

* Being the date of acquisition by IndiGrid.
Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

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(xii) East-North Interconnection Company Limited (ENICL)(SPV)

Description	Year ended 31 March 2021 (Audited)	24 March 2020* to 31 March 2020 (Unaudited) (refer note 2)
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	(105.97)	0.65
Add: Depreciation, impairment and amortisation	556.58	12.27
Add/Less: Decrease/(increase) in working capital	141.10	14.69
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid	310.10	-
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;	-	-
-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	(3.20)	-
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)	-	-
Amortization of Upfront fees	-	-
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)	1,004.58	26.96
Net Distributable Cash Flows (C) = (A+B)	898.61	27.61

* Being the date of acquisition by IndiGrid.

Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

(xiii) Gurgaon-Palwal Transmission Limited (GPTL) (SPV)

Description	28 August 2020* to 31 March 2021 (Audited)
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	(64.16)
Add: Depreciation, impairment and amortisation	210.11
Add/Less: Decrease/(increase) in working capital	120.94
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid	252.70
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;	-
-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	0.02
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	(1.10)
-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;	(21.68)
-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)	-
Amortization of Upfront fees	117.56
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	(0.00)
Total Adjustments (B)	678.54
Net Distributable Cash Flows (C) = (A+B)	614.38

* Being the date of acquisition by IndiGrid.

Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

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(xiv) Jhajjar KT Transco Private Limited (JKTPL) (SPV)

Description	28 September 2020* to 31 March 2021 (Audited)
Profit/(loss) after tax as per profit and loss account (A)	(7.82)
(pertaining to period post acquisition by IndiGrid)	
Add: Depreciation, impairment and amortisation	-
Add/Less: Decrease/(increase) in working capital	46.19
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid	150.59
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;	-
-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)	(2.40)
-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;	2.01
-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)	-
Amortization of Upfront fees	-
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)	196.39
Net Distributable Cash Flows (C) = (A+B)	188.57

* Being the date of acquisition by IndiGrid.

Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

(xv) Parbati Koldam Transmission Company Limited (PrKTCL) (SPV)

Description	08 January 2021* to 31 March 2021 (Audited)
Profit/(loss) after tax as per profit and loss account (A)	69.09
(pertaining to period post acquisition by IndiGrid)	
Add: Depreciation, impairment and amortisation	88.92
Add/Less: Decrease/(increase) in working capital	156.63
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid	-
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;	-
-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	(7.73)
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items)	-
	(13.06)
-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;	(1.87)
-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)	-
Amortization of Upfront fees	-
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	(89.64)
Total Adjustments (B)	133.24
Net Distributable Cash Flows (C) = (A+B)	202.34

* Being the date of acquisition by IndiGrid.

Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

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(xvi) **NER II Transmission Limited (NER) (SPV)**

Description	25 March 2021* to 31 March 2021 (Audited)
Profit/(loss) after tax as per profit and loss account (A) (pertaining to period post acquisition by IndiGrid)	(46.47)
Add: Depreciation, impairment and amortisation	14.14
Add/Less: Decrease/(increase) in working capital	(62.13)
Add: Interest accrued on loan/non-convertible debentures issued to IndiGrid	58.13
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;	-
-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)	-
Amortization of Upfront fees	-
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)	10.14
Net Distributable Cash Flows (C) = (A+B)	(36.33)

* Being the date of acquisition by IndiGrid.

Note: During the period, amount being at least 90% has already been distributed to IndiGrid.

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India Grid Trust

India Grid Trust
Notes to Consolidated Financial Statements for the year ended 31 March 2021

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, 2021. 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 Indigrid 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, 2021, 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')
11. Parbati Koldam Transmission Company Limited ('PrKTCL')
12. NER II Transmission Limited ('NER')

As at March 31, 2021, IndiGrid has following project entities which are transmission infrastructure projects developed on Build, Operate and Transfer ('BOT') basis:

1. Jhajjar KT Transco Private Limited ('JKTPL')

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 26 May 2021.

2. Significant Accounting Policies

2.1 Basis of preparation

The consolidated financial statements comprise of the Consolidated Balance Sheet as at March 31, 2021, 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, 2021 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").

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India Grid Trust

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 2021. 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, 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.

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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.

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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
- Disclosures for valuation methods, significant estimates and assumptions
- Financial instruments (including those carried at amortised cost)

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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.

Regulatory Assets and revenue:

The group 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 policies and the requirement of Ind AS 114, "regulatory deferral accounts" read with guidance note on rate regulated activities issued by Institute of Chartered Accountants of India. ("ICAI")

Service Concession Arrangements:

The group through one of its subsidiaries also 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 Appendix D to Ind AS 115, this arrangement is considered as Service Concession Arrangement and in accordance with para 16 of the Appendix D to Ind AS 115, rights to receive the consideration from the grantor for providing services has been recognised as "financial assets".

Finance Income for Service Concession Arrangements under finance 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.

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.

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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.

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- 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) 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 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.

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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 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.

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.

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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.

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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.

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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.

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.

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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.

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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.

q) Self-Insurance reserve

Self-insurance reserve is created at 0.1% p.a. of Gross Block of PPE as at the end of the year by appropriating current year profit towards future losses which may arise from un-secured risks and taking care of contingencies in future by procurement of towers and other transmission line materials including strengthening of towers.

Changes in accounting policies and disclosures

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 116: Leases

Amendments to Ind AS 103: Business Combinations

Amendments to Ind AS 107 and 109 : Financial Instruments Disclosures and Financial Instruments

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Notes to Consolidated Financial Statements for the year ended 31 March 2021

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	Vehicle	Road	Right of use (refer note (a) below)	Total
Gross block														
As at 01 April 2019	112.28	89.86	0.59	119.83	7,981.06	33,916.49	5.95	1.37	1.21	1.71	0.85	5.57	-	54,249.90
Additions	-	-	-	-	-	32.07	-	1.59	0.01	0.05	1.32	-	53.67	99.51
Additions on account of acquisition (refer note 26)	9.29	-	-	-	8,269.69	63,619.97	0.15	0.29	0.39	3.76	2.07	-	-	60,901.21
Disposals	-	-	-	-	-	(23.19)	-	-	-	(0.01)	-	-	-	(23.40)
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	4.51	4.24	5.57	53.67	1,14,216.22
Additions	-	-	1.35	-	102.09	2,366.20	0.17	7.81	0.52	1.10	-	-	-	2,579.81
Additions on account of acquisition (refer note 26)	651.88	-	-	102.68	11,244.50	12,599.56	0.62	0.66	5.81	7.36	-	-	-	57,511.47
Disposals	-	-	-	-	(57.81)	(4.18)	(0.56)	(4.01)	(0.13)	(0.02)	-	-	-	(61.71)
Adjustments for Present Value	-	-	-	-	-	-	-	-	-	-	-	-	(1.31)	(1.31)
As at 31 March 2021	773.45	89.86	1.94	222.51	30,538.56	1,42,516.13	6.58	11.14	8.64	13.03	4.24	5.57	52.33	1,74,243.92
Depreciation														
As at 01 April 2019	-	6.11	0.06	7.96	553.52	2,848.00	1.90	0.92	0.53	0.95	0.15	1.85	-	3,112.20
Charge for the year	-	3.51	0.01	9.22	620.75	2,160.10	0.56	0.41	0.58	1.34	0.50	1.20	2.67	3,108.12
Impairment / (reversal), net (refer note 26)	-	-	-	-	-	(156.96)	-	-	-	-	-	-	-	(156.96)
Disposals	-	-	-	-	-	(3.00)	-	-	-	-	-	-	-	(3.00)
As at 31 March 2020	-	9.95	0.07	17.18	1,174.27	4,838.14	2.36	1.23	1.13	2.20	0.65	3.05	2.67	6,053.06
Charge for the year	-	3.52	0.06	6.21	559.67	3,717.85	0.90	1.95	0.86	2.61	0.93	-	10.19	4,304.76
Disposals	-	-	-	-	(12.28)	-	-	-	-	-	-	-	-	(12.20)
As at 31 March 2021	-	13.47	0.13	23.39	1,721.66	8,555.99	3.26	3.18	1.97	4.89	1.58	3.05	13.06	10,345.62
Net Block														
As at 31 March 2020	121.57	79.91	0.52	102.66	15,076.48	92,715.70	3.64	2.02	1.31	2.23	3.59	2.52	51.00	1,08,163.16
As at 31 March 2021	773.45	76.39	1.81	199.12	28,816.84	1,33,960.13	3.32	7.97	6.67	8.14	2.66	2.52	39.27	1,63,898.29

Note a: Certain property, plant and equipment of the Group has been pledged for the borrowing taken by the Group. Also refer note 13.

Note b: Right-of-use asset

The Group has taken office building on lease which has lease term of 9 years with lock-in period of 3 years. The Group's obligations under its lease 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	-	1.10
Cash outflow for lease	-	-
As at 31 March 2020	51.00	53.24
Additions	-	-
Adjustments for Present Value	(1.31)	(1.31)
Depreciation expense	10.19	-
Interest expense	-	1.89
Cash outflow for lease	-	(10.02)
As at 31 March 2021	39.27	43.87

Note 4: Capital work-in-progress

Particulars	Amount
As at 01 April 2019	-
Additions	-
Disposals	-
As at 31 March 2020	-
Additions	97.09
Disposals	-
As at 31 March 2021	97.09

Capital work-in-progress includes amount of Rs. 31.79 million (31 March 2020: Nil) pertaining to office improvements work in progress, Rs. 60.61 million (31 March 2020: Nil) pertaining to defect rectification work undertaken at subsidiary level and Rs. 4.69 million (31 March 2020: Nil) pertaining to solar are related projects in progress.

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Note 5: Loans (unsecured, considered good)

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Current		
Education loan to employees	0.85	-
Total	0.85	-

Note 6: Other financial assets

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Non-Current		
Service Concession Receivable (refer note 26)	3,178.09	-
Less : Provision for expected credit loss	(182.63)	-
Less : Provision for impairment (refer note 26)	(175.11)	
	2,820.35	-
Security deposits	10.40	8.87
Other bank balances (refer note 10)	25.43	0.99
Total	2,856.18	9.86
Current		
Unbilled revenue*	1,849.31	1,191.66
Service Concession Receivable	132.81	-
Advances receivable in cash or kind	44.33	2.27
Interest accrued on deposits	64.80	64.59
Security deposits	-	0.03
Insurance claim receivable#	-	14.15
Others	4.96	9.93
Total	2,096.22	1,282.63

* Unbilled revenue is the transmission charges for the month of March 2021 amounting to Rs. 1,849.31 million (31 March 2020 : Rs. 1,191.66 million) billed to transmission utilities in the month of April 2021.

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 was derecognised. JTCL had a valid insurance policy which covers the reinstatement cost for the above loss and it had 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 was recognised as receivable from the insurance company based on the probability of recovery of the claim by the Group.

Note 7: Other assets

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Non-Current		
Capital advances (unsecured, considered good)	60.98	10.83
Less: Provision for doubtful advances	(10.83)	(10.83)
	50.15	-
Advance income tax, including TDS (net of provisions)	144.30	217.38
Deposits paid under dispute (refer note 31)	138.81	164.91
Others	0.05	0.05
Total	333.31	382.34
Current		
Prepaid expenses	143.82	138.28
Balance with statutory authority	89.15	93.13
Advance Gratuity Fund (refer note 37)	5.16	
Others	19.78	4.31
Total	257.91	235.72

Note 8: Trade receivables

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Trade receivables	2,972.70	2,458.33
Receivables from related parties (refer note 28)	3.85	-
Total	2,976.55	2,458.33
Current portion	2,976.55	2,458.33
Non-current portion	-	-
		-
Break-up of security details:		
-Unsecured, considered good	2,976.55	2,458.33
-Trade receivables which have significant increase in credit risk	-	-
-Trade receivables - credit impaired	-	-

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1. 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.
2. Trade Receivables includes Rs. 734.47 million 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 a stay application against the bill raised by the Parbati Koldam Transmission Company Limited ('PrKTCL'). APTEL has admitted the stay application and asked no coercive action should be taken place till the hearing of the said application. The said Interim Application is listed for hearing on 04 August 2021. Further, PrKTCL has provided amount payable to beneficiaries corresponding to the above recoverable amount and according to the prevailing practice the amount shall be paid as and when the same is realised from NTPC. Accordingly, in the instance of non-recoverability of aforesaid amount there would be no financial impact on PrKTCL hence no provision is created on account of uncertainty in realisation of such recoverable amount. Interest recoverable/payable on these amounts shall be accounted for on actuality in view of uncertainty involved.
3. Trade receivables are non-interest bearing and are generally on terms of 60 days
4. Refer Note 35 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 9: Cash and cash equivalents

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Balance with banks		
- in current accounts ^	23,101.29	3,467.87
Deposit with original maturity of less than 3 months #	2,965.00	620.54
Total	**26,066.29**	**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 Trust and earn interest at the respective deposit rates.

^ Out of total amount, Rs. 9.35 million (31 March 2020: Rs. 7.34 million) pertains to unclaimed distribution to unitholders.

Includes amount of Rs. 2,566.70 million (31 March 2020: Nil) is kept in Interest Service Reserve Account ('ISRA') as per borrowing agreements with lenders.

Note 10: Other bank balances

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Non-Current		
Bank deposits with remaining maturity of more than 12 months	25.43	0.99
Amount disclosed under head "other non current financial asset" (refer note 6)	(25.43)	(0.99)
Total	-	-
Current		
Deposit with original maturity for more than 3 months but less than 12 months	959.01	1,299.74
Deposit with original maturity for more than 12 months	812.80	-
Total	**1,771.81**	**1,299.74**

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Details of lien marked deposits:

1. Rs. 653.16 million (31 March 2020: Rs. 1,244.20 million) is kept in interest service reserve account ('ISRA')/debt service reserve account ('DSRA') as per borrowing agreements with lenders.
2. Rs. 291.10 million (31 March 2020: Rs. 19.69 million) held as lien by bank against bank guarantees.
3. Rs. 55.00 million (31 March 2020: Nil) earmarked against self insurance reserve.
4. Rs. 0.05 million (31 March 2020: Nil) pledged with Sales Tax Department.

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 March 2021	**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.

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 2021		31 March 2020	
	(Nos. in million)	(Rs. in million)	(Nos. in million)	(Rs. in million)
Esoteric II Pte. Limited	136.04	23.31%	136.04	23.31%
Government of Singapore	116.82	20.02%	116.82	20.02%
Larsen And Toubro Limited	36.68	6.29%	-	0.00%
Sterlite Power Transmission Limited *	2.04	0.35%	87.55	15.00%

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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.

* Sterlite Power Grid Ventures Limited ('SPGVL') has been merged with Sterlite Power Transmission Limited ('SPTL').

Note 12: Other Equity

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Retained earnings		
Balance as per last financial statements	(2,659.44)	(1,613.89)
Add: Profit for the year attributable to unitholders'	3,339.76	5,057.20
Less: Distribution paid to unitholders	(7,060.17)	(6,102.75)
Closing balance	(6,379.84)	(2,659.44)
Self Insurance Reserve (refer note (i) below)		
Balance as per last financial statements	-	-
Additions during the year through acquisition	58.07	-
Closing balance	58.07	-

(i) Self Insurance reserve is created @ 0.1% p.a. on Gross Block of Fixed Assets (except assets covered under any other insurance policy) of Parbati Koldam Transmission Company Limited (PrKTCL) 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.

Note 13: Long term borrowings

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Non-Current		
Debentures		
7.11% 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
8.40% Non-convertible market linked debentures (secured) (refer note B below)	1,702.19	1,725.66
9.00% Non-convertible market linked debentures (secured) (refer note B below)	1,976.71	2,100.12
8.85% Non-convertible debentures (secured) (refer note A below)	1,980.06	1,969.00
9.10% Non-convertible debentures (secured) (refer note A below)	16,925.60	16,887.38
8.40% Non-convertible debentures (secured) (refer note A and (i) below)	3,496.51	-
7.85% Non-convertible debentures (secured) (refer note E)	6,560.00	6,710.00
7.40% Non-convertible debentures (secured) (refer note A and (i) below)	992.09	-
7.00% Non-convertible debentures (secured) (refer note A and (i) below)	2,496.17	-
7.25% Non-convertible debentures (secured) (refer note A and (i) below)	1,493.30	-
8.50% Non-convertible debentures (secured) (refer note A and (i) below)	3,974.08	-
7.25% Non-convertible debentures (secured) (refer note C and (i) below)	26,498.93	-
	74,945.64	36,242.16
Lease liabilities (refer note 34)	32.12	45.87
Term loans		
Indian rupee loan from banks (secured) (refer note D, F, G, H, I, J and (ii) below)	45,075.91	24,056.61
Indian rupee loan from financial institution (secured)	13,991.34	2,292.36
Foreign currency loan from financial institution (secured)	2,019.68	-
	61,086.94	26,348.97
Total	1,36,064.70	62,637.00
The above amount includes		
Secured borrowings	1,36,032.58	62,591.13
Unsecured borrowings	32.12	45.87
Total non-current borrowings	1,36,064.70	62,637.00
Current maturities		
7.85% Non-convertible debentures (secured) (refer note E)	150.00	110.00
9.25% Non-convertible debentures	-	600.00
8.10% Non-convertible debentures (secured) (refer note C and i below)	998.83	-
Indian rupee loans from banks (secured)	8,252.28	325.20
Indian rupee loans from financial institution (secured)	109.65	-
Foreign currency loan from financial institution (secured)	218.74	205.84
Lease liabilities (refer note 34)	13.75	7.47
Interest accrued but not due	826.83	118.76
Total current portion of non-current borrowings	10,570.08	1,367.27
Less: Amount disclosed under the head "Other current financial liabilities" (refer note 15)	10,570.08	1,367.27
Net borrowings	-	-

(i) The above items represent new secured non-convertible debentures that have been issued by the Trust during the year ended 31 March 2021.

(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 is in the process of creating security charge on the above NCDs.

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The below table shows the maturity profile of outstanding NCD and MLD of the Trust the principal of which is repayable in full at the time of maturity :

Rate of Interest	Repayment Commencement Date	2022-2023	2023-2024	2024-2025	2025-2026	2028-2029
4,350 7.11% Non-convertible debentures of Rs. 10,00,000 each	14 February 2029	-	-	-	-	4,350
2,500 8.60% Non-convertible debentures of Rs. 10,00,000 each	31 August 2028	-	-	-	-	2,500
3000 9.10% Non-convertible debentures of Rs. 10,00,000 each	29 July 2024	-	-	3,000	-	-
1740 8.40% market linked non-convertible debentures of Rs. 10,00,000 each	24 January 2024	-	1,740	-	-	-
900 8.40% market linked non-convertible debentures of Rs. 10,00,000 each	24 January 2024	-	-	-	-	-
2,000 9.00% market linked non-convertible debentures of Rs. 10,00,000 each	04 January 2023	2,000	-	-	-	-
2,000 8.85% Non-convertible debentures of Rs. 10,00,000 each	02 November 2022	2,000	-	-	-	-
14,000 9.10% Non-convertible debentures of Rs. 10,00,000 each	03 June 2022	14,000	-	-	-	-
4,000 8.50% Non-convertible debentures of Rs. 10,00,000 each	01 March 2024	-	4,000	-	-	-
2,500 7.00% Non-convertible debentures of Rs. 10,00,000 each	28 June 2024	-	-	2,500	-	-
1,500 7.25% Non-convertible debentures of Rs. 10,00,000 each	27 June 2025	-	-	-	1,500	-
1,000 7.40% Non-convertible debentures of Rs. 10,00,000 each	26 December 2025	-	-	-	1,000	-
15,000 7.25% Non-convertible debentures of Rs. 10,00,000 each	10 April 2024	-	15,000	-	-	-
6,500 7.25% Non-convertible debentures of Rs. 10,00,000 each	10 April 2025	-	-	6,500	-	-
5,000 7.25% Non-convertible debentures of Rs. 10,00,000 each	10 April 2026	-	-	-	5,000	-

(D) Term loan from bank

1. The Indian rupee term loan from bank carries interest at the rate of 7.60% and 8.25% p.a. payable monthly. Entire loan amount shall be repayable as a bullet repayment at the end of 5 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.

2. 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.

3. The Indian rupee term loan from bank carries interest at the rate of 7.40%, 7.45% p.a and 7.6% payable monthly. Loan amount installments shall be repayable as per the payment schedule 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.

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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 at least 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).

Gurgaon-Palwal Transmission Limited

(H) Term loan from bank:

Indian rupee term loan from bank and financial Institutions carries interest at the rate of 10.65% p.a to 12.25%. 60% of total loan amount is repayable in 46 structured quarterly instalments post one year moratorium period in accordance with amortisation schedule. Balance 40% of the total loan amount shall be repayable as a bullet repayment as a last instalment. 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.

Parbati Koldam Transmission Company Limited

(I) Term loan from bank:

Term Loans from Banks and Financial Institutions (principal undiscounted amount) are secured by:
a) First pari-passu charge by way of mortgage 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 (India Grid Trust) Interest representing at least 51% of the project Equity Capital.
g) First pari-passu charge on all Insurance Contracts and Insurance Proceeds.
j) The loan shall be repaid in 168 monthly instalment starting from October 30, 2016.

NER II Transmission Limited

(J) Term loan from bank:

Indian rupee term loan from banks of Rs.630.43 million (31 March 2020: Nil) and from financial institutions of Rs.13,983.47 million (31 March 2020: Rs. 13,077.50 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.

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, 2021, the Group has satisfied all debt covenants prescribed in the terms of loan from bank and financial institutions, where applicable.

Note 14: Trade payables

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Trade payables		
- total outstanding dues of micro enterprises and small enterprises	23.25	105.32
- total outstanding dues of creditors other than micro enterprises and small enterprises		
-to related parties (refer note 28)	102.44	157.04
-to others	99.64	70.55
Total	225.33	332.91

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 35.

Note 15: Other financial liabilities

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Current		
Derivative instruments		
Foreign exchange forward contracts	197.86	20.42
Cross currency interest rate swap	-	2.58
	197.86	23.00
Other financial liabilities at amortised cost		
Current maturities of long-term borrowings (refer note 13)	9,729.50	1,241.04
Interest accrued but not due on borrowings	826.83	118.76
Payables for purchase of property, plant and equipment	616.22	186.33
Distribution payable	9.58	7.34
Payable towards project acquired	1,780.17	1,925.09
Lease liabilities (refer note 34)	13.75	7.47
Employee payable	24.92	-
Tariff payable to the beneficiaries (unbilled)	782.37	-
Others	362.47	108.57
	14,145.81	3,594.60
Total	14,343.67	3,617.60

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Note 16: Employee Benefit Obligations

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Non current		
Provision for gratuity (refer note 37)	1.93	
Provision for leave benefit	2.01	
Total	3.94	-
Current		
Provision for gratuity (refer note 37)	0.03	
Provision for leave benefit	1.05	
Long term incentive plan (refer note 39)	11.29	
Total	12.37	-

Note 17: Other current liabilities

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Withholding taxes (TDS) payable	61.80	22.43
Advance from customers	166.62	167.03
Statutory dues payables	4.06	1.17
Others	45.67	49.64
Total	278.15	240.27

Note 18: Current tax liability

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Current tax liability	-	4.10
Total	-	4.10

Note 19: Deferred tax liability (net)

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Deferred tax liability		
Property, plant and equipment : Impact of difference between tax depreciation and depreciation/amortisation for financial reporting	10,487.66	8,680.02
Service concession recievable : Impact of difference between tax depreciation and effective rate of interest for financial reporting	631.72	-
Gross deferred tax liability (B)	**11,119.38**	**8,680.02**
Deferred tax asset		
Financial assets	204.92	-
Tax Losses	10,443.77	8,077.96
Unabsorbed losses under income tax	197.05	
Impact of effective interest rate on borrowings	8.82	
Gross deferred tax asset (A)	**10,854.55**	**8,077.96**
Less: Recoverable from beneficiaries	(656.57)	
Net deferred tax liability (A-B)	921.40	602.06

1. As at 31 March 2021, 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.

2. The Group has Rs. 7,131.07 million (31 March 2020: Rs. 7,340.75 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. 1,794.89 million (31 March 2020: Rs. 1,847.52 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.

In the previous year, 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.

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The major components of income tax expense for the years ended 31 March 2021 and 31 March 2020 are:

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
- Current tax	49.05	56.96
- Deferred tax (refer note above)	24.92	(114.29)
- Income tax for earlier years	1.51	-
Income tax expenses reported in the statement of profit and loss	**76.28**	**(57.33)**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2021 and 31 March 2020:

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Accounting profit before income tax	3,420.37	4,999.87
At India's statutory income tax rate of 25.17% (31 March 2020: 25.17%)	860.84	1,258.37
Impact of exemption u/s 10(23FC) of the Income Tax Act, 1961 available to the Trust	(784.56)	(1,201.41)
Impact on deferred tax due to change in tax rates (refer note above)	24.92	(114.29)
At the effective income tax rate	76.28	(57.33)
Income tax expense reported in the statement of profit and loss	**76.28**	**(57.33)**

Note 20: Revenue from contracts with customers

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
20.1: Disaggregated revenue information		
Type of service		
Power transmission services	16,769.19	12,427.13
Total	**16,769.19**	**12,427.13**

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.

20.2: Reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price

	31 March 2021	31 March 2020
Revenue as per contracted price	16,093.42	11,977.54
Adjustments:		
Incentives earned for higher asset availabilities	457.41	355.17
Surcharges received for late payments	271.68	144.24
Rebates given for early payments	(53.32)	(49.82)
Total revenue from contracts with customers	**16,769.19**	**12,427.13**

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Project wise break up of revenue from contracts with Customers	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Bhopal Dhule Transmission Company Limited	3,081.25	2,694.19
Jabalpur Transmission Company Limited	1,540.60	1,504.96
Maheshwaram Transmission Limited	587.22	585.18
RAPP Transmission Company Limited	460.32	460.14
Purulia & Kharagpur Transmission Company Limited	758.88	755.98
Patran Transmission Company Limited	320.71	301.48
NRSS XXIX Transmission Limited	5,233.88	4,831.69
Odisha Generation Phase-II Transmission Limited	1,736.29	1,260.29
East North Interconnection Company Limited	1,472.73	33.22
Gurgaon-Palwal Transmission Limited#	908.86	-
Jhajjar KT Transco Private Limited#	191.40	-
Parbati Koldam Transmission Company Limited#	376.30	-
NER II Transmission Limited#	100.75	-
	16,769.19	12,427.13

In the current year, the Trust has acquired Gurgaon-Palwal Transmission Limited with effect from 28 August 2020, Jhajjar KT Transco Private Limited with effect from 28 September 2020, Parbati Koldam Transmission Company Limited with effect from 08 January 2021 and NER II Transmission Limited with effect from 25 March 2021. Amounts stated above pertain to post acquisition revenue.

a. Central Electricity Regulatory Commission ('CERC') vide its order dated 25 June 2018 approved an increase in non-escalable tariff revenue by 0.69% per annum on quoted non-escalable 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-escalable charges prospectively from 01 April 2018 instead of the COD of respective elements.
During the previous year ended 31 March 2020, BDTCL received arrears of Rs. 50.20 million pertaining to period from the COD of the respective elements up to 31 March 2017 which is recognised as revenue from contracts with customers in the year ended 31 March 2020.

b. The Appellate Tribunal for Electricity ('ATE') vide its order dated 20 October 2020 provided its approval for claiming additional cost incurred by Bhopal Dhule Transmission Company Limited ('BDTCL') due to delay in actual commercial operation dates ('COD') as a change in law event. As per the terms of the Transmission Service Agreement (TSA), for an increase in the cost of the project, BDTCL is entitled to claim additional tariff from the COD. The additional cost has resulted in an increase in non-escalable tariff by approximately 2.99% from the date of COD. Accordingly, BDTCL has revised its monthly billing to the Power Grid Corporation of India Limited (PGCIL) (CTU) effective from October 2020 by 2.99% for additional tariff and the same is accounted as revenue from operations in the statement of profit and loss for the quarter ended 31 December 2020 and year ended 31 March 2021. Additional arrear revenue from the actual COD till 30 September 2020 amounting to Rs. 428.35 Mn has been received by BDTCL during the last quarter of the year and has been recognized as revenue from operations for the quarter / year.
BDTCL has also entered into a Project Implementation and Management Agreement between Axis Trustee Services Limited (as the Trustee of India Grid Trust), IndiGrid Investment Mangers Limited (as the Investment Manager of India Grid Trust) and Sterlite Power Grid Ventures Limited* as the Project Manager, as per which payment of 70% of the Net Present Value of additional tariff received by BDTCL has to be paid to SPGVL* by the Group.

c. On 08 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.

d. 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 previous year from 01 July 2019 to 31 March 2020.

e. 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 previous 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.

f. 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 previous year from 01 January 2020 to 31 March 2020.

g. Jhajjar KT Transco Private Limited has entered into a transmission agreement with Haryana Vidyut Prasaran Nigam Limited (HVPNL) for obtaining exclusive right to construct, operate and maintain the transmission lines on design, build, finance, operate and transfer (DBFOT) basis for a specified period (concession period) commencing from the date of grant of the Transmission License and receive monthly determinable annuity payments. The agreement provides an option for extension of the concession period. Upon completion of concession period or on termination of agreement, transmission lines will vest with the grantor free and clear of all encumbrances. In terms of para 16 of Appendix D to IndAS 115, cost of construction of transmission lines has been recognized as a part of financial assets under the head service concession receivable. Annuity payments received under the agreement have been accounted as revenue from contracts with customers.

h. Parbati Koldam Transmission Company Limited during the period has proportionately recognized the Transmission Service Charges (TSC) for the period starting from 01 April 2020 till 31 March 2021 which is based on the final tariff order approved by the CERC and applicable as on 31 March 2019, since the tariff petition for the tariff period 2019 -2024 is yet to be filed by PrKTCL. Difference in the revenue recognised and the tariff approved for tariff period 2019-24 shall be recognised once the tariff petition is filed by PrKTCL and the same is approved by the CERC for the tariff period 2019-2024. The amount billed is Rs. 349.36 million (gross amount at PrKTCL is Rs. 1,673.65 million for the year 2020-21).

i. Initial License fees is recognised based on monthly license fees agreed between NER II Transmission Limited and licensee's for use of infrastructure assets.

Note 21: Other income

	31 March 2021 (Rs. in million)	31 March 2020 (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
Reimbursements received	82.88	-
Miscellaneous income	10.15	9.96
Total	93.03	65.51

* Indemnification received of Nil (31 March 2020: Rs. 12.79 million) against custom deposit received from Sterlite Power Grid Ventures Limited.

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Note 22: Employee Benefit Expenses

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Salaries, wages and bonus	113.30	1.49
Contribution to provident fund and superannuation fund	6.72	0.18
Employees long term incentive programme (refer note 39)	11.29	-
Gratuity expense (refer note 37)	2.69	-
Staff welfare expenses	6.78	-
Total	140.78	1.67

Note 23: Other expenses

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Project management fees *	63.79	63.66
Investment management fees #	330.71	238.79
Power and fuel	21.27	-
Rent	4.58	-
Rates and taxes	62.74	37.76
Insurance expenses	243.64	147.02
Vehicle hire charges	18.60	13.51
Loss on sale of assets	40.42	-
Director Sitting Fee	2.22	-
Security charges	22.16	-
Interest on TDS	3.15	-
Earn out Expenses @	796.80	-
Corporate social responsibility **	29.76	-
Miscellaneous expenses	80.42	63.46
Total	1,720.26	564.20

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:

* 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 year ended 31 March 2021 includes amount of Rs. 63.79 million (31 March 2020: Rs 63.66 million) towards Project Manager fees. There are no changes during the year in the methodology for computation of fees paid to Project Manager.

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 year ended 31 March 2021 includes amount of Rs. 330.71 million (31 March 2020: Rs. 238.79 million) towards Investment Manager Fees. There are no changes during the year in the methodology for computation of fees paid to Investment Manager.

** The Group management is evaluating the best possible alternative for CSR activities related to its subsidiaries hence the amount has not been spent till 31 March 2021. In accordance with provisions of Section 135, unspent amount of Rs. 29.76 million (31 March 2020 : Nil)has been transferred to separate bank accounts by the respective subsidiaries.

@ Earn out expense of INR 796.62 million for year ended 31 March 2021 (31 March 2020: Nil) paid to Sterlite Power Grid Ventures (now merged with Sterlite Power Transmission Limited) on account of amounts received by the Trust due to change in law orders received by its subsidiary entities. Such amounts are passed on to the selling shareholder as per the terms of the respective agreements with them.

Note 24: Finance Cost

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Interest on financial liabilities measured at amortised cost	6,842.60	4,039.42
Other bank and finance charges	-	113.96
Discounting on Factoring	22.35	-
Total	6,864.95	4,153.38

Note 25: Earnings per unit (EPU)

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 loss and share data used in the basic and diluted EPU computation:

	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Profit after tax attributable to unitholders for calculating basic and diluted EPU (Rs. in million)	3,337.09	5,057.20
Weighted average number of units in calculating basic and diluted EPU (No. in million)	583.49	554.01
Earnings Per Unit		
Basic and Diluted (Rupees/unit)	5.72	9.13

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Note 26: 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 D - 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 D of Ind AS 115 ("Appendix D") 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 D 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 Appendix D to Ind AS 115, this arrangement is considered as Service Concession Arrangement and in accordance with para 16 of the Appendix D to Ind AS 115, rights to receive the consideration from the grantor for providing services has been recognised as "financial assets". Accordingly the Group is of the view that Appendix D - Service Concession Arrangements of Ind AS 115 Revenue from contracts with customers is applicable to this infrastructure asset.

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 II 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. Futher the Group has acquired the remaining 51% equity stake in ENICL on 26 May 2020.

Considering the requirements under Ind AS 110, the Group has assessed whether it controls ENICL on the basis of acqusition and the fact that the Group holds 100% of the paid up equity capital in ENICL.

Accordingly, the Group has consolidated ENICL on 100% equity ownership and no non-controlling interest (NCI) has been recognised in the consolidated Ind AS financial statements.

v. Consolidation of Gurgaon-Palwal Transmission Limited ('GPTL') as a subsidiary

The Group entered into share purchase agreement dated 28 August 2020 ("the Agreement") with Sterlite Power Grid Ventures Limited ('SPGVL') (merged with "Sterlite Power Transmission Limited" (SPTL)) and Sterlite Grid 4 Limited ('SGL4') ("the Selling shareholders") for acquisition of equity stake in Gurgaon-Palwal Transmission Limited ("GPTL"). 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 GPTL.
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 GPTL;
- Right to direct the selling shareholders to vote according to its instructions in the AGM/EGM or any other meeting of shareholders of GPTL;
- Non-disposal undertaking from the selling shareholders for the remaining 51% equity stake in GPTL;

Considering the requirements under Ind AS 110, the Group has assessed whether it controls GPTL 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 GPTL. Based on the assessment, management has concluded that the Group controls GPTL in spite of the fact that it has acquired only 49% of the paid up capital of GPTL. Further, based on the legal opinion GPTL is considered as Special Purpose Vehicle as per requirements of Securities Exchange Board of India's Invite Regulations.

Accordingly, the Group has consolidated GPTL 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.

vi. Consolidation of Jhajjar KT Transco Private Limited ('JKTPL') as a subsidiary

The Group 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.

Considering the requirements under Ind AS 110, the Group has assessed whether it controls JKTPL on the basis of acquisition and the fact that the Group holds 100% of the paid up equity capital in JKTPL.

Accordingly, the Group has consolidated JKTPL on 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.

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vii. Consolidation of Parbati Koldam Transmission Company Limited ('PrKTCL') as a subsidiary

The Group acquired 74% of paid up equity capital of Parbati Koldam Transmission Company Limited ('PrKTCL') with effect from 08 January 2021 from Reliance Infrastructure Limited (referred as "the Selling Shareholder") pursuant to Share Purchase Agreement dated 28 November 2020 ("SPA"). The balance 26% share in PrKTCL is held by PowerGrid Corporation of India Limited ("PGCIL"). 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 74% paid up equity capital in the PrKTL.
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 PrKTCL;
•Right to direct the selling shareholders to vote according to its instructions in the AGM/EGM or any other meeting of shareholders of PrKTCL;

Considering the requirements under Ind AS 110, the Group has assessed whether it controls PrKTCL on the basis the above rights under the agreement and the fact that the Group has acquired 74%. Based on the assessment, management has concluded that the Group controls PrKTCL in spite of the fact that it has acquired only 74% of the paid up capital of PrKTCL. Further, based on the legal opinion PrKTCL is considered as Special Purpose Vehicle as per requirements of Securities Exchange Board of India's Invite Regulations.

Accordingly, the Group has consolidated PrKTCL assuming equity ownership and non-controlling interest (NCI) of 26% 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.

viii. Consolidation of NER II Transmission Limited ('NER') as a subsidiary

The Group acquired 49% of paid up equity capital of NER II Transmission Limited ("NER") with effect from 25 March 2021 from Sterlite Power Transmission Limited (SPTL)) and Sterlite Grid 4 Limited ('SGL4'), (together referred as "the Selling Shareholders") pursuant to Share Purchase Agreement dated 05 March 2021 ("SPA"). The Group has finalised purchase consideration for acquisition of entire stake in NER and has entered into a binding agreement with the Selling Shareholders to acquire remaining 51% paid up equity capital in NER from the Selling Shareholders. The Group has beneficial interest based on the rights available to it under the SPA. As of 31 March 2021, the Group has paid additional consideration equivalent to 25% of the total consideration which would be adjusted towards payable for acquisition of 25% of equity stake.
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 NER;
•Right to direct the selling shareholders to vote according to its instructions in the AGM/EGM or any other meeting of shareholders of NER;
•Non-disposal undertaking from the selling shareholders for the remaining 51% equity stake in NER;

Considering the requirements under Ind AS 110, the Group has assessed whether it controls NER on the basis the above rights under the agreement and the fact that the Group has acquired 49% making a payment for 74% stake. Based on the assessment, management has concluded that the Group controls NER in spite of the fact that it has acquired only 49% of the paid up capital of NER. Further, based on the legal opinion NER is considered as Special Purpose Vehicle as per requirements of Securities Exchange Board of India's Invite Regulations.

Accordingly, the Group has consolidated NER assuming equity ownership and non-controlling interest (NCI) of 26% 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.

a. Impairment of non-financial assets

The provision for impairment/(reversal) of impairment of property, plant & equipment and service concession recievable is made based on the difference between the carrying amounts and the recoverable amounts. The recoverable amount of the property, plant & equipment and service concession recievable 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. The valuation exercise so carried out considers various factors including cash flow projections, changes in interest rates, discount rates, risk premium for market conditions including the impact of COVID-19, etc. Based on the valuation exercise so carried out, there is a net impairment of Rs. 175.11 for the year ended 31 March 2021 (31 March 2020 : net impairment reversal of Rs. 456.96 million), which is primarily on account of changes 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 27A.

(b) 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 27A and 27B). 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.

Note 27A: Fair value measurements

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 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 2021 and 31 March 2020 are as shown below:

Description of significant unobservable inputs to valuation:

(Rs in million)

Significant unobservable inputs	Input for 31 March 2021	Input for 31 March 2020	Sensitivity of input to the fair value	Increase /(decrease) in fair value 31 March 2021	Increase /(decrease) in fair value 31 March 2020
WACC	7.57% to 8.23%	8.44% to 9.09%	+ 0.5%	(11,336.00)	(4,769.00)
			- 0.5%	9,083.00	5,655.00
Tax rate (normal tax and MAT)	Normal Tax - 25.168%	Normal Tax - 25.168%	+ 2%	(410.22)	(1,277.63)
			- 2%	374.92	1,311.93
Inflation rate	Revenue: 5.00% Expenses: 2.63% to 4.97%	Revenue: 5.00% Expenses: 2.72% to 4.56%	+ 1%	(1,850.04)	(788.38)
			- 1%	1,495.56	529.45

The independent valuer has considered effect of COVID-19 on the significant unobservable inputs used in fair valuation as referred above.

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Particulars	Carrying value 31 March 2021 (Rs. in million)	Carrying value 31 March 2020 (Rs. in million)	Fair value 31 March 2021 (Rs. in million)	Fair value 31 March 2020 (Rs. in million)
Financial assets				
Investments in mutual funds	-	-	-	-
Total	-	-	-	-
Financial liabilities				
Derivative instruments	197.86	23.00	197.86	23.00
Total	197.86	23.00	197.86	23.00

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 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.

Note 27B: 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 March 2021 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 March 2021	-	-	2,03,683.16
	31 March 2020	-	-	1,17,343.51
Liabilities measured at fair value through profit and loss				
Derivative instruments (Liability)	31 March 2021	-	197.86	-
	31 March 2020	-	23.00	-

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Notes to Consolidated Financial Statements for the year ended 31 March 2021

Note 28: Related party disclosures

I. List of related parties as per the requirements of Ind AS 24 - Related Party Disclosures

(a) Other related parties under Ind AS-24 with whom transactions have taken place during the year
Entities with significant influence over the Trust
Esoteric II Pte. Ltd (from May 04, 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
Sterlite Grid 4 Limited - Subsidiary of Sponsor

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

Directors of SPTL:
Pravin Agarwal
Pratik Agarwal
A. R. Narayanaswamy
Arun Todarwal Lalchand
Zhao Haixia
Avaantika Kakkar (till 02 February 2021)
Anoop Seth

Directors of IIML:
Pratik Agarwal
Tarun Kataria
Late Shashikant Bhojani (till 22 July 2020)
Rahul Asthana
Harsh Shah (CEO and whole time director)
Sanjay Omprakash Nayar (from 07 June 2019)
Ashok Sethi (from 20 October 2020)
Kuldip Kumar Kaura (till 07 June 2019)

Key Managerial Personnel of IIML:
Harsh Shah (CEO and whole time director)
Jyoti Kumar Agarwal (CFO wef 16 September 2020)
Swapnil Patil (Company Secretary)

Directors of ATSL:
Rajesh Kumar Dahiya
Sanjay Sinha
Ganesh Sankaran (from 18 April 2019)
Ram Bharoseylal Vaish (till 08 November 2019)

Directors of Esoteric II Pte. Ltd.:
Velasco Azonos Cecilio Francisco (from 19 February 2021)
Tang Jin Rong (from 19 February 2021)
Ngan Nim Ying (from 19 February 2021)
Wong Wai Kin (till 19 February 2021)
Terence Lee Chi Hur (till 19 February 2021)
Ooi Yi Jun (till 19 February 2021)

Relative of directors mentioned above:
Sonakshi Agarwal
Jyoti Agarwal
Sujata Asthana
Mala Todarwal

Firm in which director of sponsor is partner:
Cyril Amarchand Mangaldas (till 02 February 2021)

* During the previous year, 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').

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(B) The transactions with related parties during the year are as follows:-

(Rs. in millions)

Particulars	Relation	2020-21	2019-20
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	-	518.31
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	1,259.46
Sterlite Power Transmission Limited	Promoter of project manager	-	29.09
5. Purchase of loan to ENICL			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	-	587.00
6. Purchase of equity shares of GPTL			
Sterlite Grid 4 Limited	Susidiary of Sponsor/Entity with significant influence	906.36	-
7. Purchase of loan to GPTL			
Sterlite Grid 4 Limited	Susidiary of Sponsor/Entity with significant influence	2,252.28	-
8. Purchase of equity shares of NER			
Sterlite Grid 4 Limited	Susidiary of Sponsor/Entity with significant influence	14,090.65	-
9. Received towards indemnification of liabilities			
Sterlite Power Transmission Limited	Sponsor and Project Manager/Entity with significant influence	15.36	46.36
10. Earn Out Expenses			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	796.62	-
11. 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
12. Distribution to unit holders			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager	537.73	968.32
Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited)	Investment manager of IndiGrid	2.08	-
Esoteric II Pte. Ltd	Entity with significant influence over the Trust	1,646.03	1,203.85
Pravin Agarwal	Director of Sponsor	-	3.06
Pratik Agarwal	Director of Sponsor and Investment Manager	2.39	4.41
Harsh Shah	Whole time director of Investment Manager	0.12	0.12
Swapnil Patil	Company Secretary of Investment Manager	0.03	-
Sonakshi Agarwal	Relative of director	0.19	0.18
Jyoti Agarwal	Relative of director	0.25	0.24
Sujata Asthana	Relative of director	1.01	0.67
Arun Todarwal	Director of Sponsor	0.08	0.06
A. R. Narayanaswamy	Director of Sponsor	0.19	0.15
Mala Todarwal	Relative of director	0.06	-
13. Trustee fee			
Axis Trustee Services Limited (ATSL)	Trustee	3.01	2.36
14. Legal and professional services taken			
Cyril Amarchand Mangaldas	Firm in which director of sponsor is partner	10.88	26.62
15. Purchase of Project stores			
Sterlite Power Transmission Limited	Sponsor and Project Manager/Entity with significant influence	0.25	5.67
16. Rent			
Sterlite Power Transmission Limited	Sponsor and Project Manager/Entity with significant influence	-	1.18

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Notes to Consolidated Financial Statements for the year ended 31 March 2021
(C) The outstanding balances of related parties are as follows:-

(Rs in Million)

Particulars	Relationship	31 March 2021	31 March 2020
Project Manager fees payable			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager	10.08	29.39
Investment Manager fees payable			
Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited)	Investment Manager	92.19	125.13
Payable towards project acquired			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	1,704.94	1,925.09
Sterlite Grid 4 Limited	Susidiary of Sponsor/Entity with significant influence		-
Management fees payable			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	0.16	2.52
Payable for purchase of property, plant and equipment			
Sterlite Power Grid Ventures Limited*	Sponsor and Project Manager/Entity with significant influence	-	23.83
Legal and professional services taken			
Cyril Amarchand Mangaldas	Firm in which director of sponsor is partner	-	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 October 20, 2016 are as follows:
For the year ended 31 March 2021:

(A) Summary of the valuation reports (issued by the independent valuer appointed under the InvIT Regulations):

(Rs in million)

Particulars	NER	GPTL
Enterprise value	51,175	11,638
Method of valuation	Discounted Cash Flow	
Discounting rate (WACC):	7.40%	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 August 28, 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 August 28, 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 IndiaGrid 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 equity shares of GPTL was financed by money raised through Qualified Institutional Placement (QIP) of Rs. 25,140 million 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 NER II Transmission Limited (NER):
Pursuant to the share purchase agreements dated 05 March 2021 ("SPA") executed among Sterlite Power Transmission Limited, Sterlite Grid 4 Limited, Axis Trustee Services Limited, Indigrid Investment Managers Limited (formerly Sterlite Investment Managers Limited) and NER II Transmission Limited ('NER') for acquisition of equity stake in NER, Indigrid has acquired 49% of paid up equity capital of NER with effect from 25 March 2021. As of 31 March 2021, the Trust has paid additional consideration equivalent to 25% of the total consideration which would be adjusted towards payable for acquisition of 25% of equity stake.

Under the Agreements, the Trust has the following rights:
a. Right to nominate the majority of the directors on the Board of Directors of NER.
b. The Selling Shareholders are required to vote according in AGM/EGM or any other meeting of shareholders of NER in a manner favourable for the interests of IndiaGrid Trust.
c. Irrevocable and unconditional right to acquire the remaining 51% of the equity stake of NER at a later date (on expiry of the respective mandatory shareholding period).
d. Pledge on the remaining 51% equity stake in NER.
e. Non-disposal undertaking from the Selling Shareholders for the remaining 51% equity stake in NER.

The acquisition of equity shares of NER was financed by money raised through Qualified Institutional Placement (QIP) of Rs. 25,140 million by IndiGrid. No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

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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 April 30, 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 NRSS ((through acquisition of equity shares of Indigrid 1 Limited (formerly known as Sterlite Grid 2 Limited)) and was financed by money raised through Qualified Institutional Placement (QIP) of Rs. 25,140 million 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 April 30, 2019 as amended on June 28, 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 ((through acquisition of shares of Indigrid 2 Limited (formerly known as Sterlite Grid 3 Limited)) and was financed by money raised through Qualified Institutional Placement (QIP) of Rs. 25,140 million 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 March 23, 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 March 24, 2020 and acquired remaining 51% equity stake in ENICL on May 26, 2020.

The acquisition of equity shares of ENICL was financed by money raised through Qualified Institutional Placement (QIP) of Rs. 25,140 million 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 29: 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 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 paid capital advances of Rs. 50.15 million (31 March 2020 : Nil) pertaining to ongoing capital work in progress.

* Sterlite Power Grid Ventures Limited ('SPGVL') has been merged with Sterlite Power Transmission Limited ('SPTL').

Note 30: Derivative instruments

Bhopal Dhule Transmission Company Limited (BDTCL) has entered into the following derivative instruments:

(a) The following are the outstanding Forward Exchange Contracts entered into by the Company, for hedge purpose.

Year ended	Currency Type	Foreign Currency (In million)	Amount (Rs. in million)	Buy/Sell	No. of contracts (Quantity)
Hedge of foreign currency loan from financial institution					
31 March 2021	US $	30.45	2,238.42	Buy	4.00
31 March 2020	US $	33.40	2,498.20	Buy	4.00

(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
Currency type	US $
No. of contracts	1.00
Amount (USD 'million)	7.28
Period of Contract	31 December 2015 to 31 March 2021
Floating rate	USD 6 Month Libor + 2.10% to 3.80%
Fixed rate	6.71% on INR principal

The BDTCL 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 BDTCL 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.

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Note 31: Contingent liability

Particulars	As at 31 March 2021 (Audited)	As at 31 March 2020 (Audited)
- Entry tax demand*	432.59	411.23
- Sales tax demand#	33.52	24.66
- Other Demands^	248.13	-
Total	**714.24**	**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 October 29, 2020 and is still awaiting a copy of the same.

Sales tax demand of Rs. 17.99 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 was settled during the year 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. 5.70 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 year ended 31 March 2020, 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 and has disclosed a contingent liability of Rs. 20.12 million. It also includes an amount of Rs. 228.02 million for claims from farmers for additional Right of Way (RoW) compensation made against one of the subsidiaries.

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 (except ROW) is recoverable as per share purchase agreement from Selling Shareholders.

Note 32: 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.

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Note 33: Details of Dues to Micro and Small Enterprises as defined under MSMED Act, 2006

Particulars	31 March 2021 (Rs. in million)	31 March 2020 (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	23.25	105.32
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 Nil (31 March 2020: Nil). 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 34: Leases

Indigrid Limited (IGL) has lease contract for office building used in its operations which have lease term of 5 years with lock-in-period of 3 years. IGL'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.

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 2021					
Lease liability	3.40	10.36	32.12	-	45.87
Total	3.40	10.36	32.12	-	45.87
31 March 2020					
Lease liability	0.95	6.52	45.87	-	53.34
Total	0.95	6.52	45.87	-	53.34

Note 35: 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.

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(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'). The Group also holds transmission infrastructure pertaining to Jhajjar KT Transco Private Limited which operates on a Build Operate and Transfer ("BOT") basis. 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 2021 is the carrying amounts of trade and other receivables, cash and cash equivalents and other assets as disclosed in Note 5, 6, 7, 8, 9 and 10 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	Payable on demand	Less than 3 months	3 months to 12 months	1 to 5 years	More than 5 years	Total
31 March 2021						
Borrowings	-	-	-	4,876.67	1,31,188.03	1,36,064.70
Trade payables	-	225.33				225.33
Other financial liabilities (excluding derivative instruments)	-	1,189.30	12,956.51	-	-	14,145.81
Derivatives #	-	73.45	155.39	-	-	228.84
Total	-	1,488.08	13,111.90	4,876.67	1,31,188.03	1,50,664.68
Particulars						
31 March 2020						
Borrowings	-	-	-	22,682.16	16,800.05	39,482.21
Trade payables	-					-
Other financial liabilities (excluding derivative instruments)	-	193.33	1,897.00	-	-	2,090.33
Derivatives #	-	73.45	155.39	833.14	1,458.93	2,521.21
Total	-	266.78	2,052.39	23,515.60	18,258.98	44,093.75

* Excludes lease liability of Rs. 45.87 million (31 March 2020: Rs. 53.34 million). Refer note 34 for maturity analysis of lease liability included in borrowings and financial liabilities.

Based on gross undiscounted cash flows. The MTM as on 31 March 2021 recognised in the books of accounts is Rs. 197.86 million (31 March 2020: Rs. 23.00 million)

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Notes to Consolidated Financial Statements for the year

(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 2021, % (31 March 2020: 3.66%) 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 30 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).

Note 36: 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 unitholder 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 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Borrowings	1,36,064.70	62,637.00
Trade payables	225.33	332.91
Other financial liabilities	14,343.67	3,617.60
Less: Cash and cash equivalents, other bank balances and short term investments	(27,838.10)	(5,388.15)
Net debt (A)	1,22,795.60	61,199.36
Unit capital	53,145.69	53,145.69
Other equity	(6,379.84)	(2,659.44)
Total capital (B)	46,765.85	50,486.25
Capital and net debt (C= A+B)	1,69,561.45	1,11,685.61
Gearing ratio (C/A)	72%	55%

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.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

Note 37: Employment Benefit Obligation For Gratuity

Indigrid Limited

Indigrid Limited has a defined benefit gratuity plan. The gratuity benefits payable to the employees are based on the employee's service. Every employee who has completed five years or more of service gets a gratuity on departure at last drawn salary at the time of leaving. The employee do not contribute towards this plan and the full cost of providing these benefits are met by the Group. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

Changes in the present value of the defined benefit obligation are as follows:

Particulars	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Current service cost	1.96	-
Benefit paid directly by the employer	(0.03)	-
Actuarial (gain)/loss on obligation due to experience	0.03	-
Present value of defined benefit obligation at the end of the year	1.96	-

Details of defined benefit obligation

Particulars	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Present value of defined benefit obligation	1.96	-
Fair value of plan assets	-	-
Benefit liability	1.96	-

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Net employee benefit expense recognised in the statement of profit and loss:

Particulars	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Current service cost	1.96	-
Net benefit expense	1.96	-

Net employee benefit expense recognized in the Other Comprehensive Income:

Particulars	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Actuarial (gain)/loss on obligation for the year	0.03	-
Net (income)/expense for the year recognized in OCI	0.03	-

Amounts for the current and previous year are as follows:

Particulars	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Defined benefit obligation	1.96	-
Plan assets	-	-
Surplus / (deficit)	(1.96)	-
Experience adjustments on plan liabilities	-	-
Experience adjustments on plan assets	-	-

The principal assumptions used in determining defined benefit obligation are shown below:

Particulars	31 March 2021	31 March 2020
Discount rate	6.82%	6.83%
Expected rate of return on plan asset	-	-
Employee turnover	4.00%	6.00%
Salary escalation rate (p.a)	7.00%	10.00%
Actual rate of return on plan assets	-	-
Retirement age (years)	58	58

The estimated future salary increase, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

A quantative sensitivity analysis for significant assumptions as at 31 March 2021 and 31 March 2020 is as shown below:

Particulars	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Projected benefit obligation on current assumptions	1.96	-
Effect of +1% Change in discount rate	(0.22)	-
Effect of -1% Change in discount rate	0.26	-
Effect of +1% Change in salary escalation rate	0.25	-
Effect of -1% Change in salary escalation rate	(0.22)	-

The following is the expected payment of benefits in the future years:

Particulars	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Within the next 2 years	0.07	-
Between 3 and 5 years	0.20	-
Between 6 and 10 years	1.13	-
Beyond 11 years	3.86	-
Total expected payments	5.26	-

The weighted average durations to the payment of these cash flows is 12 years at the end of the reporting period.

Parbati Koldam Transmission Company Limited

Parbati Koldam Transmission Company Limited 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 Group scheme whichever is beneficial. The same is payable at the time of separation from the Group or retirement, whichever is earlier. The benefits vest after five years of continuous service.

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Changes in the present value of the defined benefit obligation are as follows:

Particulars	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Transferred due to acquisition of entity*	8.15	-
Current service cost	0.82	-
Interest Cost	0.55	-
Actuarial (gain)/loss due to change in financial assumptions	0.57	-
Actuarial (gain)/loss on obligation due to experience	(4.04)	-
Present value of defined benefit obligation at the end of the year	**6.05**	-

* Pertains to liabilities transferred on acquisition of Parbati Koldam Transmission Company Limited by the Group.

Details of defined benefit obligation

Particulars	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Present value of defined benefit obligation	6.05	-
Fair value of plan assets	(11.21)	-
Benefit recognized as advance gratuity	(5.17)	-

Net employee benefit expense recognised in the statement of profit and loss:

Particulars	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Current service cost	0.82	-
Interest cost on defined benefit obligation	(0.10)	-
Net benefit expense	0.71	-

Net employee benefit expense recognized in the Other Comprehensive Income:

Particulars	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Actuarial (gain)/loss on obligation for the year	(3.47)	-
Return on plan assets, excluding interest income	(0.92)	-
Net (income)/expense for the year recognized in OCI	(4.39)	-

Changes in Fair Value of plan assets:

Particulars	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Transferred due to acquisition of entity*	9.64	
Interest cost/(income) on plan assets	0.66	
Actual return on plan assets less interest/(income) on plan assets	0.92	
Closing Balance of Fair Value of Plan Assets	**11.21**	-

* Pertains to plan assets transferred on acquisition of Parbati Koldam Transmission Company Limited by the Group.

Amounts for the current and previous year are as follows:

Particulars	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Defined benefit obligation	(6.05)	-
Plan assets	11.21	-
Surplus / (deficit)	5.17	-

The principal assumptions used in determining defined benefit obligation are shown below:

Particulars	31 March 2021	31 March 2020
Discount rate	6.58%	-
Expected rate of return on plan asset	-	-
Employee turnover	4.00%	-
Salary escalation rate (p.a)	7.00%	-
Actual rate of return on plan assets	0.92	-
Retirement age (years)	58	-

The estimated future salary increase, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

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A quantative sensitivity analysis for significant assumptions as at 31 March 2021 and 31 March 2020 is as shown below:

Particulars	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Projected benefit obligation on current assumptions	6.05	-
Effect of +1% Change in discount rate	(0.55)	-
Effect of -1% Change in discount rate	0.65	-
Effect of +1% Change in salary escalation rate	0.65	-
Effect of -1% Change in salary escalation rate	(0.56)	-

The following is the expected payment of benefits in the future years:

Particulars	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Within the next 2 years	0.95	-
Between 3 and 5 years	0.76	-
Between 6 and 10 years	2.23	-
Beyond 11 years	10.13	-
Total expected payments	**14.08**	-

The weighted average durations to the payment of these cash flows is 12 years at the end of the reporting period.

Note 38: List of subsidiaries which are included in consolidation and IndiGrid's effective holding therein are as under:

Name of the Entity	Country of incorporation	Effective ownership as on 31 March 2021	Effective ownership as on 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%	0%
Jhajjar KT Transco Private Limited ("JKTPL")^^	India	100%	0%
Parbati Koldam Transmission Company Limited ('PrKTCL') ##	India	74%	0%
NER II Transmission Limited ("NER") @@	India	49%	0%
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.

The Trust acquired 74% of paid up equity capital of Parbati Koldam Transmission Company Limited ('PrKTCL') with effect from 08 January 2021 from Reliance Infrastructure Limited (referred as "the Selling Shareholder") pursuant to Share Purchase Agreement dated 28 November 2020 ("SPA"). The balance 26% share in PrKTCL is held by PowerGrid Corporation of India Limited ("PGCIL").

@@ The Group also acquired 49% of paid up equity capital of NER II Transmission Limited ("NER") with effect from 25 March 2021 from Sterlite Power Transmission Limited (SPTL)) and Sterlite Grid 4 Limited ('SGL4'), (together referred as "the Selling Shareholders") pursuant to Share Purchase Agreement dated 05 March 2021, as amended on 25 March 2021 ("SPA"). The Trust has finalised purchase consideration for acquisition of entire stake in NER and has entered into a binding agreement with the Selling Shareholders to acquire remaining 51% paid up equity capital in NER from the Selling Shareholders. As of 31 March 2021, the Group has paid additional consideration equivalent to 25% of the total consideration as an advance which would be adjusted towards payable for acquisition of 25% of equity stake.

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Note 39: Long Term Incentive Plan

Long Term Incentive Plan 2020 - Indigrid Limited

During the year ended 31 March 2021, Indigrid Limited launched a Long-Term Incentive Plan 2020 ("Scheme"). This Scheme has been formulated by the Nomination and Remuneration Committee and approved by it at its meeting held on 25 May 2020 and approved by the Board at its meeting held on 25 May 2020. The Scheme is established with effect from 01 April 2020 and shall continue to be in force until: (i) its termination by the Board, or (ii) the date on which all of the Unit Linked Rights available for issuance under the Scheme have been issued or have lapsed, or have been cancelled by the Nomination and Remuneration Committee, and the Nomination and Remuneration Committee does not intend to re-issue such lapsed or cancelled Unit Linked Rights. During the year ended 31 March 2021, the Group has allotted the value of 0.12 million units of India Grid Trust to its employees under the Scheme.

Particulars	31 March 2021 (Rs. in million)	31 March 2020 (Rs. in million)
Opening balance as at the beginning of the year	-	-
LTIP granted during the year	10.52	-
LTIP cancelled during the year	(0.15)	-
Payment towards LTIP's vested	-	-
Balance	**10.37**	-
Provision for distribution per unit	0.92	-
Closing balance as at the end of the year	**11.29**	-

During the year, the Company has granted 0.12 million units of India Grid Trust to eligible employees under the Long-Term Incentive Plan 2020 ("Scheme") as approved by the Nomination and Remuneration Committee and by the Board at the meetings held on 28 April 2020, Management has made provision of Rs. 11.29 million for 0.12 million units of India Grid Trust granted during the year under this scheme.

Vesting of Unit Linked Rights shall be subject to the conditions that the Grantee is:
a. in continuous employment with the Company;
b. is not serving any notice of resignation/ termination on the date of such Vesting (except in the case of (a) death; (b) Permanent Incapacity suffered by the Grantee; or (c) Retirement; and
c. is not subject to any pending disciplinary proceeding.

The Value of the pay-out would be determined as per following formula:
Value of the vested Unit Linked Rights = Number of Unit Linked Rights Vested * 30 days closing volume weighted average# of IndiGrid market price + (Distribution* earned on the unvested units).

Volume weighted average price of per unit is the 30 days closing average of IndiGrid market price (From 02 March 2021 to 31 March 2021).

* Distribution pay-out is subject to actual declaration accumulated on units and approval of India Grid Trust.

Note 40: Regulatory Deferral Account Balances

Parbati Koldam Transmission Company Limited (PrKTCL)
(i) Determination of Transmission service charges (TSC) chargeable by PrKTCL to its consumers is governed by CERC Tariff Regulation, 2019, whereby CERC determines the Transmission service charges wherein PrKTCL 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 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, PrKTCL also determines regulatory assets/regulatory liabilities in respect of each accounting period on self true up basis.

Market Risk
PrKTCL 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) PrKTCL is Operating under Regulatory Environment governed by Central Electricity Regulatory Commission (CERC). Tariff is subject to Rate Regulated Activities.
(ii) PrKTCL 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 PrKTCL. PrKTCL's risk management policies are established to identify and analyze the risks faced by PrKTCL, 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 PrKTCL's activities.
(iv) PrKTCL'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 PrKTCL'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 PrKTCL are subject to True up by CERC as per Regulation.

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, PrKTCL has considered deferred tax liability as on 31 March 2021 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 2020-2021. Therefore, the reversal of timing difference during the tax holiday period, would be considered to be out of the timing difference as at 31 March 2021 and reversed during the period ended 31 March 2021.

Note 41: 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. Based on a preliminary assessment, the Group believes the impact of the change will not be significant.

Note 42: Subsequent event

1. On 27 May 2021, the Board of directors of the Investment Manager approved a distribution of Rs. 3.10 per unit for the period 1 January 2021 to 31 March 2021 to be paid on or before 15 days from the date of declaration.

2. The Group has offered an issue of up to 116,695,404 units of India Grid Trust ("Indigrid" and such units, the "units"), for cash at a price of ₹ 110.00 per unit (the "issue price"), aggregating to ₹ 12,836.49 million* to the eligible unitholders (as defined in the Letter of Offer) on a rights basis in the ratio of one lot for every five lots (each lot comprising 1,701 units) held by them on the record date, being 30 March 2021 (the "Issue") in accordance with the 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 (the "InvIT Regulations"). The issue opened on 06 April 2021 and closed on 13 April 2021.

3. The Group has filed a Draft Shelf Prospectus ("DSP") on 08 April 2021 for the public issue by the India Grid Trust (the "Trust") of secured, rated, listed, redeemable non-convertible debt securities of face value of ₹ 1,000 each ("NCDs") for an amount aggregating upto ₹ 1,000 crore (the "Shelf Limit"). The issue is being made pursuant to the provisions of the "Guidelines for Issuance of Debt Securities by Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs)" dated 13 April 2018 issued by the Securities and Exchange Board of India read with the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, together with any amendments, circulars and guidelines issued thereunder (the "SEBI ILDS Regulations") and the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, together with any amendments, circulars and guidelines issued thereunder (the "InvIT Regulations"). The issue opened on 28 April 2021 and closed on 30 April 2021.

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Note 43: Impact of COVID-19

During the year, the outbreak of the coronavirus disease of 2019 ('COVID-19') spread throughout the world and became a global pandemic. The pandemic triggered a significant downturn globally, including in India. The pandemic curve in India was declining towards the end of 2020 but has resurged again from March 2021.

The management has assessed impact on business and financial risks on account of COVID-19 on the financial information of the Group. The subsidiaries of the Group, which are engaged in operation and 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 31 March 2021 is minimum. 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.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
Firm Registration No. 324982E/E300003

HS Ginwala

per Huzefa Ginwala
Partner
Membership Number : 111757
Place : Pune
Date : 27 May 2021

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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 : 27 May 2021

Swapnil Patil
Company Secretary
Membership Number : 24861
Place : Mumbai
Date : 27 May 2021

Jyoti Kumar Agarwal
Chief Financial Officer

Place : Mumbai
Date : 27 May 2021

India Grid Trust *

S R B C & CO LLP
Chartered Accountants

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Panchshil Tech Park, Yerwada
(Near Don Bosco School)
Pune - 411 006, India

Tel : +91 20 6603 6000

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of India Grid Trust

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated 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 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Statement of Changes in Unit Holders' Equity, the consolidated Statement of Cash Flow for the year then ended, the consolidated Statement of Net Assets at fair value as at March 31, 2021, the consolidated Statement of Total Returns at fair value, 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 financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, 2021, 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, 2021, its consolidated net assets at fair value as at March 31, 2021, 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, 2021.

Basis for Opinion

We conducted our audit of the consolidated 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 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 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 financial statements.

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Emphasis of Matter

We draw attention to the Note No. 20.2(h) of the consolidated financial statements as regards revenue recognition in Parbati Koldam Transmission Company Limited, a subsidiary of the Group, on which the auditor of such subsidiary has issued an emphasis of matter reproduced by us as under:

"We draw attention to the Note No- 16 of the financial statements in respect of revenue. The Company during the year 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. 16,736.56 lacs. (Previous year Rs. 18,940.68 lacs).

Our opinion is not modified in respect of this matter."

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated 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 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 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 financial statements.

Key audit matters	How our audit addressed the key audit matter
Applicability of Appendix D of Ind AS 115 'Service Concession Arrangement' *(as described in Note 26 of the consolidated financial statements)*	
The Group through its subsidiaries acts as a transmission licensee under the Electricity Act, 2003 holding valid licenses for 25 years. Generally, 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	Our audit procedures included, among others, the following: • 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

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Key audit matters	How our audit addressed the key audit matter
transmission infrastructure for a period of 25/35 years. In case of one of the subsidiaries - Jhajjar KT Transco Private Limited (JKTPL), unlike other subsidiaries which operate through tariff based competitive bidding process, transmission assets of JKTPL have been developed under a cost plus tariff model which includes construction, maintenance and operation of transmission lines and evacuating power from power plants. The subsidiary has entered into TSA with various Designated inter-state transmission system customers (DIC) to Build, Own and Operate ("BOO") the transmission infrastructure for a period of 35 years. The Management of Investment Manager ("the management") is of the view that the grantor as defined under Appendix D of Ind AS 115 ("Appendix D") 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, generally 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 D 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.	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 D for such entities and confirmed our understanding. • We read and assessed the disclosures included in the consolidated financial statements for compliance with the relevant accounting standards requirements.

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<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2"><u>Key judgements and estimates used in the application of Appendix D of Ind AS 115 'Service Concession Arrangement' a subsidiary of the Group - Jhajjar KT Transco Private Limited (JKTPL)</u> <u>(as described in Note 26 of the consolidated financial statements)</u></td></tr>
<tr><td>JKTPL acts as a transmission licensee under the Electricity Act, 2003 holding valid licenses for 25 years issued by Haryana Electricity Regulation Commission. JKTPL has entered into TSA with Haryana Vidyut Prasaran Nigam Limited through a tariff-based bidding process to Build, Operate and Transfer ("BOT") the transmission infrastructure for a period of 25 years.

The Group constructs transmission infrastructure and operates and maintains such infrastructure for a specified period of time. The infrastructure constructed by the Group is not recorded as property, plant and equipment of the Group because the TSA does not transfer to the concessionaire the right to control the use of public services infrastructure. The group only has the right to operate the infrastructure for the provision of public services on behalf of the grantor, as provided in the contract. Thus, under the terms of the TSA, the Group only acts as a service provider. Hence this arrangement is accounted for under Appendix D to Ind AS 115 – Service Concession Arrangements.

The Group has classified the concession arrangements under financial asset model since the operator has an unconditional contractual right to receive cash or other financial assets from or at the direction of the grantor for the services.

Accordingly, the above matter was determined to be a key audit matter in our audit of the consolidated financial statements.</td><td>Our audit procedures included, among others, the following:

• We evaluated terms of the TSA to understand roles and responsibilities of the grantor.

• We tested, on sample basis, the base data and supporting documents for basis of key assumptions and estimates used by the management.

• We read and evaluated the TSA 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 evaluated the management's assessment process for applicability of Appendix D of Ind AS 115 for transmission projects based on the terms of the agreement and tested the judgements/ estimates relating to future cash flows over the concession period, and discounting rate used to discount expected cash flows.

• We tested the arithmetical accuracy of the valuation models.

• We read and assessed the disclosures included in the consolidated financial statements for compliance with the relevant accounting standards requirements.</td></tr>
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Key audit matters	How our audit addressed the key audit matter
Impairment of property, plant and equipment and service concession arrangements *(as described in Note 3.6 and 26 of the consolidated financial statements)*	
The Group owns and operates various power transmission assets. The carrying value of the power transmission assets as at March 31, 2021, included under property, plant and equipment and service concession arrangements is INR 166,851 million. In accordance with Ind AS 36 and Ind AS 109, at each reporting period end, management assesses the existence of impairment indicators of property, plant and equipment and service concession arrangements. In case of existence of impairment indicators, property, plant and equipment and service concession arrangements 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 respective subsidiary'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.	Our audit procedures included, among others, the following: • We obtained an understanding of the Group's process on assessment of impairment of property, plant and equipment and service concession arrangements 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 and read the valuation report of the Group'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. • In performing the above procedures, we involved valuation specialists to perform an independent review of methodology and key assumptions used in the valuation. • We read and assessed the disclosures included in the notes to the consolidated financial statements.

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Key audit matters	How our audit addressed the key audit matter
Classification of unit holders' funds as equity *(as described in Note 26 of the consolidated 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 the following: • 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 financial statements for compliance with the relevant requirements of InvIT regulations.
Acquisition of Transmission Special Purpose Vehicles ("SPVs") classified as asset acquisitions *(as described in Note 26 of the consolidated financial statements)*	
The Group acquires operational transmission SPVs from the Sponsor or from third parties. 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 25/35 years. The only key activity for these SPVs is the maintenance of the transmission assets which is outsourced to third parties. Generally, there are no employees in these	Our audit procedures included, among others, the following: • 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.

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Key audit matters	How our audit addressed the key audit matter
entities and no other significant processes are performed for earning tariff revenues in any of the SPVs except in case of Parbati Koldam Transmission Company Limited wherein there are few employees. Based on evaluation of the above fact pattern vis-a-vis the guidance on definition of business under Ind AS, including evaluation under the optional concentration test, 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 acquisition of transmission SPVs constitute business or asset, it is considered as a key audit matter.	• 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 financial statements for compliance with the relevant accounting standards requirements.
<u>Classification of Gurgaon Palwal Transmission Limited ("GPTL") and NER-II Transmission Limited ('NER-II') as a subsidiary</u> *<u>(as described in Note 26 of the consolidated financial statements)</u>*	
In the current year, the Group has entered into a share purchase agreement with Sterlite Grid 4 Limited and Sterlite Power Grid Ventures Limited (now merged with Sterlite Power Transmission Limited) (the "Selling shareholders") for - a. acquisition of equity stake in Gurgaon Palwal Transmission Limited ("GPTL") on August 28, 2020. 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 GPTL. Additionally,	Our audit procedures included, among others, the following: • We obtained and read the share purchase agreements with the Selling shareholders for acquisition of equity stake in GPTL and NER II. • We obtained understanding of management's assessment of whether the Group controls GPTL and NER II. • 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.

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Key audit matters	How our audit addressed the key audit matter
the Group has also given a non-refundable, interest free advance to the selling shareholders comprising of 51 % of the purchase consideration which would be adjusted with the actual transfer of 51% equity stake; and b. acquisition of equity stake in NER II Transmission Limited ("NER-II") on March 05, 2021 and amended on March 25, 2021. 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 74% paid up equity capital in the NER-II, out of which shares of 49% have been transferred to the Group and for balance 25% a non-refundable, interest free advance comprising of 25% of the purchase consideration as consideration to acquire 74% of total stake in NER II as at March 31, 2021. The advance of 25% would be subsequently adjusted towards purchase of 25% equity stake in NER II at a later date. Based on the contractual terms in the above agreements, the Group has following rights: • Right to nominate majority of directors on the Board of directors of GPTL / NER II; • Right to direct the Selling shareholders to vote according to its instructions in the AGM/EGM or any other meeting of shareholders of GPTL / NER II;	• 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 financial statements.

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Key audit matters	How our audit addressed the key audit matter
• Non-disposal undertaking from the Selling Shareholders for the remaining 51% equity stake in GPTL / NER II; Considering the requirements under Ind AS 110, the Group has assessed whether it controls GPTL / NER II on the basis of the above rights under the Agreement. Accordingly, the Group has consolidated GPTL and NER II as subsidiaries respectively. Considering the judgment required in assessing whether the Group controls GPTL / NER II, 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 as per InvIT regulations *(as described in Note 26 of the consolidated financial statements)*	
The Group is required to disclose Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value pursuant to SEBI circulars issued under the InvIT regulations which requires fair valuation of the assets. Such fair valuation has been carried out by the independent valuer appointed by the the Group. 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 respective subsidiary'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	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 Group'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. • Obtained understating of the Group'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.

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Key audit matters	How our audit addressed the key audit matter
uncertainty and complexity of the assumptions used in determination of fair values, this is considered as a key audit matter.	• 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 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. • In performing the above procedures, we used our valuation specialists to perform an independent review of methodology and key assumptions used in the valuation. • We read and assessed the disclosures included in the notes to the consolidated financial statements.

Other Information

The management of Indigrid Investment Managers Limited (formerly known as 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 consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated 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 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 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.

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Responsibilities of Management for the Consolidated Financial Statements

The Management of the Investment Manager ('the Management') is responsible for the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position as at March 31, 2021, 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, 2021, the consolidated net assets at fair value as at March 31, 2021, the consolidated total returns at fair value of the InvIT and the net distributable cash flows of the InvIT, the underlying HoldCos 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 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 financial statements by the Management, as aforesaid.

In preparing the consolidated financial statements, the Board of Directors of 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 financial statements.

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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 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 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 financial statements, including the disclosures, and whether the consolidated 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 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 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 financial statements for the financial year

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ended March 31, 2021 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 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

HSGinwala

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per Huzefa Ginwala
Partner
Membership Number: 111757
UDIN:21111757AAAACR9245
Place of Signature: Pune
Date: May 27,2021