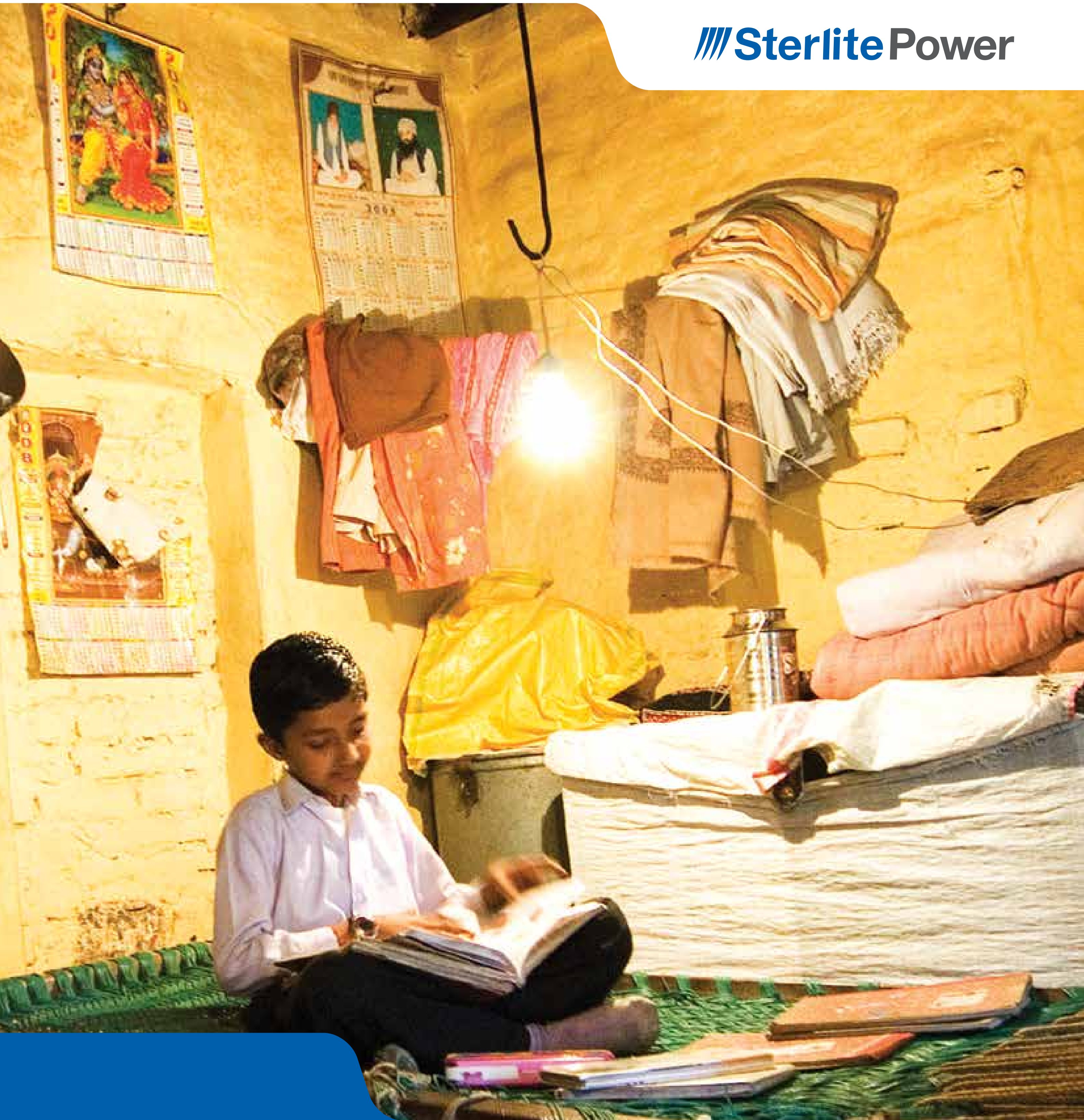


EMPOWERING HUMANITY

Sterlite Power Transmission Limited

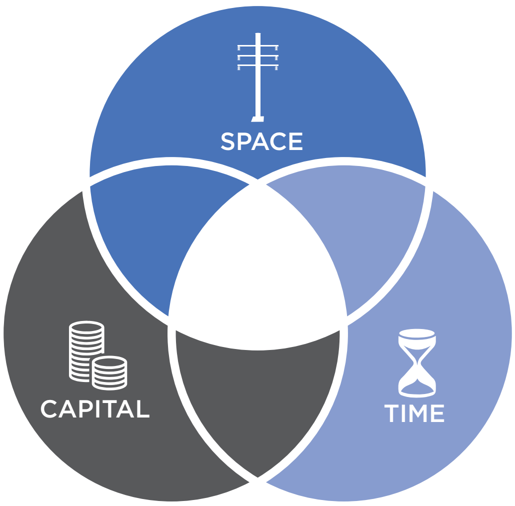
Annual Report 2017-18

Contents

Forward Looking Statements:
Certain statements in this Annual Report relating to the Company's future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Empowering Humanity by Addressing the Toughest Challenges of Energy Delivery.

The UN Sustainable Development Goals aim to ensure access to affordable, reliable, sustainable and modern energy for all by 2030 (SDG7), a target that will help the last 1 billion people experience the power of electricity. The world is witnessing an abundance of power generation, thanks to the Renewables revolution. Transmission of power holds the key to successfully meeting this goal.



Renewable power generation comes online at a record pace, at a fraction of the time taken by thermal generation. Transmission infrastructure will need to keep pace with this "new normal" to be relevant. In addition, finding space to build Greenfield transmission projects will be increasingly difficult in a rapidly urbanizing world. Finally, given the intermittency of renewables, need for transmission capacity is much higher compared to the thermal-only world. The scale of capital required to finance this transmission capacity is daunting. In short, these are the three primary challenges of time, space and capital faced by the transmission sector globally.

Sterlite Power is a leading global power transmission developer and solutions provider that is solving problems at the intersection of time, space and capital. We believe that access to reliable electricity transforms lives and should be a fundamental right for all individuals globally. With focus on leveraging technology and nurturing right partnerships & talent, innovation is part of your company's DNA.

Our businesses are uniquely positioned to tackle problems at the intersection of time, space and capital. Our **Global Infrastructure Business** solves challenges of time and capital by building, owning and operating power transmission assets across the world. Our **Solutions Business** solves challenges of time and space for power utilities by specializing in upgrading, uprating and strengthening of power delivery networks. Our **Convergence Business** solves the challenge of capital by optimizing the existing transmission to roll out reliable communication networks. Our asset manager, **SIML** (Sterlite Investment Managers Limited) manages the IndiGrid portfolio, which solves the challenge of capital by enabling monetization of operating assets.

Our mission is to Empower Humanity by Addressing the Toughest Challenges of Energy Delivery. In this quest, we will continue to innovate and challenge the status-quo in an industry that has not been disrupted enough in the last 100 years.

Sterlite Power Advantage

Our Core Values of Respect, Social Impact, Innovation and Fun guide us in our approach.

Technology and Talent

We leverage new technology in project selection, planning and execution to deliver projects ahead of schedule.

We pride ourselves for our global team of exceptionally talented professionals from diverse sectors and experiences leading our operations.

Innovation as a Mindset

We are committed to solving the toughest challenges through an innovative approach in all aspects of our operations.

We are pioneers in deploying cutting-edge technologies across planning, surveying, executing and financing.

Strategic Partnerships

We are excited to be working with the best and most innovative partners in the industry, forging long term symbiotic relationships.

We value all partners equally, be it the smallest vendors or our execution contractors.

Project Management Expertise

We are firm believers and practice the 'first time right approach'.

This reflects our strength of project management Practices.

Safety

Safety comes before all else. We have instituted world-class processes and practices to ensure safety for all our workers, contractors, employees and community at large.

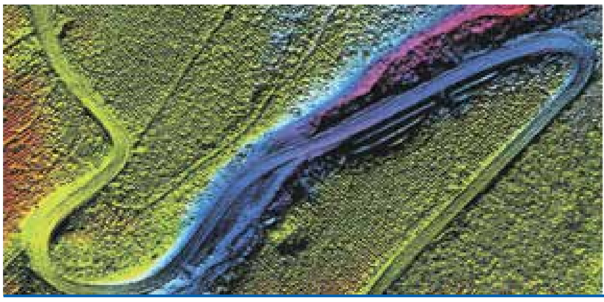
Technology Leadership

An evolving world needs revolutionary solutions

Sterlite Power has led the way in adopting the state-of-the-art global best practices in a legacy driven power transmission sector.

Aerial Technology for Project Execution

- First use of helicopter stringing in India.
- Heli-crane based tower erections in tough terrains.



Asset Planning/Monitoring using UAVs

- Aerial Technology for automated inspection & data analytics.
- Planning services by unmanned aerial vehicles.

Design Engineering & Digital Platforms

- In-house tower & foundation designs using digital platform.
- Route planning, elevation models and resource optimization using digital platform.
- In-house power system study capability and simulation tools.

Technology Intensive Products

- Largest manufacturer of high performance conductors in India.
- Low loss high ampacity cable, fiber integrated power cable.
- Largest Optical Ground Wire (OPGW) player in India.

Smart Line Projects

- Re-conductoring solutions to enhance power transfer.
- Voltage upgradation solutions.
- Sub-station along with enabling communication channel.

Key Milestones

TODAY, STERLITE POWER IS A LEADING DEVELOPER OF POWER TRANSMISSION INFRASTRUCTURE IN INDIA AND BRAZIL

2006

Acquisition of Power Business from Sterlite Industries Ltd

2009

Sterlite Technologies Ltd. (STL) enters the power transmission business

Expanded power conductor manufacturing capacity

Set up Optical Ground Wire (OPGW) manufacturing facility

2010

Sterlite Power (as a division of STL) awarded India's first Independent Power Transmission Project under Tariff Based Competitive Bidding (TBCB) regime

2011

Awarded India's first 765 kV power transmission project under TBCB regime

Awarded its third project of 944 ckms spanning the states of Madhya Pradesh, Maharashtra and Gujarat

2013

Awarded two projects of length 403 and 545 ckms covering Madhya Pradesh and Rajasthan; and Jharkhand, West Bengal respectively

2014

Attracted private equity investment of INR ₹ 5 billion from Standard Chartered Private Equity

Commissioned its first inter-state project located in the North Eastern region

Awarded project in challenging terrain of Jammu and Kashmir with route length of 887 ckms

2015

Commissioned its second project

Awarded project in state of Telangana, taking its total project count to seven

Became first private transmission developer to win MoP award for early commissioning of 765/400 kV Dhule substation

2016

Became first developer to commission a TBCB project ahead of schedule

Commissioned a key section of transmission corridor in Northern Region 12 months ahead of schedule

Raised India's first AAA (SO) rated infrastructure bonds without government guarantee for transmission projects

Invested in Finland-based Sharper Shape for UAV based technology for automated inspection and data analytics

Deployed helicranes to set up a power transmission line in the mountainous terrain of J&K in partnership with Erickson Inc

Awarded three projects of route lengths 624, 271, and 715 ckms. Total project count reaches ten

Demerged from Sterlite Technologies Ltd. (STL)

IndiGrid was formed as a registered trust, filed DRHP with SEBI

2017

Commissioned its fifth project

Won two projects in Brazil, making us the first Indian transmission infrastructure developer to enter the global market

IndiGrid listed on Indian stock exchanges; Sterlite Power transferred two projects to IndiGrid

Solutions business was awarded a landmark project in Kerala

Won the largest project in Brazil Transmission Auction, taking total Latam transmission portfolio to US$ 1 Billion

2018

Acquired 28.4% stake in its transmission infrastructure business from Standard Chartered Private Equity for INR ₹ 1,010 Cr

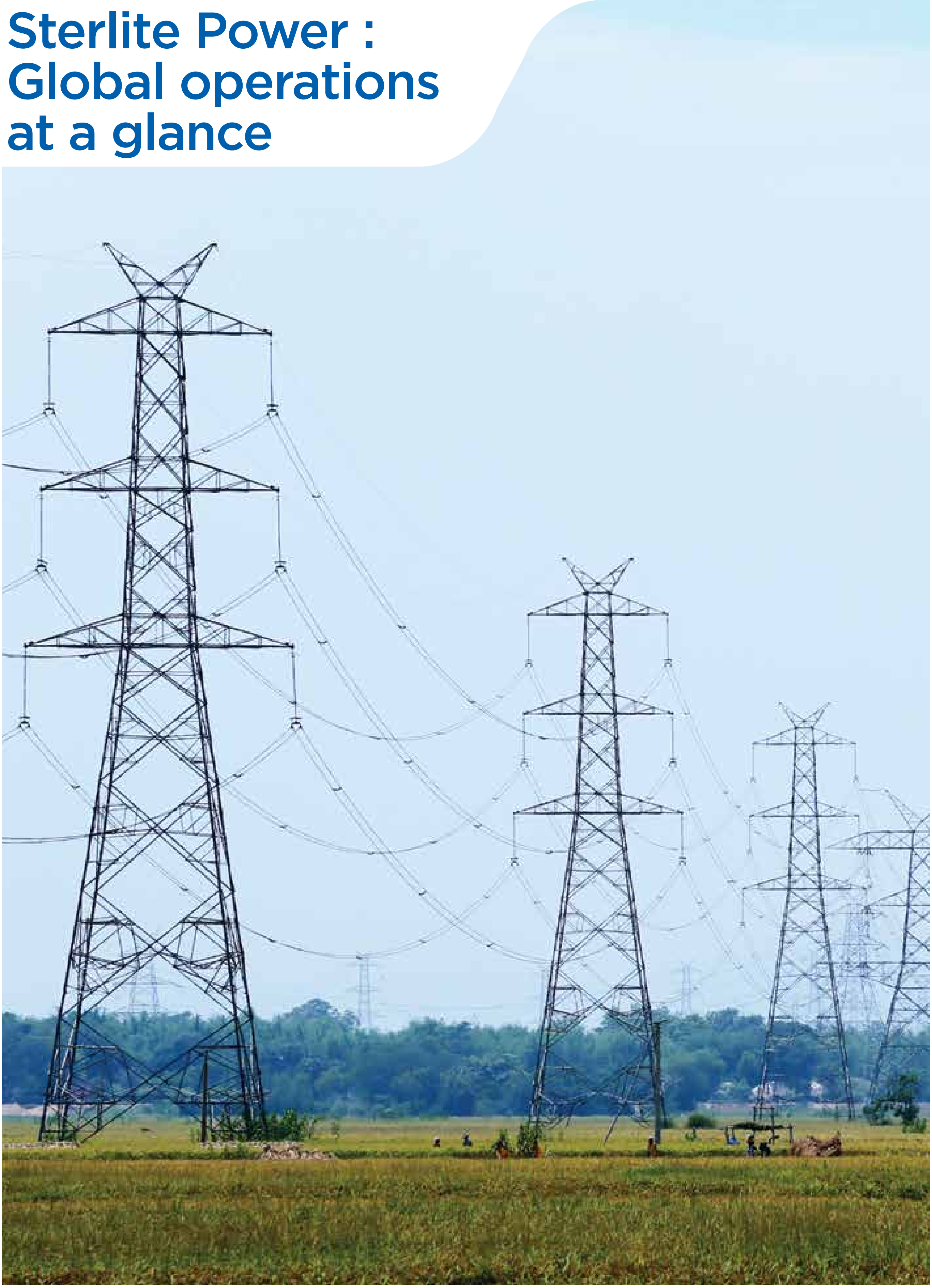
Won a ₹ 1500 crore Goa power transmission system strengthening project

OPGW facility received 17025:2005 accreditation by National Accreditation Board for Testing and Calibration Laboratories (NABL)

Received largest global order of US$ 47 Billion from GS S Korea for supply of High Performance Conductor (ACCC)

Won 6 new transmission projects in Brazil to take the total capacity commitment to US$ 2 Billion

Sterlite Power : Global operations at a glance



21 Infrastructure projects*
(12 in India and 9 in Brazil)

Tariff ₹ 36.51 bn annually

11,300 + towers

Projects worth ₹ 268 bn across India and Brazil**

Largest manufacturer of conductors in India – 1,60,000 MT

Exports to over 40 countries

No. 1 player in convergence: 3316 RKM (OPGW lines commissioned or in progress)

Partnering with 4 largest telecom players in India

* Five assets are managed by SIML

** Including projects operational/sold to India Grid Trust/under construction

Sustainability

Our thrust on sustainability stems from our core purpose of empowering humanity. We, at Sterlite Power, take pride in our sustainable business practices and track record. Our sustainability framework consists of three key aspects:

1. Minimizing the impact of our projects on the ecology and surrounding communities
2. Minimizing carbon footprint
3. Robust and transparent Governance

Minimizing the impact of our projects on the ecology and surrounding communities

Infrastructure projects built in harmony with the local context tend to have the most lasting impact. Keeping this belief at the core, we try to obtain a robust understanding of the regions and societal customs our projects will traverse, so that our plans factor these.

In our North-East project, we created a framework to study existing beliefs of social acceptance on biodiversity, conservation, community and culture. We also created a more innovative design to minimize the impact on forests that this transmission line would pass through. This level of project planning and execution has led to positive discussions of our project in the local community. We look to partner deeply with these communities as we continue to build this project.

Our Purulia-Kharagpur transmission line passed through the Sarna community, which has worked tirelessly to preserve their small tracts of land. They believe these small groves of land serve as a sanctuary for the God Sing Bonga, and any attempt to clear the land of trees

would anger him and bring ruin to the community. We respected their tradition and incurred higher costs to deviate our transmission line.

We worked with the leaders of the community to find alternative solutions, in tracts where the line could not be deviated. We also carried out the necessary rituals to ensure that their tradition got the respect it deserves, while the region got access to much needed electricity.

In our Kerala project, we used monopoles, compared to lattice towers, for the first time in India to minimize the land requirement of our line. We also employed innovative engineering solutions to transport materials across densely populated regions without disrupting daily lives of neighbouring communities.

Minimizing carbon footprint

Our Haridwar plant is a leader on sustainable manufacturing practices and has been consistently awarded for its processes and performance. The plant recently received top quartile score of 86 on a Siemens Intertek audit, where the global average is 78. This is a fresh affirmation of the plant's leadership and we plan to take these ideas to our other plants.

Robust and transparent governance

We've instituted a long list of processes that lead a robust and transparent governance. These include processes like Whistleblower, POSH and Ethics Committee to name a few.

Chairman's Message

Dear Shareholders,

It is an honour for me to sit down every year and craft this letter to you. I will let Pratik speak about the past year for your company, its performance and the challenges it faces. I want to use this opportunity to talk about the macro dynamics your company operates in and how these are informing the role your organization must play.

Electricity is one of the basic building blocks of a decent standard of living. However, the unfortunate fact is that roughly a billion people still live without access to reliable electricity today. Pratik recently shared his thoughts on the need to have access to reliable electricity as another 'fundamental right' in our Constitution. The first step is ensuring access to roughly a billion people across the world. According to World Bank 2016 estimates, India's access to electricity stands at 84.5% of the population, with 77.6% of rural and 98.4% of urban population being 'electrified'.

While the abundance of power generation is most talked about these days, the world is witnessing a revolution in electricity consumption as well. We're seeing rapid electrification of three core areas of life – heating, cooking and transportation. Globally, about 3 billion people still use traditional biomass such as fuelwood and charcoal for their heating and cooking needs. This contributes significantly to pollution and health challenges. Replacing such cooking fuel with electricity, possibly generated from renewable sources, will ensure a much higher quality of life globally. Similarly, electricity is gaining importance in transportation as well. Some reports suggest that electric vehicles will comprise as much as 14% of global car sales by 2025, up from the present 1%. Electric vehicles are expected to add around 2,000 TWh (Terrawatt hours) of new electricity demand globally by 2040 and 3461 TWh by 2050 .

Power demand will be on an exponential growth curve for the next 2-3 decades because of these electrification trends. As we saw with the data revolution, once access to reliable and affordable power is ensured, demand will take on a life of its own. In a world of abundant power generation and surging demand growth, transmission of electricity becomes the crucial enabler of economic growth.

Your company is committed to its core purpose of 'empowering humanity by addressing the toughest challenges of energy delivery'. We are energized by the potential of reliable universal access and are focused on using technology and innovative financing to deliver our projects as per the needs of society. We want to be prepared for this exponential growth, and be a strong partner in this journey towards "Power for All".

With warm regards,
Pravin Agarwal
Chairman

"We are energized by the potential of reliable universal access and are focused on using technology and innovative financing to deliver our projects as per the needs of society."

Group CEO's Message

Dear Shareholders

It gives me immense pleasure to present to you our Annual Report for FY 2017-18, a year of many remarkable achievements and milestones. Your company continued to register a record net profit trajectory, demonstrated repeated success in new geographies and outlined a robust three-year growth strategy.

Your company continues to register strong growth in both domestic and international geographies. Our footprint in Brazil has expanded with acquisition of 7 new lots, which takes the Brazil portfolio to 9 projects. More than the size of the portfolio, it's the respect we command in the Brazilian market, in a short span of 16 months, that gives me the most satisfaction. We continue to be excited about the Brazil opportunity that helps us live our Core Purpose of Empowering Humanity by Solving the Toughest Challenges of Energy Delivery.

In India, we secured the ₹ 1,500 crores Goa Tamnar transmission project this year, which increases our footprint to 21 states. I'm confident of a large pipeline of transmission projects getting materialized in India over the next few years, which will help us expand our presence to every state in the country.

Your company continues to cement its position as the leading solutions provider in India with a strong manufacturing foundation. We continue to partner with regulators and utilities to help solve their pain-points by augmenting existing infrastructure. We also launched 3 new power products this year, the most important one being a 220kV cable that helps us tap into a large and growing market.

Convergence business continues to grow from strength to strength and already has signed all the largest telecom companies as its customers. This is a clear reflection of the robust business model that companies of such size and repute are trusting us with their business. SIML continues to manage IndiGrid assets in consonance with the highest standard of corporate governance and operational excellence.

This year we've made a detailed blueprint of a 3-year strategy to put our aspirations on paper. This blueprint not only depicts a clear path to the future scale we aspire for, but also highlights the skills and capabilities needed to get there. We've used this input to institutionalize a robust Talent Review process to groom in-house leaders for the long run.

Finally, I would like to acknowledge our partners, small and large, who help us deliver on our commitments each day. We will need to rely on a thriving ecosystem of partners for our expanding needs and we look forward to work closely with them over the next year and beyond.

We continue to seek your support and faith in this journey of 'Empowering humanity by addressing the toughest challenges of energy delivery'

Thank you

Pratik Agarwal
Managing Director & CEO

"Electricity access can have a transformative impact on societies and livelihoods. Our confidence in being able to deliver on our purpose stems from our track record of addressing the key constraints of time, space and capital through our various businesses."

Board of Directors

Mr. Pravin Agarwal
Chairman

Mr. Pravin Agarwal anchors Sterlite Power Transmission Limited as Chairman and Sterlite Technologies Limited as Vice-Chairman with rich industry experience of more than 30 years.

He has been closely involved with Sterlite Group's operations in India since its inception in 1979. Sterlite Power and Sterlite Technologies are pioneers in power and data transmission products and solutions with a global presence in over 100 countries.

He has been instrumental in the growth of the Company's telecom and power businesses. Backed by his exhaustive experience, he has been the driving force behind Sterlite's expansion into multiple markets and the Company's continued growth momentum. He is an astute businessman, with proven expertise in general management and commercial affairs.

Mr. Pratik Agarwal
Managing Director and Chief Executive Officer

Mr. Pratik Agarwal is the Managing Director and Chief Executive Officer of Sterlite Power. He has held this position since June 2016; prior to which, he was the Vice-Chairman of Sterlite Grid, and also Director of the infrastructure business for the Vedanta Group.

He is a Wharton graduate and an MBA from London Business School with over 10 years of experience in building core infrastructure assets in India. He founded the Group's infrastructure business in 2009 and built it to the levels where it now has significant investments in ports, power transmission and broadband networks.

He is also the Chairman of the Electric Power Transmission Association and Transmission Task Force of FICCI.

Mr. Arun Todarwal
Non-Executive & Independent Director

Arun Todarwal is a fellow member of the Institute of Chartered Accountants of India and has been practicing since 1981. He is the managing partner of Arun Todarwal & Associates LLP. During his years of practice, he has handled various professional assignments in India & abroad including Audits, Taxation, International Taxation, Joint Ventures, Due Diligence, Management Consultancy, succession planning, etc. He is well-versed on management issues. Arun Todarwal is also a member of the Institute of Internal Auditors, National Centre for Quality Management, International Fiscal Association, Bombay Management Association, Bombay Chartered Accountants Society and their study group on International Taxation and Finance.

He is a Director & Chairman / Member of Audit Committee of several large listed Corporations in India. In a short span, Arun Todarwal has gained a lot of experience and is highly accomplished in the profession of Chartered Accountancy.

Mr. Lalit Tandon
Non-Executive & Independent Director

Mr. Lalit Tandon is a Chartered Accountant by profession having an experience of more than 40 years in the finance domain. He started his career with Hindustan Machine Limited in 1976 and joined Bharat Aluminium Limited in 1978.

In 2001, he joined Sterlite Industries Limited after the takeover of BALCO and in 2008, he joined Vedanta Limited. In 2011, he retired from Vedanta and worked as consultant till 2014.

He has handled a team of highly qualified tax professionals. During his tenure in Sterlite Industries Limited and Vedanta Limited he was also responsible for handling Tax issues which were handled excellently. He was also responsible for all FERA / FEMA compliances. He has also handled all power sales of Vedanta Limited 1,215 MW & 2,400 MW Sterlite Energy Limited power plant.

Ms. Avaantika Kakkar
Non-Executive & Independent Director

Avaantika has worked across sectors including infrastructure, pharma, auto & auto-parts, financial services, chemicals, media, technology, distribution, agriculture – commodities, telecommunication, petroleum & natural gas.

She heads the competition/anti-trust practice at Cyril Amarchand Mangaldas (CAM). She represented as a lead lawyer in some of the major merger controls cases in India and also in the first few cases involving remedies. Her experience in corporate and securities laws, transactional work in M&A, private equity, joint ventures, and structured finance equips her uniquely for strategic advice on merger control. Her professional career spans over 15 years. She was among the first Indian lawyers to start practicing competition law in 2009, when the law became effective.

Management Team

Pratik Agarwal
Group Chief
Executive Officer

Ved Mani Tiwari
CEO - Global
Infrastructure

N. K. Panda
Business Head -
Convergence

Manya Ranjan
Head - Strategy
Management

Manish Agarwal
CEO - Solutions

Anuraag Srivastava
Group Chief Financial Officer

Ernest Louis
Director Human Resources

Global Infrastructure Business

In our Global Infrastructure Business, we develop, own and operate power transmission assets across multiple geographies. Under the BOOM (Build Own Operate Maintain) model, we successfully entered the Brazil market and are evaluating other growth markets like Argentina, Mexico etc.

Business model

Bid

We've had a track record of winning profitable projects and creating a robust pipeline. So far, we won 12 projects in India, giving us a 30% market share by tariff of inter-state projects awarded under the competitive bidding regime in India. All these projects benefit from a strong regulatory regime which includes fully contracted long-term cash flows, low counter-party risk and long concession periods.

Develop

Sterlite Power has built a track record of leveraging technology and deploying its project execution expertise to deliver projects on time and within permitted costs, often commissioning projects ahead of schedule. We have a reputation for maintaining the highest standards of safety and quality, and collaborating with reputed contractors.

Manage and refinance

We have built a strong operations and maintenance team to manage the assets post commissioning. We always look for opportunities to refinance for lower capital. Indigrid, India's first power sector Infrastructure Investment Trust (InvIT) provides a potential avenue for Sterlite Power to raise capital by transferring mature, fully operational assets to the trust and redeploying the capital for new assets.

Global Infrastructure Business at a Glance

21*
POWER TRANSMISSION PROJECTS
Won under PPP (12 in India under TBCB, 9 in Brazil)

6
OPERATIONAL ASSETS
3,800 ckms of transmission lines and 2 substations

₹37 BN
AGGREGATE ANNUAL TARIFF*
Average of first 5 years tariff collected for all projects (including those commissioned, under construction and transferred to Indigrid)

~21,250
MVA OF TRANSFORMATION CAPACITY

36
SUBSTATIONS

40
EXTRA HIGH VOLTAGE (EHV) LINES

~12,500
CKMS OF POWER TRANSMISSION LINES
commissioned/under construction

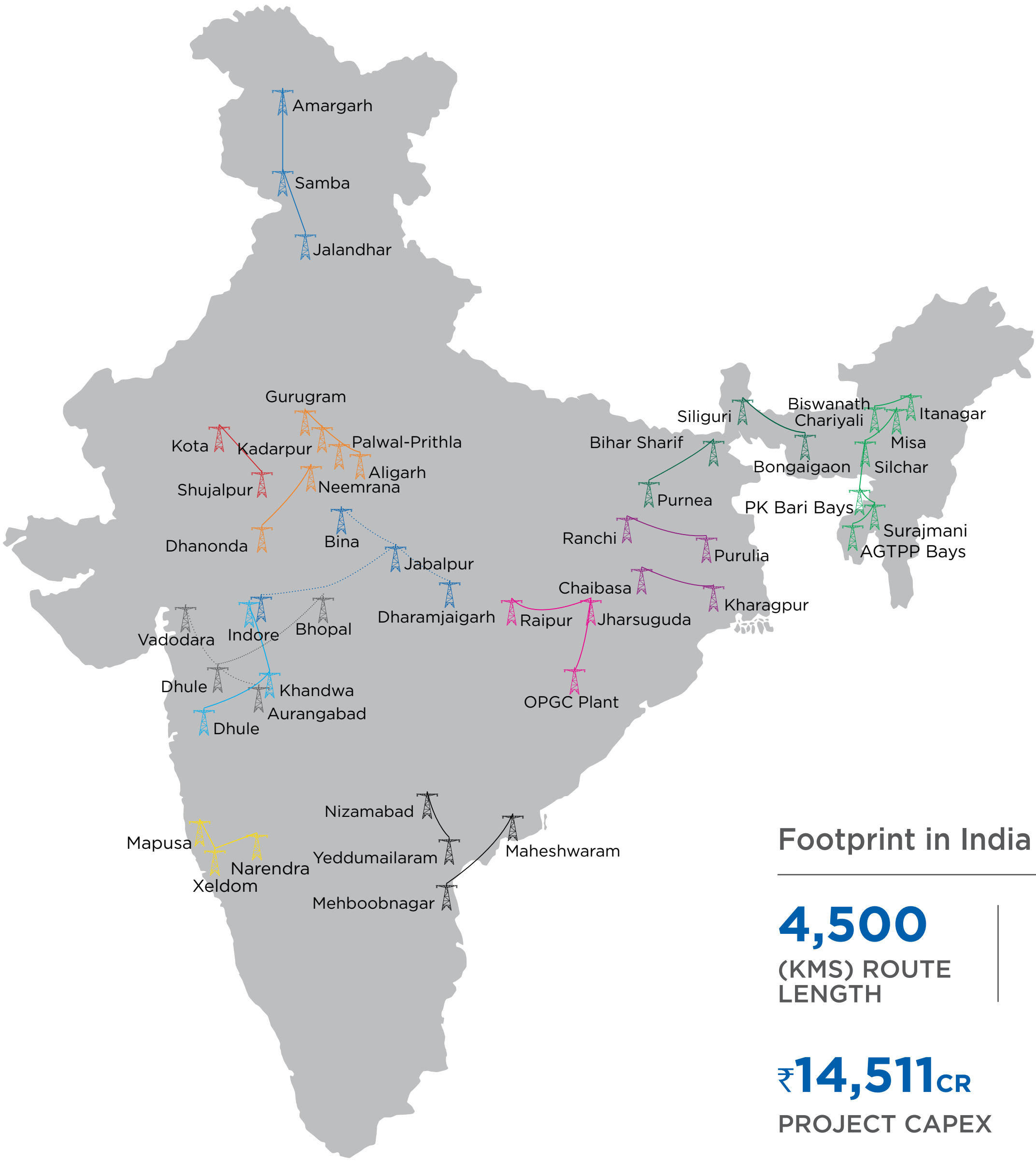
30%
MARKET SHARE
by tariff of inter-state projects awarded under competitive bidding in India

99.8%
AVAILABILITY
achieved across our commissioned assets for 2017-18

* Five assets are managed by SIML
** Including assets commissioned, under construction and transferred to IndiGrid

Our Portfolio - India

Our assets are located in strategically important areas from the perspective of power transmission connectivity, delivering power from generating centres to load centres to meet inter-regional power deficits.



Footprint in India

4,500
(KMS) ROUTE LENGTH

7,875
(CKM) LENGTH

₹14,511CR
PROJECT CAPEX

JTCL | BDTCL | RTCL | MTL | PKTCL

(Assets managed by SIML)

NRSS | ENICL | GPTL | KTL | NER-II | OGPTL | GTTPL

EAST-NORTH INTERCONNECTION COMPANY LIMITED

Overview

2 x 400 kV D/C lines

Scheduled COD

Commissioned

Length

909 ckms

JABALPUR TRANSMISSION COMPANY LIMITED*

Overview

1 x 765 kV D/C lines
1 x 765 kV S/C lines

Scheduled COD

Commissioned

Length

944 ckms

BHOPAL DHULE TRANSMISSION COMPANY LIMITED*

Overview

4 x 765 kV S/C lines,
2 x 400 kV D/C lines,
4 x 1,500 MVA,
765/400 kV substations

Scheduled COD

Commissioned

Length

992 ckms

PURULIA & KHARAGPUR TRANSMISSION COMPANY LIMITED*

Overview

2 x 400 kV D/C lines

Scheduled COD

Commissioned

Length

545 ckms

RAPP TRANSMISSION COMPANY LIMITED*

Overview

1 x 400/220 kV D/C line

Scheduled COD

Commissioned

Length

403 ckms

MAHESHWARAM TRANSMISSION LIMITED*

Overview

2 x 400 kV D/C lines

Scheduled COD

Partially Operational (Nov 2017)

Length

477 ckms

NRSS XXIX TRANSMISSION LIMITED

Overview

3 x 400 kV D/C lines,
1 x 400/220 kV D/C GIS substation

Scheduled COD

Oct 2018 (Partially Operational)

Length

887 ckms

ODISHA GENERATION PHASE-II TRANSMISSION LIMITED

Overview

1 x 765 kV D/C line,
1 x 400 kV D/C line

Scheduled COD

Aug 2019

Length

715 ckms

GURGAON-PALWAL TRANSMISSION LIMITED

Overview

5 x 400 kV D/C lines,
3 x 400/220 kV substations

Scheduled COD

Sep 2019

Length

271 ckms

KHARGONE TRANSMISSION LIMITED

Overview

2 x 765 kV D/C lines, 1 x 400 kV D/C line and 1 x 765/400 kV substation

Scheduled COD

Jul 2019

Length

624 ckms

NER II TRANSMISSION LIMITED

Overview

2 x 400 kV D/C lines,
2 x 132 kV D/C lines,
2 x 400/132 substations

Scheduled COD

Nov 2020

Length

821 ckms

GOA-TAMNAR TRANSMISSION PROJECT LIMITED

Overview

1 x 765 kV D/C line,
2 x 400 kV D/C line
1 x 220 kV D/C line

Scheduled COD

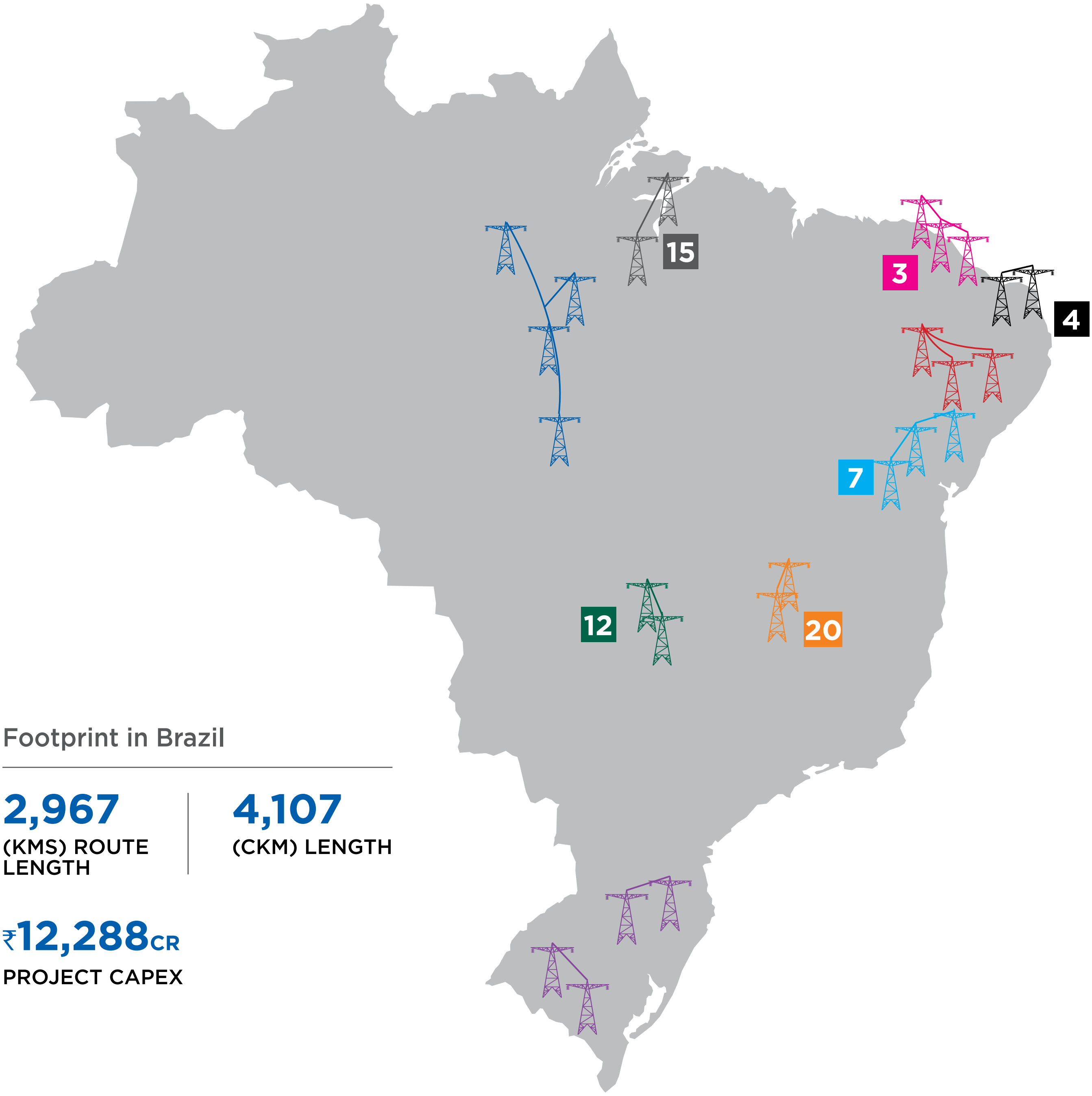
Nov 2021

Length

481 ckms

* Assets managed by SIML

Our Portfolio - Brazil



Footprint in Brazil

2,967
(KMS) ROUTE LENGTH

4,107
(CKM) LENGTH

₹12,288CR
PROJECT CAPEX

- Arcoverde Transmissão de Energia
- SE Vineyards Transmissão de Energia S.A.
- Sterlite Novo Estado
- Lot 3
- Lot 4
- Lot 7
- Lot 12
- Lot 15
- Lot 20

The Brazil Opportunity

Large opportunity

With the recovery of Brazilian economy underway, consumption of electricity is on the rise. By 2026, total electricity consumption of the country is forecasted to increase from 516 TWh in 2016 to 741 TWh, indicating an average annual growth of 3.7%. Coupled with this jump in demand, a 64 GW expansion of installed capacity of the National Interconnected System (SIN) is planned for the same 10-year horizon.

The transmission system will need to be increased by ~61,800 km to help meet this new supply and demand, coupled with an increase of 1,99,200 MVA capacity. This roughly translates into an investment opportunity of ~R$ 119 billion (US$ 30.8 billion) during the said ten-year period (2017-26). About R$ 77.5 billion (US$ 20.1 billion) is the investment requirement for expansion of transmission lines and the remaining R$ 41.3 billion (US$10.7 billion) for substation facilities. This is an attractive opportunity over a long period.

Strong contractual framework

Brazilian power sector is characterized with policy and regulatory maturity. The Institutional structure governing the policy formulation, expansion planning, implementation and regulation is well established and robust.

ANEEL, which is the Brazilian electricity regulatory agency, sets the RAP - the annual permitted revenues (Receita Anual Permitida). RAP is adjusted periodically with IPCA (National Consumer Index) and hence guarantees inflation adjusted revenues for the developers. Basis the discount offered over RAP, 30-year concessions are awarded to the bidder who commits the largest discount over RAP. And this period comes with a potential for extension depending on an agreement of both regulators and concessionaire.

Payment mechanism to the transmission concessionaires is an effective system governed by ONS - the system operator of the Brazilian national electricity system. Brazil has adopted a nodal charge scheme wherein transmission revenue is recovered from network users through Transmission Use of the System Tariff (TUST). As authorized under the transmission service agreement executed with ONS and basis the RAP (annual permitted revenues), payment is made to the transmission concessionaires. Similar to the system in India, remuneration of transmission concessionaires is delinked from the volume of electricity transmitted.

The robust participation of private players in this market over the last 2 decades is a strong vindication of the maturity of the regulator and their framework.

The long concession tenures (30 years), inflation-protected revenues (which help lower the forex risk), a strong pipeline of projects and a transparent auction-based bidding process makes Brazil an attractive opportunity for any transmission player.

Current portfolio

Sterlite Power forayed into Brazil in April 2017, when it acquired two lots, with investments totaling around R$ 560 million. In December 2017, the company acquired Lot 3, the largest of the auction, with investments of R$ 2.8 billion. In June, 2018 Sterlite won 6 more lots totaling investments of ~R$ 3.5 Bn.

The projects are to be implemented between 2018 and 2022, while the transmission licenses awarded will be valid for 30 years.

Vision for the Geography

Brazil, and LatAm, has rapidly become a core market for Sterlite Power. We have announced plans to invest close to US$ 4 billion in LatAm by 2022, most of which is intended to be invested in Brazil. We will continue to leverage talent, technology and partners to deliver projects at-scale in this geography.

Brazil transmission industry has a huge potential due to geographical distribution of generation and consumption centers

Consumption				TOTAL
NORTH **25.8 GWh** (11%)	NORTHEAST **40.7GWh** (18%)	CENTER-WEST AND SOUTHEAST **129.0 GWh** (56%)	SOUTH **36.7GWh** (10%)	BRAZIL **232.2GWh** (100%)

Capacity				TOTAL
NORTH **27.1GW** (37%)	NORTHEAST **23.9GW** (32%)	CENTER-WEST AND SOUTHEAST **15.4 GW** (21%)	SOUTH **7.2GW** (10%)	BRAZIL **73.6GW** (100%)

1. Long distance between generation and consumption
2. The T & D losses in Brazil are at 15% due to aging infrastructure.
3. The infrastructure is insufficient to match the generation.
4. The opportunity size is $30b till 2026.

Solutions Business

Differentiated Offering

Power utilities are facing increased pressure due to rapid urbanization, demand growth and ageing infrastructure. They have an urgent need for augmentation and upgrades to meet their needs. We help power utilities tackle their network congestion challenges by providing solutions that upgrade and uprate corridor intensity. Our strategic solutions ensure improved performance in the short and long-term through system design, engineering, procurement and construction practices

Solutions Distinction Master System Integration (MSI) Projects

Sterlite Power has successfully transformed into a Master System Integrator delivering increased throughput, upgrade of existing infrastructure, OPGW based communication system & a reliable EHV underground network in the shortest possible time.

Power Systems Planning and Forecasting

We support customers with their planning and forecasting needs with our in-house expertise on power systems. We help co-create solutions to upgrade their existing infrastructure in preparation for the future.

Engineering Assessment and Design

Our design and engineering team develops solutions to optimize space and time constraints. Our solutions are aimed at minimizing corridor footprints aided by technologies like monopoles, compact power designs, micro piling and GIS substations.

Project Management and Delivery

We leverage our core strengths of technology and project management to deliver solutions to our customers. We help them uprate, upgrade and strengthen their existing infrastructure with minimal outage and disruptions. We are building capabilities on aerial execution and live-line reconductoring.

Diverse Product Portfolio

Conductors

- Full range power conductors from ACSR to high performance conductors (Composite Core, INVAR, ACSS, GAP-Type, etc.)
- Market Leadership in product and customer segments
- Capacity of 1,60,000 MT to serve global markets; supply to over 40 countries
- Only facility in India with upstream integration of molten metal for conductor manufacturing

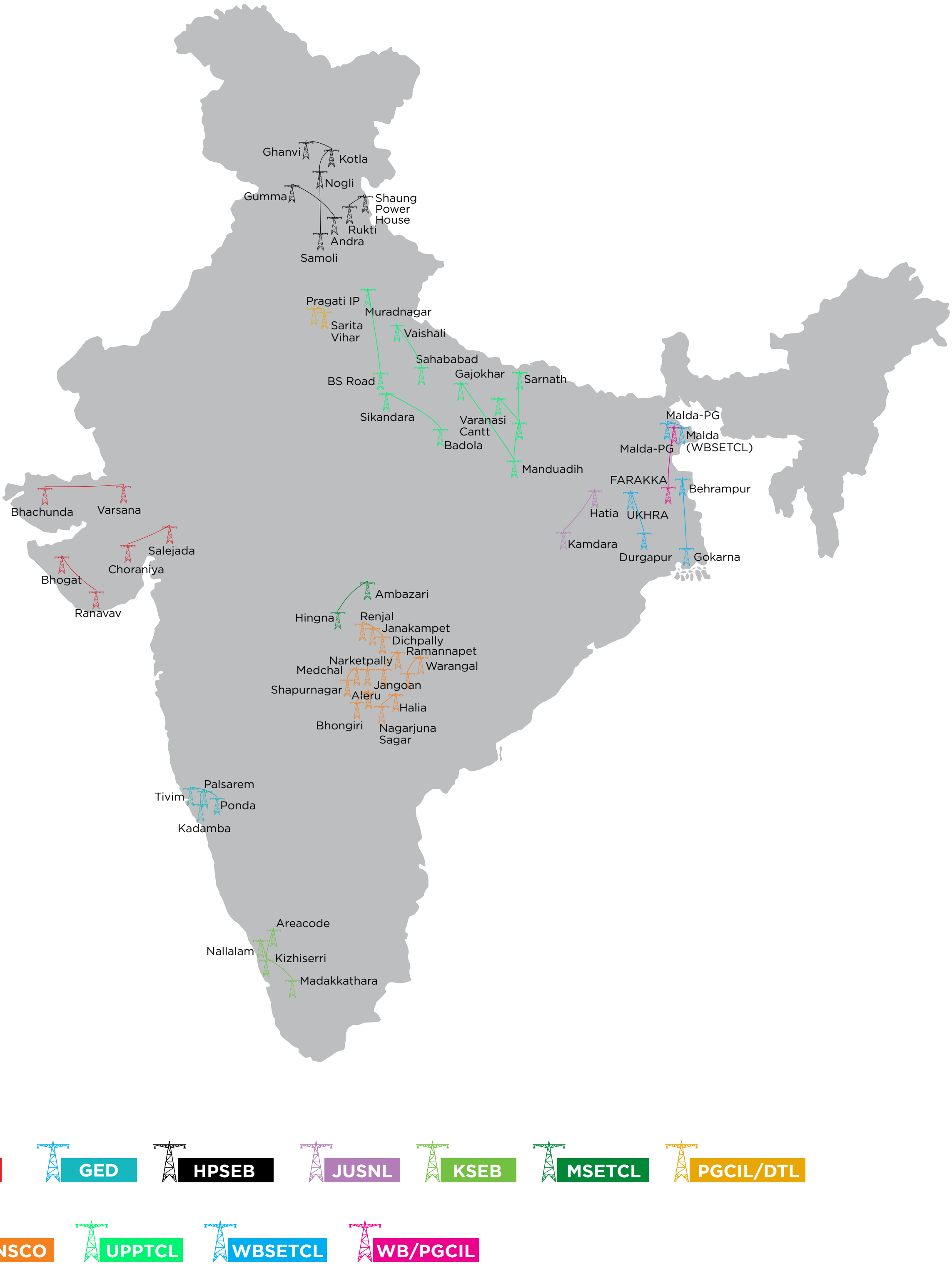
Cables

- State-of-the-art manufacturing facility established in 2011
- Product range from 6.6 kV to 220 kV Power Cables
- Focus on new products: 3-Core EHV Cables, Fiber Integrated Power Cables, High Ampacity Low Loss Cables, Cables in Co-extruded ducts
- Best-in-class raw material: The only Company in India, which is a 'Dow-Inside' partner

OPGW & Accessories

- India's only fully integrated OPGW manufacturer & solutions provider
- Capacity 15,000 km per annum

Solutions Business at a glance- key projects



The above image shows only Uprate/Upgrade Projects or New Line with HPC projects.
Sterlite's Solution Business also undertakes OPGW based reliable communication projects and have delivered over 8000 KM under liveline condition

MSI Projects ~ 2500 cKM

GETCO
Overview

220Kv D/C Chorania-Salejada
220Kv D/C Bhogat-Ranavav
440Kv D/C Bhachunda-Varsana

WB/PGCIL
Overview

400 Kv D/C Farakka-Malda

JUSNL
Overview

132Kv S/C Hatia-Kamdara

KSEB
Overview

400/220/110Kv MCMW Madakkathara – Areacode – Kizhiserri
400/220Kv, 400/110Kv, 220/110Kv MCMW lines
400Kv D/C, 220Kv M/C lines
110KV D/C Kakkayam- Nallalam-Koyilandy
66Kv S/C to 110Kv D/C Malappuram – Manjeri
All the lings with HPC for Carrying double power

TSTRANSCO
Overview

132 Kv D/C Nagarjuna Sagar – Halia
132 Kv D/C Warangal – Jangon
132 Kv D/C Aleru- Bhongiri
132 Kv D/C Dichpally – Janakampet
132 Kv D/C Medhchal – Medhchal
132 Kv D/C Janakampet – Renzal
132 Kv D/C Ramannapet-Narketpally
132 Kv D/C Medhchal -Shapurnagar

UPPTCL
Overview

132 Kv S/C Muradanagar-B.S. Road Line
132 Kv S/C Sikandara (Agra)-Badola Line
132 Kv S/C Varanasi Cantt
132 Kv S/C Sarnath-Manduadih line
132 Kv S/C Gajokhar-Mandudih line
132 Kv S/C Vaishali-Sahababad

HPSEB
Overview

66Kv D/C Kotla-Ghanvi
66Kv D/c Kotla-Nogi
22Kv S/C Gumma to Andhra
66Kv S/C Nogli-Samoli
22Kv S/C Rukti-Shaung Power House

PGCIL/DTL
Overview

220 Kv D/C Wazirabad – Geeta Colony
220 Kv D/C Sarita Vihar Pragati IP

WBSETCL
Overview

132 Kv d/c Malda – Malda
132 Kv D/C Gokarna – Berhampore
132 Kv D/C Durgapur – Ukhra Transmission Project

Convergence Business

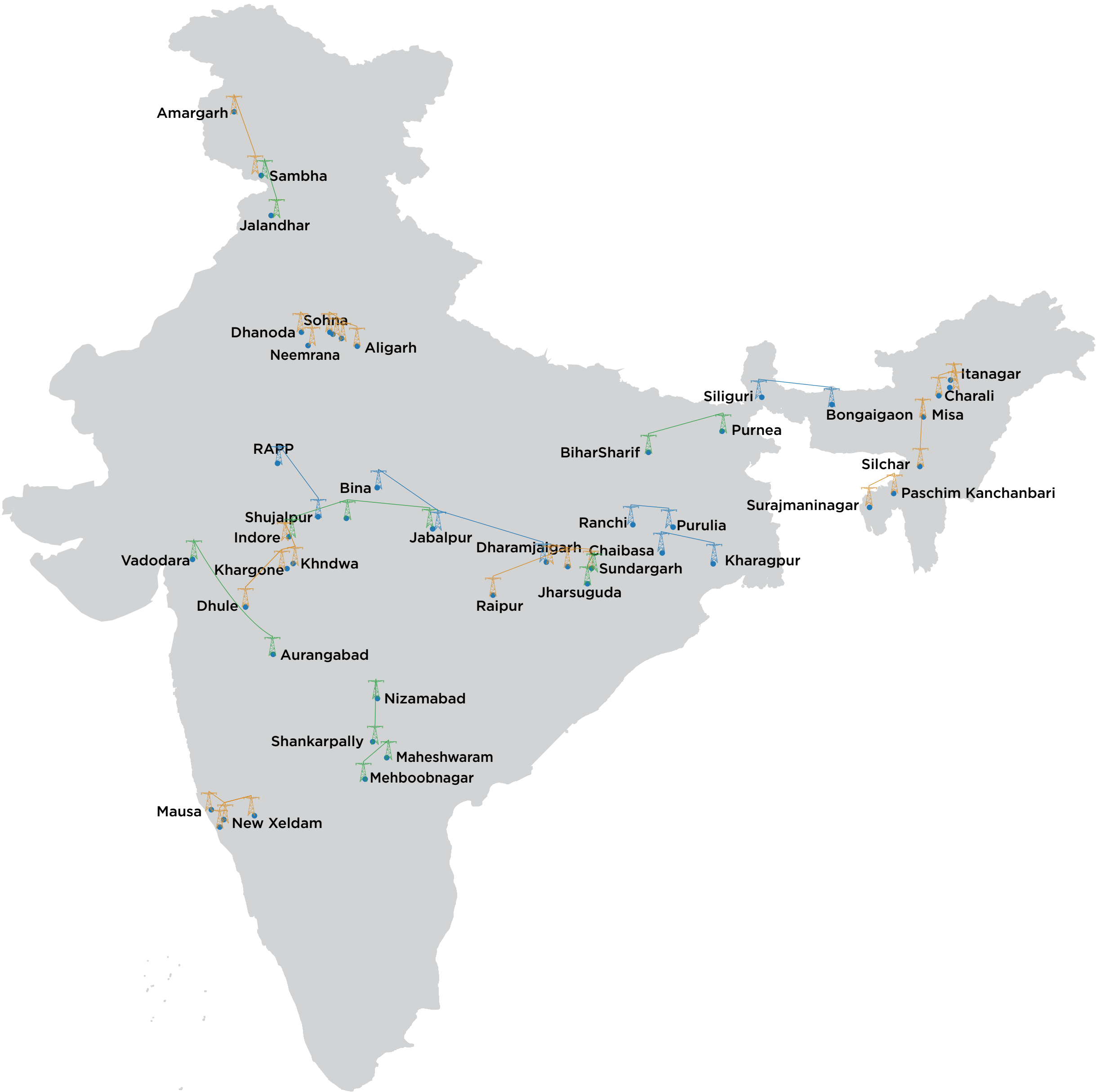
Differentiated Offering

Convergence business allows utilities to enhance the value of their existing asset by utilizing it for creating a reliable optical fiber network.

An OPGW network is superior to an underground fibre network as it provides high uptime, low attenuation and minimal fiber cuts. As an aggregator of OPGW, we offer a communication service provider robust and reliable fibre connectivity to meet their growing data needs of our country.

We understanding the constraints of communication service providers and recognize their need for a reliable network. This helps us offer favorable term contracts that empower even smaller service providers to expand and strengthen their networks.

Convergence Business at Glance



Legend

- Substation

SPTL OPGW Route

Complete | Work in Progress | Planned

Business Overview

Convergence operates at the confluence of power and telecom infrastructure. We are an aggregator of overhead (using optical ground wire or OPGW) and underground optical fibre cable infrastructure through strategic alliances and partnerships with power and gas utilities.

Large Opportunity

India is undergoing a data revolution with increasing data consumption and competition in the telecom market. The existing optical fiber infrastructure is unable to handle the burgeoning data traffic and, hence is, succumbing to low connection speeds. This is evident from India's low ranking of 89 in the world for average connection speed (6.5 Mbps). The total fiber strand km per capita in India (0.09) is marginal compared to the countries like the US & China (1.34 & 0.87 respectively).

This points to the lack of a reliable and robust fiber infrastructure across India. Convergence is competitively placed to tap into this market by creating a pan-India fiber infrastructure.

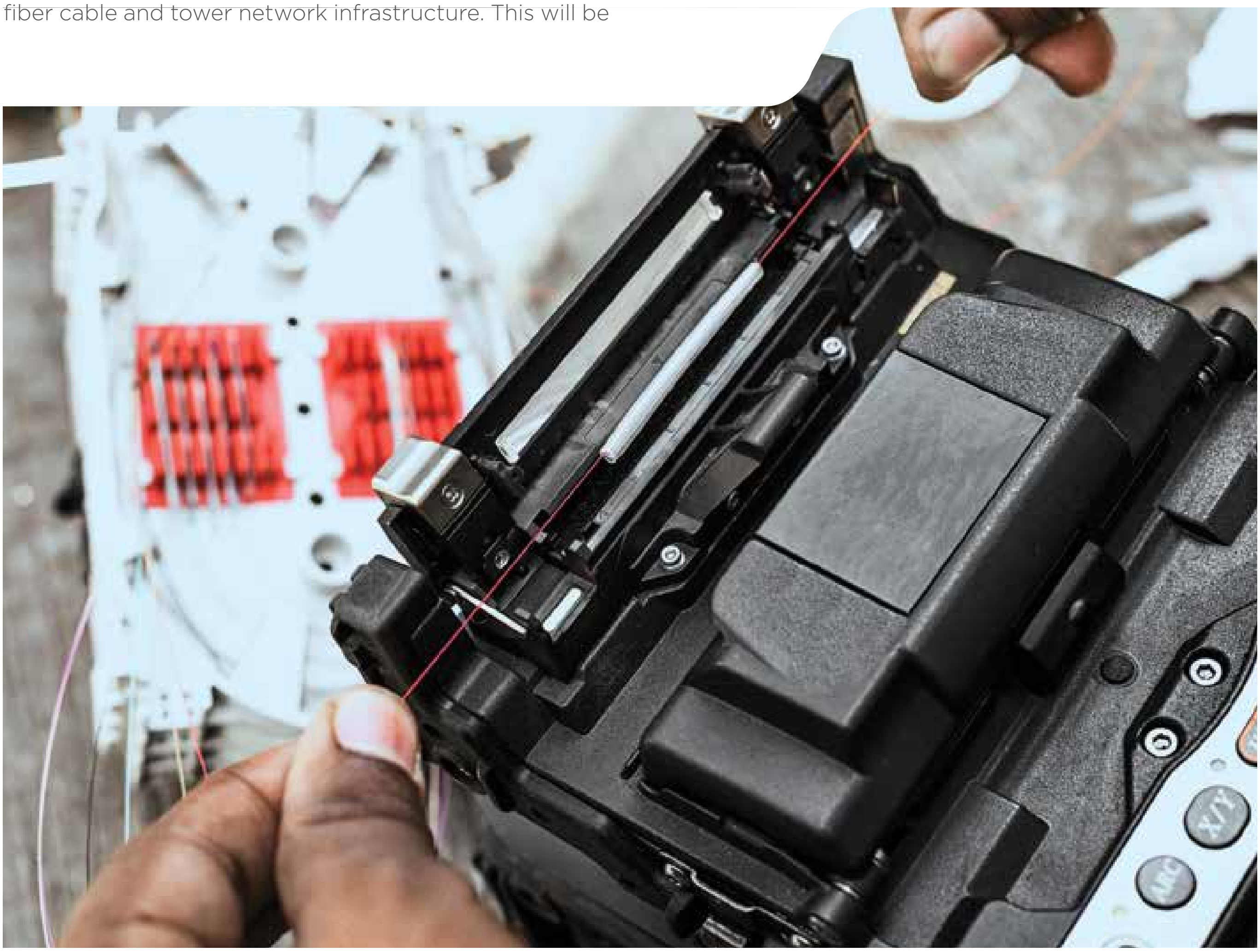
Our vision is to be a leading communications infrastructure and solutions provider by creating the largest optical fiber cable and tower network infrastructure. This will be achieved through a combination of our own assets and partnerships with other asset owners.

The power and gas utilities play a pivotal role in creating this neutral fiber infrastructure by leasing out their unutilized fiber to Convergence for value creation. The municipalities and smart cities also figure in our vision for their extensive intra-city network and opportunities for alternate business models.

Services tailored to customers needs

Dark fiber capacity lease: An unlit fiber pair or strand which holds unlimited potential to transmit bandwidth/ data is provided on IRU (Indefeasible Rights of Use) or ARC (Annual Rate Contract) basis along available routes to Communication Service providers (CSP). .

Co-location space lease : A rental rack space is provided to host telecom support infrastructure in a highly secured location, like inside a power substation. This will be backed by an uninterrupted power supply and remote monitoring and surveillance facilities.




LaserSpeed

Management Discussion and Analysis

Overview of Global and Indian Economy

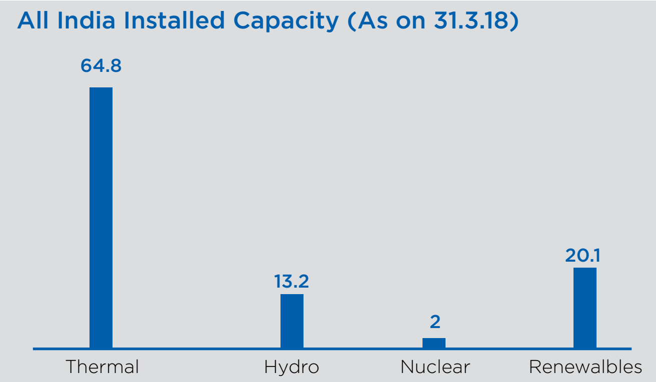
Electricity is central to achieving the expansion of economy and the increasing prosperity of individuals across the globe. This will further fuel up the demand for electricity. And as has never seen before, the world is undergoing a massive 'Energy transition' and is inching towards 'Electrification of Energy'. The contributing factors to this transition include the 3-D wave viz Decarbonisation, Digitalisation and Decentralisation. The other drivers of electrification are the emerging 'Power-to-X models' such as Power-to-Heat/cold, Power-to-Mobility etc. By 2050, 50% of the world's power generation is said to come from wind and solar[3]. And Electric vehicles are expected to add around 3461 TWh of new electricity demand globally by 2050[4]. Driven by this demand for electricity-based services particularly in mobility sector and buildings, coupled with the rising impetus on renewables, the electricity demand is projected to grow four times faster than all other fuels.

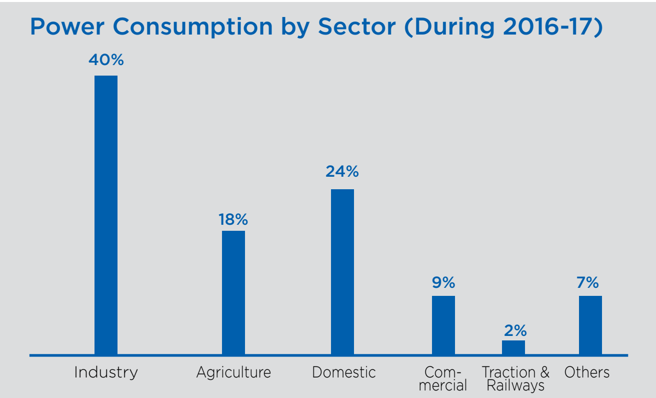
Power Sector in India

India's sustained, and strong economic growth of over 7% will continue to drive electricity demand in the country. The all India electricity demand is projected to increase from 1115 BU in 2015-16 to 1,691 BU in 2021-22 and 2,509 BU in 2026-27 with a CAGR of 7.66%[5]. According to IBEF, as of today, India is ranked the third largest producer and fourth largest consumer of electricity in the world. The installed power capacity has increased to 344 GW as on March 31, 2018, from a meagre 1,713 MW in 1950.

Despite the robustness of the sector, per capita electricity consumption in India stands at 1,122 kWh (as of 2016-17), which is 1/4th of the world average and lowest among BRICS nations. To overcome this, the Government of India has designated power sector as a key sector of focus and has embarked on a mission to provide 24*7 reliable and affordable 'Power for All' by March 2019. To this end and to ease other challenges, GOI has undertaken various Initiatives, such as the flagship Pradhan Mantri Sahaj Bijli Har Ghar Yojana-

[1] *Report on Global Economic Prospects by World Bank*
[2] *Report on Global Economic Prospects by World Bank*
[3] *BNEF New Energy Outlook, 2018*
[4] *BNEF New Energy Outlook, 2018*
[5] *Report on 'Transitions in Indian Electricity Sector 2017-2030' by TERI*





Saubhagya scheme, Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY), Integrated Power Development Scheme (IPDS), UDAY, Tariff based bidding, UJALA, National Smart Grid Mission and other digital programs. From the current impetus to the sector, we can safely conclude government's continued focus and support to the power sector is here to stay in future too. The inherent potential of power sector, growing demand for electricity coupled the government backing makes it an attractive sector worthy of investment.

Power Transmission Sector in India

Transmission Infrastructure is to power system what arteries are to the human body. It acts as a key link in transmitting electrons from generation plants to the distribution system. To meet the increasing demand of electricity, it is needless to mention the requirement of a robust grid.

The total length of 220 KV and above transmission lines in India has increased from 257,481 ckms in financial year 2011-12 to 390,970 ckm in March 2018. Despite this growth, the grid is still plagued with congestion today. The reason can be largely attributed to focus on augmenting the generating capacity and relatively less focus on planning for evacuation of power or reactive planning of the transmission expansion. The pressure on the grid is only going to ramp up in future owing to the wave of electrification of energy and resultant rise in electricity demand, unprecedented growth of renewables etc. These are poised to disrupt the present paradigm and calls for an urgent investment in expanding the capacity. Following are the key fundamentals that are driving the power transmission sector.

Growth Drivers for Power Transmission Sector

Rise in Electricity Demand Requires Augmenting Transmission Capacity

As mentioned earlier, the all India electricity demand is slated to increase from 1115 BU in 2015-16 to 1,691 BU in 2021-22 and 2,509 BU in 2026-27. This increase demands for new capacity addition and overhaul of existing network.

Rise in renewable electricity justifies Expansion of Grid

Given the ambitious renewable energy targets of the Government, it is imperative to plan for the evacuation of electricity generated. Renewable capacity is characterized by geographically dispersed availability and the output is characterized by variability. Developers have in the past expressed concerns regarding transmission not keeping pace with renewable generation capacity additions. Expansion of the grid is urgently needed to realize the renewable energy vision.

Inter-regional Power demand-supply gap to drive Investments in Transmission

It is a known fact that the different regions of India have different appetite for power and varying resource availability. This translates into a gap between the generation and consumption pockets which demand evacuation capacity.

Government Impetus on Boosting the Sector to be a Plus

As discussed in earlier section, the Government's mission to provide access to reliable power for all and the initiatives taken towards achieving this 2019 vision, puts the sector in a strong position.

Outlook for the Transmission Sector

By 2025, the global transmission network is expected to witness an addition of over 1,351,900 km of lines at 100kV and above voltage levels.

In India alone, the investment in power transmission sector is expected to reach ₹ 2.6 trillion (US$ 38bn) during the period of 2017-22. And Brazil is projected to present an investment opportunity of ~R$ 119 billion (US$ 30.8bn) during the period 2017-26.

This electricity transformation has a positive bearing on the power transmission sector and will unlock value for the players ready to capture them.

Sterlite Power:
Financial and operational

The year 2017-18 was very significant for the company. It entrenched itself in International market, specifically in Brazil and made further in-roads into the Indian opportunities. The company achieved scale by successfully bids and maintaining its ahead of schedule timeline in executing projects.

The global infrastructure business continues to leverage technology and its rich base of talent to deliver projects ahead of time. The strengths – timely project execution, technology leadership and cost competitiveness has been instrumental in delivering social impact.

In solutions business, we continue to address complex problems involving time, space and capital constraints for our customers by leveraging our technological, design and engineering capabilities, as well as our captive sourcing and project execution skills.

Convergence operates at the confluence of power and telecom infrastructure. We are an aggregator of overhead (using optical ground wire or OPGW) and underground optical fibre cable infrastructure through strategic alliances and partnerships with power and gas utilities. Convergence business allows utilities to enhance the value of their existing asset by utilizing it for creating a reliable optical fiber network.

Our consolidated financial results reflect continuous robust performance of the company year on year. It shows the impact of our changing revenue mix – from products to solutions, Faster completion of the transmission projects and profit realization/monetization of assets through sale of completed projects to IndiGrid (INVIT). Our consolidated total income for FY 2017-18 were at INR 29.72 bn compared to INR 26.73 bn in FY 2016-17, our consolidated EBITDA improved to INR 8.50 bn in FY 2017-18 from INR 8.44 bn in FY 2016-17. Our consolidated PAT were 2.72 bn in FY 2017-18 as compared to consolidated loss of INR (3.61) bn in FY 2016-17. Consolidated Net worth was INR (0.22) bn in FY 2017-18 as compared to (2.33) bn in FY 2016-17, exhibiting an increase of INR 2.12 bn in net worth during the year 2017-18.

Internal controls systems and their adequacy

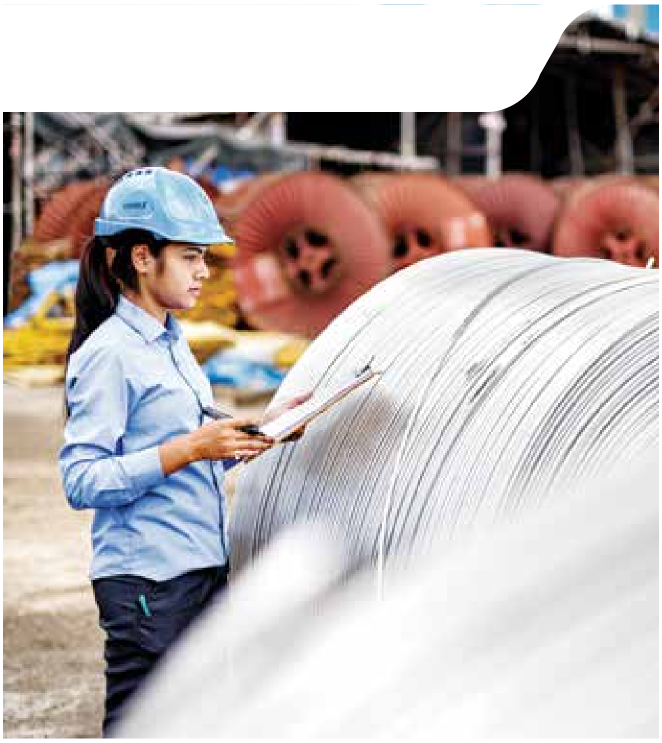
The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Company had documented a comprehensive internal control system for all the major processes to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with the policies, procedures, laws and regulations, safeguarding of assets and economical and efficient use of resources. The formalized system of control facilitates effective compliance as per relevant provisions of the Companies

Act, 2013. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board. The Internal Audit function monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of Internal Audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations, if any, and corrective actions thereon are presented to the Audit Committee of the Board. The Audit Committee also meets the Company's Statutory Auditors to ascertain their views on the financial statements, including financial reporting system, compliance to accounting policies and procedures, the adequacy and effectiveness of internal controls and systems followed by the Company.

Human resources

We saw a fundamental makeover in our HR processes this year. To begin with, we introduced a six-monthly cycle of goal setting and assessment in order to make our performance management system simpler and aligned to our growth ambitions. The process builds in linkages to individual and team performances with a variable payout at the end of each performance cycle. We have moved away from the 5-point ratings scale and forced ranking to reward performances and drive the right behavior without artificial constraints. This change in practice is more relevant to work context and makes performance more measurable and objective. In addition, we introduced a long-term incentive plan through Employee Stock appreciation rights (ESARs) to connect select workforce (15%) to our 3-year road map.

We introduced a Talent Review process aimed at identifying and developing talent in a transparent and structured manner, towards the strategic aspiration of the company. The process includes exclusive involvement of top management in talent development and retention. We introduced market-linked compensation, increment program connecting skill cluster, market competitiveness



and employee proficiency with pay in order to make our overall pay for talent more competitive. As a measure of employee engagement, we partnered with Gallup to roll out Q12 survey. Our plan is to roll this twice a year and a steady progress on this measure is on the goals of all the leaders. This practice will help us build better people leaders making the work more meaningful for their teams.

We continued to break new ground on Talent Acquisition processes this year. We saw many senior leadership roles getting filled by top quality hires across our businesses. In addition, we visited top tier management institutes to hire 50 management trainees and put them through a carefully crafted program to build a leadership pipeline of middle managers in the near term. Finally, with our foray into Brazil, we now have access to a very strong set of talent ecosystem in this space. In addition, we have initiated several expat assignments in Brazil. This is the beginning of more such opportunities for our workforce for a global career.

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1 & 2 Ishwar Nagar, Mathura Road,
New Delhi - 110065.
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Email: secretarial.grid@sterlite.com
Website: www.sterlitepower.com

CIN: U74120PN2015PLC156643

DIRECTORS' REPORT

To
The Members
Sterlite Power Transmission Limited

Your Directors are pleased to present their 3rd Annual Report for the Financial Year 2017-18 together with the audited financial statements of the Company for the year ended March 31, 2018.

FINANCIAL SUMMARY / HIGHLIGHTS

The Company's financial performance on standalone and consolidated basis is as under:

(Rs. in Millions)

Summary of Key Financial Parameters	Standalone		Consolidated	
Description	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Revenue from Operations	23,962.35	23,074.62	25,424.91	26,711.89
EBITDA	**1,380.55**	**1,900.78**	**8,496.37**	**8,442.84**
Less : Finance Cost (net of finance income)	1,937.41	1,695.19	4,169.89	7,767.24
Less : Depreciation/Amortization/Impairment Exps	766.24	788.62	1,955.87	4,363.49
Add: Share of Profit of Associate	-	-	435.85	-
Profit Before Tax (PBT)	**(1,323.10)**	**(583.03)**	**2,806.45**	**(3,687.89)**
Less :Tax Expense	(260.58)	(182.11)	83.61	(77.66)
Profit After Tax (PAT) (A)	**(1,062.52)**	**(400.92)**	**2,722.84**	**(3,610.23)**
Other Comprehensive Income (OCI) (B)	**7,882.22**	**3,914.29**	**(370.71)**	**233.27**
Total Other Comprehensive Income (A+B)	**6,819.70**	**3,513.37**	**2,352.13**	**(3,376.96)**

(Rs. in Millions)

Break up of Net Equity	Standalone		Consolidated	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Share Capital	122.36	122.36	122.36	122.36
Securities Premium	4,536.80	6,748.37	4,536.80	6,748.37
Retained Earnings	(219.30)	(1,369.99)	(4,942.47)	(9,880.47)
Other Reserves	16,923.26	9,278.12	65.56	674.91
Net Equity	**21,363.12**	**14,778.86**	**(217.75)**	**(2,334.82)**

DIVIDEND

In view of the losses, your directors do not recommend dividend to the shareholders of the Company for the financial year 2017-18.

CORPORATE GOVERNANCE

A report on Corporate Governance is presented in a separate section forming part of this Report.

AMOUNTS TRANSFERRED TO GENERAL RESERVE

In view of the losses, the Company do not propose to transfer any amount to the General Reserve.

CHANGES IN SHARE CAPITAL

During the year under review the Company had issued 1,80,00,000 Non-Convertible Non-Cumulative Redeemable Preference Shares of Rs.2/- each at par for an among aggregating to Rs. 3,60,00,000 (Rupees three crore sixty lakhs only) on private placement basis.

During the year, the Company has redeemed 1,79,00,190 Non-Convertible Redeemable Preference Shares (NCRPS) of Rs. 2/- each at a premium of Rs. 123.55 per NCRPS i.e. for a redemption value of Rs. 125.55/- per NCRPS (being the same value of redemption as set out in the original terms and conditions of NCRPS), aggregating to a sum of Rs. 224,73,68,854.50/- (Rupees two hundred and twenty-four crores seventy-three lacs sixty eight thousand eight hundred fifty four and fifty paisa only) out of the proceeds of fresh issue of shares and securities premium account, as the case may be.

EXPANSION IN BRAZIL

Sterlite Power forayed into Brazil in April 2017, when it acquired two lots, with investments totalling around R$ 560 million. In December 2017, the company acquired Lot 3, the largest of the auction, with investments of R$

2.8 billion. In June, 2018 Sterlite won 6 more lots totalling investments of ~R$ 3.5 Bn.

The projects are to be implemented between 2018 and 2022, while the transmission licenses awarded will be valid for 30 years.

MEETINGS OF THE BOARD OF DIRECTORS

During the year under review, 8 (Eight) Board meetings were duly convened and held. The intervening gap between the two consecutive meetings was within the period prescribed under the Companies Act, 2013 ("the Act"). The dates on which these meetings were held are May 29, 2017, August 10, 2017, November 11, 2017, November 13, 2017, December 28, 2017, January 16, 2018, February 14, 2018 and March 29, 2018.

COMPOSITION OF AUDIT COMMITTEE

The Board had constituted an Audit Committee comprising of Mr. Arun Todarwal, Independent Director as the Chairman; Mr. Pravin Agarwal and Mr. Lalit Narayan Tandon as the Members. The Board of directors has accepted all the recommendations of the Audit Committee during the Financial Year 2017-18. Further details on the Audit Committee and other Committees of the Board are given in the Corporate Governance Report, which forms part of this Report.

DIRECTORS

Pursuant to Section 149 read with Section 152 of the Companies Act, 2013, the provisions with respect to retirement of directors by rotation are not applicable to Independent Directors. Further, Mr. Pratik Agarwal, Managing Director & CEO, would retire by rotation at the ensuing Annual General Meeting ("AGM") and being eligible, offers himself for re-appointment. A brief resume of Mr. Pratik Agarwal along with the requisite details required to be provided under the Act, is provided in the Explanatory Statement to the Notice of the AGM.

The Company has received necessary declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the Act.

The Board of directors of the Company is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. To that end, the Nomination and Remuneration Committee has established processes for performance evaluation of Independent Directors, the Chairman, the Board and Committees thereof. Pursuant to the provisions of the Act, the Board had carried out an annual evaluation of its own performance, performance of its Committees as well as the directors and the Chairman individually. Details of the evaluation mechanism are provided in the Corporate Governance report.

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. Details about such policy are given in the Corporate Governance Report. The policy can also be accessed on Company's website at www.sterlitepower.com.

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Act, and the Rules made thereunder, following are the Key Managerial Personnel of the Company as on March 31, 2018:

S. No	Name	Designation	Date of Appointment
1	Mr. Pratik Agarwal	Managing Director & Chief Executive officer	June 01, 2016
2	Mr. Harsh Shah	Chief Financial officer	June 01, 2016
3	Mr. Ashok Ganesan	Company Secretary	May 29, 2017

During the year under review, Mr. Swapnil Patil resigned from the position of Company Secretary, due to commitments in other engagements.

Mr. Anuraag Srivastava has been appointed as Chief Financial Officer of the Company in place of Mr. Harsh Shah who as a part of re-organisation in company has move to a new role-CEO of Sterlite Investments Managers Limited of India great trust established under InvIT Regulations, 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013, directors of your Company hereby state and confirm that:

a. in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2018 and of the loss of the company for the same period;

c. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d. they have prepared the annual accounts on a going concern basis;

e. they have laid down internal financial controls in the Company that are adequate and were operating effectively.

f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and these are adequate and are operating effectively.

COMPLIANCE WITH SECRETARIAL STANDARDS

Your Directors confirm that the Secretarial Standards SS-1 & SS-2 issued by the Institute of Company Secretaries of India, as applicable to the Company, have been duly complied with.

RELATED PARTY TRANSACTIONS

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act, in the prescribed Form AOC - 2 of Companies (Accounts) Rules, 2014 are enclosed as Annexure - A to the Directors' Report. Details regarding the policy, approval and review of Related Party Transactions are provided in the Corporate Governance report.

MATERIAL CHANGES / EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

A. CORPORATE RESTRUCTURING

The Board in its meeting held on May 30, 2018, approved merger of Sterlite Power Grid Ventures Limited ("SPGVL"), its wholly owned subsidiary with Sterlite Power Transmission Limited ("SPTL").

The corporate restructuring is viewed as a potential value creator for all shareholders combined with an objective of consolidating the business activities undertaken by SPGVL and its investments in various entities into a single entity. It will essentially provide streamlining of the corporate structure and consolidation of investments at SPTL level. It also creates an opportunity for pooling of resources resulting in stronger balance sheet and net worth to meet future investment requirements. The restructuring has been undertaken after careful consideration and review by the Board.

Once the scheme is made effective, after due regulatory and other approvals (as may be required), shareholders of SPTL will become the direct holder of all the investment held by SPGVL. Since, SPGVL is a wholly owned subsidiary of the Company, no new shares shall be issued by the Company as a consideration for the proposed corporate restructuring.

B. RESIGNATION OF DR. ANAND AGARWAL FROM THE BOARD

Dr. Anand Agarwal resigned as the Non-Executive Director of the Company with effect from May 11, 2018 due to his commitments in other engagements. Your Directors place on record their appreciation for the valuable contribution made by Dr. Anand Agarwal during his tenure as Director of the Company.

SUBSIDIARIES / ASSOCIATE COMPANIES

The Company has 26 (Twenty Six) Subsidiaries as on March 31, 2018. In accordance with Section 129(3) of the Act, a statement containing salient features of the financial statements of the subsidiary companies in Form AOC-1 is attached as Annexure–B to this Report. During the year under review, following companies have become or ceased to be Company's subsidiaries companies –

A. Companies that have become subsidiaries during the Financial Year 2017-18:

- Sterlite Grid 6 Limited
- Sterlite Grid 7 Limited
- Sterlite Grid 8 Limited
- Sterlite Grid 9 Limited
- Sterlite Grid 10 Limited
- Sterlite Grid 11 Limited
- Sterlite Grid 12 Limited
- Goa-Tamnar Transmission Projects Limited
- NRSS XXIX (JS) Transmission Limited
- SE Vineyards Power Transmission S.A. (Incorporated in Brazil)
- Arcoverde Transmissao De Energia S.A. (Incorporated in Brazil)
- Sterlite Brazil Participacoe S.A. (Incorporated in Brazil)
- Sterlite Novo Estado Energia S.A. (Incorporated in Brazil)

B. Companies which have ceased to be subsidiaries during the Financial Year 2017-18:

- Sterlite Grid 1 Limited
- Bhopal Dhule Transmission Company Limited
- Jabalpur Transmission Company Limited
- Purulia & Kharagpur Transmission Company Limited
- RAPP Transmission Company Limited
- Maheshwaram Transmission Limited

C. Companies which have become associate during the Financial Year 2017 -18 – **India Grid Trust** with effect from May 30, 2017.

D. During June 2018 Sterlite Power Grid Ventures Limited ("SPGVL") became wholly owned subsidiary of the Company subsequent to buy-back of 2,000 equity shares held by Standard Chartered Financial Holdings, Standard Chartered Private Equity Korea III Holdings Limited and Marina Hari (IV) Pte Limited (together referred to as "SCPE Entities").

FINANCIAL STATEMENTS

The physical copies of the statement containing the salient features of all the documents, as prescribed in Section 136(1) of the Act, is being sent to all the shareholders of the Company who have not registered their email address(es). Any shareholder interested in obtaining the physical copies of the complete Annual Report may write to the "Company Secretary" at the Corporate Office of the Company at Delhi or to the Registrar & Transfer Agent to its address as appearing in Corporate Governance Report annexed to this Report.

The consolidated financial statements of the Company prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, duly audited by Statutory Auditors, also forms part of the Annual Report.

AUDITORS AND AUDITORS' REPORT

(a) Statutory Auditors

M/s. S R B C & Co. LLP, Chartered Accountants were appointed as Statutory Auditors in the Annual General Meeting held on August 17, 2016 for a period of 5 years upto the conclusion of the Annual General Meeting to be held for FY 2020-21 subject to ratification by members at every Annual General Meeting of the Company. M/s. S R B C & Co. LLP have confirmed their eligibility under Section 141 of the Act, and the Rules framed thereunder for ratification of their appointment as Auditors of the Company. The Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. The Statutory Auditors Report does not contain any qualification or adverse remark hence does not require any clarification or explanation of the Board.

(b) Cost Auditors

Pursuant to Section 148 of the Act, read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its Power Products are required to be audited by a Cost Accountant in practice. Accordingly, your Directors had, on the recommendation of the Audit Committee, appointed M/s. Kiran Chandrakant Naik (FRN 010927), Cost Accountants, to audit the cost accounts of the Company for the FY 2018-19 at a remuneration of Rs. 2,75,000/- plus taxes, as applicable and reimbursement of actual travel and out-of-pocket expenses. M/s Kiran Chandrakant Naik have confirmed that their appointment is within the prescribed limits. As required under the Act, the remuneration payable to the cost auditors is required to be placed before the Members in a general meeting for their ratification. Accordingly, a resolution seeking Members' approval for the remuneration payable to Mr. Kiran Naik, Cost Auditor is included as part of the Notice convening the AGM.

The Cost Audit for the financial year ended on March 31, 2018 was conducted by Mr. Kiran Chandrakant Naik, Cost Auditor. The Cost Audit report does not contain any qualification, observation or adverse remark hence does not require any clarification or explanation of the Board.

(c) Secretarial Auditors

Pursuant to Section 204 of the Act, M/s. SARK & Associates, Practising Company Secretaries, having membership no. ACS-22135 of the Institute of Company Secretaries of India and Certificate of Practice No. 9304, were appointed to conduct the Secretarial Audit of the Company, for the financial year ended March 31, 2018. The Report of the Secretarial Auditors is annexed herewith as Annexure - C to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark hence does not require any clarification or explanation of the Board.

INTERNAL FINANCIAL CONTROLS

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. The Company had documented a comprehensive internal control system for all the major processes to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with the policies, procedures, laws and regulations, safeguarding of assets and economical and efficient use of resources. The formalized system of control facilitates effective compliance of all laws applicable to the Company.

To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board. The Internal Audit function monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of Internal Audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Audit observations, if any, and corrective actions thereon are presented to the Audit Committee of the Board. The Audit Committee also meets the Company's Statutory Auditors to ascertain their views on the financial statements, including financial reporting system, compliance to accounting policies and procedures, the adequacy and effectiveness of internal controls and systems followed by the Company.

BUSINESS RISK MANAGEMENT

Risk can be viewed as a combination of the probability of an event occurring and the impact of its consequence. Events with a negative impact represent risks that can prevent value creation or erode existing value.

The Company has framed a Risk Management Policy to identify and assess the risk areas, monitor and report compliance and effectiveness of the policy and procedure. A detailed exercise is being carried out to identify, evaluate, manage and monitoring of both business and non-business risk. The policy seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk plan defines the risk management approach across the enterprise at various levels including documentation and reporting. The policy has different risk models which help in identifying risks trend, exposure and potential impact analysis at Company level as also separately for business segments. The Audit Committee and Board of Directors periodically review the risk and suggest steps to be taken to control and mitigate the same through a properly defined framework.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a vigil mechanism and to that effect formulated the Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The details of the Whistle Blower policy are provided in the Corporate Governance Report and also posted on the website of the Company at www.sterlitepower.com.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT 9 is annexed herewith as Annexure-D.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments is provided in Note no. 6 &7 to the Financial Statements.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as prescribed under Section 134(3)(m) of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014, are given as Annexure - E to this Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197 of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration beyond the prescribed limit is provided as Annexure - F to the report.

DISCLOSURE REGARDING PREVENTION OF SEXUAL HARASSMENT

The Company is committed to maintaining a productive environment for all its employees at various levels in the organization, free of sexual harassment and discrimination on the basis of gender. The Company has framed a policy on Prevention of Sexual Harassment in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 which is available on the website of the Company at www.sterlitepower.com. The Company has also set up "Prevention of Sexual Harassment Committee" ('the Committee') to redress the complaints received regarding sexual harassment which has formalized a free and fair enquiry process with clear timeline.

During the year under review, the Company had not received any complaint of harassment.

EMPLOYEE STOCK APPRECIATION SCHEME

The Board has adopted 'Sterlite Power Transmission Employee Stock Appreciation Rights Plan 2017' ("ESAR 2017"/ "Plan") for the key employees of the Company. The scheme would provide an opportunity to the key employees to have a share in the value they create for the Company. The key objectives of the 'ESAR 2017' are to:

a. reward the key employees for their performance and to motivate them to contribute to the growth and profitability of the Company.

b. retention of Senior Management, and key and niche skilled employees;

c. Instilling Entrepreneurship (Taking the right risks) & Ownership;

d. Gaining long term commitment towards value creation in the Company.

The Company's ESAR 2017 scheme is in line with the Company's philosophy of sharing benefits of growth with its key growth drivers. During the year under review, the Company allotted 5,83,700 ESAR's to various key employees of the Company.

CREDIT RATING

The Company's financial discipline is reflected in the strong credit rating ascribed to it by India Ratings & Research:

Instrument Type	India Ratings & Research (Fitch Group)	
	Rating / Outlook	Rating Action
Term Loan	IND A-/Stable	Affirmed
Fund Based Limits	IND A-/Stable	Affirmed
Non-Fund Based Limits	IND A2+	Affirmed

CORPORATE SOCIAL RESPONSIBILITY

The Board has constituted Corporate Social Responsibility Committee ("CSR Committee") which comprises of Mr. Arun Todarwal, Independent Director as Chairman, Mr. Pravin Agarwal and Mr. Pratik Agarwal as Members. The Board has also approved a CSR policy on recommendations of CSR Committee, which is available on the website of the Company at www.sterlitepower.com.

During the year, the Company was not required to spend on CSR Activities covered under Schedule VII of the Act.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

a. The Company has not accepted any deposits from the public or otherwise in terms of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014 and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of Balance Sheet.

b. The Company has not issued any equity shares with differential rights as to dividend, voting or otherwise.

c. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

d. The Auditors have not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

e. The Managing Director & CEO of the Company was paid Rs. 82,50,000 towards Employees Stock Appreciation Right by Sterlite Power Grid Ventures Limited subsidiary of the Company during the year which was within the limit as prescribed under section 197, Schedule V, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable provisions of the Companies Act, 2013.

ACKNOWLEDGEMENTS

Your Directors would like to express their appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members of the Company during the year under review. Your Directors place on record their deep sense of appreciation to the contributions made by the employees through their hard work, dedication, competence, support and co-operation towards the progress of your Company.

For and on behalf of the Board of Directors
Sterlite Power Transmission Limited

Sd/-	Sd/-
Pravin Agarwal	**Pratik Agarwal**
Chairman	Managing Director & CEO
DIN-00022096	DIN- 03040062

Place: Mumbai
Date: 10.08.2018

ANNEXURE INDEX

Annexure	Content
A	The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act, in the prescribed Form AOC - 2 of Companies (Accounts) Rules, 2014
B	Salient features of Subsidiaries pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 in Form AOC–1.
C	Secretarial Audit Report for the Financial year ended on March 31, 2018.
D	Extract of Annual Return as on Financial year ended on March 31, 2018 in Form No. MGT-9.
E	The particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as prescribed under Section 134(3)(m) of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014
F	Statement showing the names and other particulars of the employees drawing remuneration in terms of the provisions of Section 197 of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Annexure A

Form No. AOC-2

Details of Related Party Transaction
Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso there to

(Figures in millons)

Details of contracts or arrangements or transactions not at arm's length basis: NA									
Details of contracts or arrangements or transactions at arm's length basis									
Sr. No.	**Name(s) of the related party**	**Nature of relationship**	**Nature of contracts/ arrangements/ transactions**	**Duration of the contracts / arrangements/ transactions**	**Salient terms of the contracts or arrangements or transactions including the value, if any (amount in Rs.)**	**Date(s) of approval by the Board**	**Date on which the special resolution was passed in general meeting as required under first proviso to section 188**	**Justification for entering into such contracts or arrangements or transactions**	**Amount paid as advances, if any:**
1	Vedanta Limited	Fellow Subsidiary	Purchase of goods	N.A	9,932.28	29.05.2017	N.A since purchased in the ordinary course of business	To fulfill the raw material requirement	N.A
2	Sterlite Power Grid Ventures Limited	Subsidiary	Sale of goods	N.A	3,403.49	29.05.2017	N.A since sold in the ordinary course of business	For sale of goods	N.A
3	Bharat Aluminium Company Limited	Fellow Subsidiary	Purchase of goods	N.A	1,518.64	29.05.2017	N.A since purchased in the ordinary course of business	To fulfill the raw material requirement	N.A

For and on behalf of the Board of Directors
Sterlite Power Transmission Limited

Sd/-
Pravin Agarwal
Chairman
DIN-00022096

Sd/-
Pratik Agarwal
Managing Director & CEO
DIN- 03040062

Place: Mumbai
Date: 10.08.2018

Annexure B

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURES AS PER COMPANIES ACT, 2013

FORM AOC-1 - PART A : SUBSIDIARIES

(Rs. in million)

S. No.	Name of Subsidiary	Business Activity	The date since when subsidiary was acquired	Country of Incorporation	Reporting currency	Exchange rate (INR)	Share Capital	Reserve & Surplus	Total Assets	Total Liabilities	Investment	Turnover	Profit / (loss) before taxation	Provision for taxation	Profit / (loss) after taxation	Proposed dividend	% of Eq. Holding
1	Sterlite Power Grid Ventures Limited	Building transmission lines on BOOM basis through its subsidiaries	01/04/2015*	India	INR	NA	12345.31	12800.70	64457.19	39221.18	32693.47	15825.32	1187.31	389.78	797.53	Nil	99.99
2	Sterlite Grid 2 Limited	Building transmission lines on BOOM basis through its subsidiaries	01/04/2015*	India	INR	NA	873	1568.73	6577.33	4135.61	1697.67	0.00	2115.51	467.20	1648.32	Nil	99.99
3	Sterlite Grid 3 Limited	Building transmission lines on BOOM basis through its subsidiaries	01/04/2015*	India	INR	NA	0.5	137.86	1753.65	1615.29	896.65	0.00	396.63	248.22	148.41	Nil	99.99
4	Sterlite Grid 4 Limited	Building transmission lines on BOOM basis through its subsidiaries	17/06/2015#	India	INR	NA	0.5	(6.61)	5,058.65	5,064.75	2,666.09	0.00	(0.33)	0.00	(0.33)	Nil	99.99
5	Sterlite Grid 5 Limited	Building transmission lines on BOOM basis through its subsidiaries	27/09/2016#	India	INR	NA	0.5	(3.43)	545.83	548.77	0.10	0.00	(1.79)	0.00	(1.79)	Nil	99.99
6	Sterlite Grid 6 Limited	Building transmission lines on BOOM basis through its subsidiaries	14/08/2017#	India	INR	NA	0.5	(0.12)	0.50	0.12	0.00	0.00	(0.12)	0.00	(0.12)	Nil	99.99
7	Sterlite Grid 7 Limited	Building transmission lines on BOOM basis through its subsidiaries	01/09/2017#	India	INR	NA	0.5	(0.33)	0.20	0.03	0.00	0.00	(0.33)	0.00	(0.33)	Nil	99.99
8	Sterlite Grid 8 Limited	Building transmission lines on BOOM basis through its subsidiaries	11/10/2017#	India	INR	NA	0.5	(0.33)	0.29	0.12	0.00	0.00	(0.33)	0.00	(0.33)	Nil	99.99
9	Sterlite Grid 9 Limited	Building transmission lines on BOOM basis through its subsidiaries	13/10/2017#	India	INR	NA	0.5	(0.33)	0.29	0.12	0.00	0.00	(0.33)	0.00	(0.33)	Nil	99.99

S. No.	Name of Subsidiary	Business Activity	The date since when subsidiary was acquired	Country of Incorporation	Reporting currency	Exchange rate (INR)	Share Capital	Reserve & Surplus	Total Assets	Total Liabilities	Investment	Turnover	Profit / (loss) before taxation	Provision for taxation	Profit / (loss) after taxation	Proposed dividend	% of Eq. Holding
10	Sterlite Grid 10 Limited	Building transmission lines on BOOM basis through its subsidiaries	13/10/2017#	India	INR	NA	0.5	(0.33)	0.29	0.12	0.00	0.00	(0.33)	0.00	(0.33)	Nil	99.99
11	Sterlite Grid 11 Limited	Building transmission lines on BOOM basis through its subsidiaries	13/10/2017#	India	INR	NA	0.5	(0.23)	0.39	0.12	0.00	0.00	(0.23)	0.00	(0.23)	Nil	99.99
12	Sterlite Grid 12 Limited	Building transmission lines on BOOM basis through its subsidiaries	16/10/2017#	India	INR	NA	0.5	(0.23)	0.39	0.12	0.00	0.00	(0.23)	0.00	(0.23)	Nil	99.99
13	East-North Interconnection Company Limited	Construction and development of Power transmission lines	01/04/2015*	India	INR	NA	10	1,305.51	10,962.33	9,646.82	180.21	1,608.00	241.15	138.77	102.38	Nil	99.99
14	NRSS XXIX Transmission Limited	Construction and development of Power transmission lines	01/04/2015*	India	INR	NA	212.17	2,388.51	25,677.72	23,077.04	181.42	1,107.58	735.79	178.42	557.37	Nil	99.99
15	NRSSXXIX (JS) Transmission Limited	Construction and development of Power transmission lines	07/09/2017#	India	INR	NA	0.5	(0.12)	0.50	0.12	0.00	0.00	(0.12)	0.00	(0.12)	Nil	99.99
16	Odisha Generation Phase-II Transmission Limited	Construction and development of Power transmission lines	8/04/2016#	India	INR	NA	13.13	883.52	11,105.95	10,209.29	0.00	27.57	(353.61)	0.00	(353.61)	Nil	99.99
17	Gurgaon-Palwal Transmission Limited	Construction and development of Power transmission lines	14/07/2016#	India	INR	NA	6.53	622.52	4,304.48	3,675.45	0.00	0.00	(0.59)	0.00	(0.59)	Nil	99.99
18	Khargone Transmission Limited	Construction and development of Power transmission lines	22/08/2016#	India	INR	NA	15.6	738.48	7,492.75	6,738.67	0.00	0.61	(0.81)	0.00	(0.81)	Nil	99.99
19	NER II Transmission Limited	Construction and development of Power transmission lines	31/03/2017#	India	INR	NA	20.19	1,259.77	5,149.05	3,869.09	0.00	0.00	(0.18)	0.00	(0.18)	Nil	99.99
20	Goa-Tamnar Transmission Project Limited	Construction and development of Power transmission lines	14/03/2018#	India	INR	NA	0.1	0.00	544.87	544.77	0.00	0.00	0.00	0.00	0.00	Nil	99.99

S. No.	Name of Subsidiary	Business Activity	The date since when subsidiary was acquired	Country of Incorporation	Reporting currency	Exchange rate (INR)	Share Capital	Reserve & Surplus	Total Assets	Total Liabilities	Investment	Turnover	Profit / (loss) before taxation	Provision for taxation	Profit / (loss) after taxation	Proposed dividend	% of Eq. Holding
21	Sterlite Investment Managers Limited	Act as an Investment Manager in accordance with the provisions of the Invit Regulations	15/09/2016#	India	INR	NA	28.13	(11.35)	177.51	160.73	100.56	74.19	(2.20)	(2.74)	0.54	Nil	100.00
22	Sterlite Convergence Limted	Build, Own, Operate, Manage, Sell, and lease technology -neutral last mile access, Intra-city Aggregaton and long distance links including passive and active infrastructure and telecom networks.	16/06/2017#	India	INR	NA	0.5	(0.18)	0.50	0.18	0.00	0.00	(0.18)	0.00	(0.18)	Nil	100.00
23	Arcoverde Transmissão De Energia S.A.	Construction and development of Power transmission lines	21/06/2017^	Brazil	Brazilian real	19.71	0.002	(0.43)	286.08	286.53	0.00	131.52	(0.69)	(0.24)	(0.45)	Nil	99.99
24	SE Vineyards Power Transmission S.A.	Construction and development of Power transmission lines	21/06/2017^	Brazil	Brazilian real	19.71	0.002	(0.62)	361.87	362.48	0.00	98.77	(0.96)	(0.32)	(0.64)	Nil	99.99
25	Sterlite Brazil Participacoes S/A	Construction and development of Power transmission lines	11/1/2018^	Brazil	Brazilian real	19.71	0.002	(2.26)	1.17	3.43	0.00	0.00	(3.43)	(1.17)	(2.26)	Nil	99.99
26	Sterlite Novo Estado Energia S.A.	Construction and development of Power transmission lines	22/09/2017^	Brazil	Brazilian real	19.71	0.002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Nil	99.99

* Appointed Date # Date of Acquistion^Date of CNPJ registartion

Names of Subsidiaries which are yet to commence operations -

1.Goa-Tamnar Transmission Project Limited

Names of Subsidiaries which have been liquidated or sold during the year -

1. Sterlite Grid 1 Limited
2. Bhopal Dhule Transmission Company Limited
3. Jabalpur Transmission Company Limited
4. Purulia & Kharagpur Transmission Company Limited
5. RAPP Transmission Company Limited
6.Maheshwaram Transmission Limited

FORM AOC-1 - PART B : ASSOCIATES & JOINT VENTURES

STATEMENT PURSUANT TO SECTION 129(3) OF THE COMPANIES ACT, 2013 RELATED TO ASSOCIATE COMPANIES AND JOINT VENTURES

(Rs. in Million)

S. No.	Name of Associate / Joint Ventures	India Grid Trust (Associate)
1	Latest audited Balance Sheet date	31st March 2018
2	Date on which the Associate or Joint Venture was associated or acquired	30th May 2017
3	Shares of Associate/Joint Ventures held by the Company on the year end	20.72%
a	Number	58.80
b	Amount of investment (At face value)	5,880.36
c	% of holding	20.72%
4	Description of how there is significant influence	Due to % holding more than 20%
5	Reason why the associate / joint venture is not consolidated	NA
6	Networth attributable to shareholding as per latest audited Balance sheet	5,932.66
7	Profit/Loss for the year	2,103.50
	a. Considered in consolidation	435.85
	b. Not considered in consolidation	1,667.65

1. Names of associate or joint ventures which are yet to commence operations :- Nil

2. Names of associate or joint ventures which have been liquidated or sold during the year :- Nil

For and on behalf of the Board of Directors
Sterlite Power Transmission Limited

Sd/-
Pravin Agarwal
Chairman
DIN-00022096

Sd/-
Pratik Agarwal
Managing Director & CEO
DIN- 03040062

Sd/-
Anuraag Srivastava
Chief Financial Officer

Sd/-
Ashok Ganesan
Company Secretary
FCS-5190

Place: Mumbai
Date: 10.08.2018

Secretarial Audit Report

Form No. MR-3

For the Financial Year Ended 31st March, 2018
[Pursuant to section 204(1) of the Companies Act, 2013 and rule
No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members
Sterlite Power Transmission Limited.
4th Floor, Godrej Millennium,
9 Koregaon Road, Pune-411001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sterlite Power Transmission Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that, during the audit period for the financial year ended on 31st March, 2018, the Company has complied with the statutory provisions listed hereunder and also the Company has followed proper Board-processes and compliance-mechanism, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and rules made thereunder (Not applicable to the Company during the Audit Period);

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011(Not applicable to the Company during the Audit Period);

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (Not applicable to the Company during the Audit Period);

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the Audit Period);

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period);

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period)

(vi) No law specifically applicable to company.

We have also examined compliance with the applicable clauses of

(i) the Secretarial Standards issued by the Institute of Company Secretaries of India;

(ii) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Not applicable to the Company during the Audit Period)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines etc. mentioned above.

We further report that:-

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

2. The changes in the composition of the Board of Directors/Key Managerial Personnel that took place during the period under review were carried out in compliance with the provisions of the Act.

3. Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. In case of shorter notice, the Company has complied with the provisions of section 173 of the Act.

4. There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

5. During the audit period:

   (i) The Company has redeemed 17,900,190 Non-Convertible Redeemable Preference Shares

   (ii) The Company has maintained the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

For & on behalf of
SARK & Associates
(Company Secretaries)

Sd/-
Sumit Khanna
(Partner)
A.C.S. No. 22135
C.P. No. 9304

16th July, 2018
Mumbai

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

The Members,
Sterlite Power Transmission Limited.

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For & on behalf of
SARK & Associates
(Company Secretaries)

Sd/-
Sumit Khanna
(Partner)
A.C.S. No. 22135
C.P. No. 9304

16th July, 2018
Mumbai

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2018
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U74120PN2015PLC156643
2.	Registration Date	May 5, 2015
3.	Name of the Company	Sterlite Power Transmission Limited
4.	Category/Sub-category of the Company	Company Limited by Shares / Indian Non-Government Company
5.	Address & contact details	
	a. Registered Office	4th Floor, Godrej Millennium, 9 Koregaon Road, Pune-411001, Maharashtra
	b. Corporate Office	F-1, The Mira Corporate Suites, 1&2 Ishwar Nagar, Mathura Road, New Delhi – 110065 Phone – 011 – 49962200 Fax- 011- 49962288 Email – secretarial.grid@sterlite.com Website –www.sterlitepower.com
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032 Phone No. +91 – 40 – 6716 - 1503 Fax No. +91 - 40 – 2331 - 1968 e-mail id: einward.ris@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service*	% to total turnover of the company
1	Power Transmission Conductor	2610	70.70%
2	Power Cable	2732	14.00%
3	Revenue from Project (MSI Business)	2610	10.61%

* As per National Industrial Classification - 2008, Ministry of Statistics and Programme Implementation.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDINGS/ SUBSISIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Twin Star Overseas Ltd; C/O CIM Corporate Services Ltd, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius	Not Applicable	Holding Company	71.38%	Section 2 (46)
2	Sterlite Investment Managers Limited; Add: Maker Maxity, 5 North Avenue, Level 5, Bandra Kurla Complex, Bandra East Mumbai Maharashtra- 400051	U28113MH2010PLC308857	Subsidiary Company	100%	Section 2 (87)

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDINGS/ SUBSIDISIARY/ ASSOCIATE	% of shares held	Applicable Section
3	Sterlite Power Grid Ventures Limited; Add:- 4th Floor, Godrej Millennium, 9, Koregaon Road, Pune, Maharashtra – 411001	U33120PN2014PLC172393	Subsidiary Company	99.99%	Section 2 (87)
4	Sterlite Grid 2 Limited; Add:- E1, MIDC Industrial Area Waluj Aurangabad Maharashtra - 431136	U74999MH2005PLC153211	Subsidiary Company	99.99%	Section 2 (87)
5	Sterlite Grid 3 Limited; Add:- 4th Floor, Godrej Millennium, 9, Koregaon Road, Pune, Maharashtra – 411001	U29130PN2014PLC152212	Subsidiary Company	99.99%	Section 2 (87)
6	Sterlite Grid 4 Limited; Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U29253DL2015PLC281690	Subsidiary Company	99.99%	Section 2 (87)
7	Sterlite Grid 5 Limited; Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U29190DL2016PLC306470	Subsidiary Company	99.99%	Section 2 (87)
8	Sterlite Grid 6 Limited; Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U29309DL2017PLC322114	Subsidiary Company	99.99%	Section 2 (87)
9	Sterlite Grid 7 Limited; Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U29307DL2017PLC323080	Subsidiary Company	99.99%	Section 2 (87)
10	Sterlite Grid 8 Limited; Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U29309DL2017PLC324819	Subsidiary Company	99.99%	Section 2 (87)
11	Sterlite Grid 9 Limited; Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U29309DL2017PLC324932	Subsidiary Company	99.99%	Section 2 (87)
12	Sterlite Grid 10 Limited; Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U29100DL2017PLC324935	Subsidiary Company	99.99%	Section 2 (87)
13	Sterlite Grid 11 Limited; Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U29309DL2017PLC324944	Subsidiary Company	99.99%	Section 2 (87)
14	Sterlite Grid 12 Limited; Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U29304DL2017PLC325034	Subsidiary Company	99.99%	Section 2 (87)
15	East-North Interconnection Company Limited; Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	L40102DL2007PLC158625	Subsidiary Company	99.99%	Section 2 (87)

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDINGS/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
16	NRSS XXIX Transmission Limited; Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U40106DL2013GOI256050	Subsidiary Company	99.99%	Section 2 (87)
17	NRSS XXIX (JS) Transmission Limited; Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U40106DL2017PLC323351	Subsidiary Company	99.99%	Section 2 (87)
18	Odisha Generation Phase-II Transmission Limited Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U40300DL2015GOI279183	Subsidiary Company	99.99%	Section 2 (87)
19	Gurgaon-Palwal Transmission Limited Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U40300DL2015GOI286783	Subsidiary Company	99.99%	Section 2 (87)
20	Khargone Transmission Limited Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U40300DL2015GOI287933	Subsidiary Company	99.99%	Section 2 (87)
21	NER II Transmission Limited Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U40106DL2015GOI279300	Subsidiary Company	99.99%	Section 2 (87)
22	Goa-Tamnar Transmission Project Limited Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U40106DL2017GOI310611	Subsidiary Company	99.99%	Section 2 (87)
23	Sterlite Convergence Limited Add:- F-1, The MIRA Corporate Suites, 1 & 2, Ishwar Nagar, Mathura Road, New Delhi- 110065	U64100DL2017PLC319310	Subsidiary Company	100%	Section 2 (87)
24	Arcoverde Transmissão De Energia S.A. Add:- Avenida Rio Branco, 1, 12th Floor, 1201, Bairro Centro, CEP: 20090-907, Rio de Janeiro, Brazil	Not Applicable	Subsidiary Company	99.99%	Section 2 (87)
25	SE Vineyards Power Transmission S.A. Add:- Avenida Rio Branco, 1, 12th Floor, 1201, Bairro Centro, CEP: 20090-907, Rio de Janeiro, Brazil	Not Applicable	Subsidiary Company	99.99%	Section 2 (87)
26	Sterlite Brazil Participacoes S.A.	Not Applicable	Subsidiary Company	99.99%	Section 2 (87)
27	Sterlite Novo Estado Energia S.A.	Not Applicable	Subsidiary Company	99.99%	Section 2 (87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares*	
A. Promoters									
(1) Indian									
(a) Individual/ HUF	103248	0	103248	0.17	103248	0	103248	0.17	0
(b) Central Govt	0	0	0	0	0	0	0	0	0
(c) State Govt(s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corp.	952859	0	952859	1.56	952859	0	952859	1.56	0
(e) Banks / FI	0	0	0	0	0	0	0	0	0
(f) Any other	1844096	0	1844096	3.01	1755048	0	1755048	2.87	-0.15
Sub-total (A)(1):-	**2900203**	**0**	**2900203**	**4.74**	**2811155**	**0**	**2811155**	**4.59**	**-0.15**
(2) Foreign									
NRIs-Individuals	0	0	0	0	0	0	0	0	0
Other-individuals	0	0	0	0	0	0	0	0	0
Bodies Corporate	43670398	0	43670398	71.38	43670398	0	43670398	71.38	0
Banks / FI	0	0	0	0	0	0	0	0	0
Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2):-	**43670398**	**0**	**43670398**	**71.38**	**43670398**	**0**	**43670398**	**71.38**	**0**
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	**46570601**	**0**	**46570601**	**76.12**	**46481553**	**0**	**46481553**	**75.97**	**-0.15**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	3317	0	3317	0.01	3317	0	3317	0.01	0
b) Banks / FI	16004	0	16004	0.03	14504	0	14504	0.02	-0.01
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	100	0	100	0	100	0	100	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	31185	0	31185	0.05	31185	0	31185	0.05	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	**50606**	**0**	**50606**	**0.08**	**49106**	**0**	**49106**	**0.08**	**0**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1240272	0	1240272	2.03	1225270	59	1225329	2.00	-0.02
ii) Overseas	0	0	0	0	0	0	0	0	
b) Individuals	0	0	0	0	0	0	0	0	
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	11332699	1249771	12582470	20.57	11395600	1206829	12602429	20.60	0.03
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	629186	0	629186	1.03	641135	0	641135	1.05	0.02

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares*	
c) Others (Trusts, Non Resident Indians, Clearing Members, Non Resident Indian Non Repatriable)	108767	0	108767	0.18	182350	0	182350	0.30	0.12
Sub-total (B)(2):-	**13310924**	**1249771**	**14560695**	**23.80**	**13444355**	**1206888**	**14651243**	**23.95**	**0.15**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**13361530**	**1249771**	**14611301**	**23.88**	**13493461**	**1206888**	**14700349**	**24.03**	**0.15**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	
Grand Total (A+B+C)	**59932131**	**1249771**	**61181902**	**100**	**59975014**	**1206888**	**61181902**	**100**	

*Shareholding as a % of total no of shares (calculated as per SCRR, 1957 (VIII)).

ii) Shareholding of Promoter-

SL. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 1-April-2017]			Shareholding at the end of the year [As on 31-March-2018]			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Twin Star Overseas Ltd.	43670398	71.38	-	43670398	71.38	-	-
2	Individual/ HUF	103248	0.17	-	103248	0.17	-	-
3	Bodies Corporate	952859	1.56	-	952859	1.56	-	-
4	Any other	1844096	3.01	-	1755048	2.87	-	-0.15
	Total	**46570601**	**76.12**	**-**	**46481553**	**75.97**	**-**	**-0.15**

iii) Change in Promoters' Shareholding (please specify, if there is no change) No material change

SL. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	-	-	-	-

iv) **Shareholding Pattern of top ten Shareholders:** (Other than Directors, Promoters and Holders of GDRs and ADRs)

SL. No.	N.A.	Shareholding at the beginning of the year		Cumulative Shareholding during theYear	
1	**STERLITE TECHNOLOGIES LIMITED - UNCLAIMED SUSPENSE**	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	430861	0.70	430861	0.70
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Transfer on 02.02.2018	(450)	0.00		
	Transfer on 16.02.2018	(100)	0.00		
	Transfer on 09.03.2018	(407)	0.00		
	Transfer on 31.03.2018	(20)	0.00	(977)	0.00
	At the end of the year (or on the date of separation, if separated during the year)	429884	0.70	429884	0.70
2	**NAGREEKA SYNTHETICS PRIVATE LIMITED**	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	280115	0.46	280115	0.46
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	280115	0.46	280115	0.46
3.	**DILIPKUMAR LAKHI JOINTLY WITH KARUNA LAKHI**	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	119399	0.20	119399	0.20
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	119399	0.20	119399	0.20
4	**SUSHIL PATWARI**	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	99845	0.16	99845	0.16
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	99845	0.16	99845	0.16
5	**MAHENDRA PATWARI**	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	90079	0.15	90079	0.15
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc): Transfer(Purchase)	149	0.00	149	0.00
	At the end of the year (or on the date of separation, if separated during the year)	90228	0.15	90228	0.15

SL. No.	N.A.	Shareholding at the beginning of the year		Cumulative Shareholding during theYear	
6	**DILEEP MADGAVKAR JOINTLY WITH ANASUYA MADGAVKAR**	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	78800	0.13	78800	0.13
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	78800	0.13	78800	0.13
7.	**JITEN PRAVIN SHETH JOINTLY WITH NISHA JITEN SHETH**	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	76022	0.12	76022	0.12
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	76022	0.12	76022	0.12
8.	**GIRDHARILAL SEKSARIA**	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	65400	0.11	65400	0.11
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Purchase on 01.12.2017	65200	0.11		
	Sale on 01.12.2017	(65200)	0.11	0	0
	At the end of the year (or on the date of separation, if separated during the year)	65400	0.11	65400	0.11
9.	**KRISHAN GUPTA JOINTLY WITH GEETA KRISHAN GUPTA**	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	64700	0.11	64700	0.11
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Purchase on 12.05.2017	5000	0.00		
	Purchase on 09.06.2017	400	0.00		
	Purchase on 23.06.2017	2200	0.00		
	Purchase on 30.06.2017	2500	0.00		
	Purchase on 31.10.2017	74800	0.12		
	Sale on 31.10.2017	(74800)	0.12		
	Purchase on 15.12.2017	1500	0.00	11600	0.02
	At the end of the year (or on the date of separation, if separated during the year)	76300	0.12	76300	0.12

SL. No.	N.A.	Shareholding at the beginning of the year		Cumulative Shareholding during theYear	
10.	SATISH PATWARI	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	63621	0.10	63621	0.10
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	63621	0.10	63621	0.10

v) **Shareholding of Directors and Key Managerial Personnel:**

For each of Directors and Key Managerial Personnel –		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	**Mr. Pravin Agarwal**				
	At the beginning of the year	835427	1.37	835427	1.37
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	835427	1.37	835427	1.37
2.	**Mr. Pratik Agarwal**				
	At the beginning of the year	542864	0.89	542864	0.89
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	542864	0.89	542864	0.89

V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment. (figures in millions)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	10,938.00	Nil	Nil	10,938.00
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	21.60	Nil	Nil	21.60
Total (i+ii+iii)	**10,959.60**	**Nil**	**Nil**	**10,959.60**
Change in Indebtedness during the financial year				
Addition	14,804.21	8,216.13	Nil	23,020.34
Reduction	-8,187.00	Nil	Nil	-8,187.00
Net Change	**6,617.21**	**8,216.13**	**Nil**	**14,833.34**
Indebtedness at the end of the financial year				
i) Principal Amount	17,557.31	8,216.13	Nil	25,773.44
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	19.50	Nil	Nil	19.50
Total (i+ii+iii)	**17,576.81**	**8,216.13**	**Nil**	**25,792.94**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SL. No.	Particulars of Remuneration	Mr. Pratik Agarwal
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	35,988,334
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	00
2	Stock Option	0
3	Sweat Equity	0
4	Commission - as % of profit - others, specify...	0
5	Others, please specify	0
	Total (A)	**35,988,334**
	Ceiling as per the Act*	N/A

*As per the provisions of Rule 7(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

B. Remuneration to other directors

S.N.	Particulars of Remuneration	Name of Directors			Total Amount
1.	**Independent Directors**	**Mr. Arun Todarwal**	**Mr. Lalit Narayan Tandon**	**Ms. Avaantika Kakkar***	
	Fee for attending board / committee meetings	510000	520000	120000	1150000
	Commission	0	0	0	0
	Others, please specify	0	0	0	0
	Total (1)	**510000**	**520000**	**120000**	**1150000**
2.	**Other Non-Executive Directors**	N.A.	N.A.	N.A.	N.A
	Fee for attending board /committee meetings	N.A.	N.A.	N.A.	N.A
	Commission	N.A.	N.A.	N.A.	N.A
	Others, please specify	N.A.	N.A.	N.A.	N.A
	Total (2)	**N.A.**	**N.A.**	**N.A.**	**N.A.**
	Total Managerial Remuneration = (1+2)	**510000**	**520000**	**120000**	**1150000**
	Overall Ceiling as per the Act **	**N/A**	**N/A**	**N/A**	**N/A**

* Ms. Avaantika Kakkar vide her letter dated 09.02.2018 has expressed her interest to waive the sitting fees for attending Board/Committee Meetings of the Company.

**As per the provisions of Rule 7(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD.

(Amount in ₹)

S. N.	Particulars of Remuneration	Mr. Ashok Ganesan (Company Secretary)	Mr. Swapnil Patil* (Company Secretary)
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	53,38,887	3,78,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	00	00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	00	00
2.	Stock Option	00	00
3.	Sweat Equity	00	00
4.	Commission		00
	- as % of profit	00	00
	- others, specify	00	00
5.	Others, please specify	00	00
	Total	**53,38,887**	**3,78,000**

* Ceased to be Company Secretary of the Company w.e.f. 29.05.2018.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NOT APPLICABLE

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
OTHER OFFICERS IN DEFAULT					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.

For and on behalf of the Board of Directors
Sterlite Power Transmission Limited

Sd/-
Pravin Agarwal
Chairman
DIN-00022096

Sd/-
Pratik Agarwal
Managing Director & CEO
DIN- 03040062

Place: Mumbai
Date: 10.08.2018

Annexure E

The particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as prescribed under Section 134(3)(m) of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014

Power Cable:

A. Conservation of energy

1. The steps taken or impact on conservation of energy

- Installing of APFC panel in power cable plant to improve PF to 0.97
- Replaced old HPMV 400 W lamps (100 nos.) with LED 45 W.
- Installed LED street lights in new dispatch area.
- Installed HVAC system equipped with VFD controlled by Velocity sensor to conserve energy,
- Commissioned new RBD line with AC frequency drive resulting in Power saving of 85Kw/hr.

2. The steps taken by the Company for utilizing alternate sources of energy

- Installed turbo ventilators in Extruder zone to improve air exchanges in the area.

3. The capital investment on energy conservation equipment's

- Investment in LED street lights and lamps
- New Capex purchased with energy saving drives instead of conventional DC motors and DC drives.

B. TECHNOLOGY ABSORPTION

1. The efforts made towards technology absorption

- Compact conductor development with single draw technology leading to high productivity and less power consumption.
- Online monitoring of process parameters in sheathing line and CCV lines for better control of process.

2. The benefits derived like product improvement, cost reduction, product development or import substitution

- Compact conductor development with single draw technology leading to high productivity and less power consumption.
- Online monitoring of process parameters in sheathing line and CCV lines for better control of process.
- Spares development in India instead of procuring from Maillefer -Finland (like PLC spares, Valves etc.)
- Development of new products like CCD, High Ampacity cables

3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year

a. The details of technology imported

- CCV – Maillefer Finland.

b. The year of import

- CCV – Maillefer Finland. Year of Import - 2016-17.

c. Whether the technology been fully absorbed

- Yes

4. The expenditure incurred on Research and Development (Rs. Millions) - Nil

III. Foreign Exchange Earning and outgo

The foreign exchange earned in terms of actual inflows during the year	=	Rs. 3251.2 million
Foreign exchange outgo during the year in terms of actual outflows	=	Rs. 5072.4 million

Power Conductors:

The particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as prescribed under Section 134(3)(m) of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014

A. Conservation of energy

1. The steps taken or impact on conservation of energy

- VFD and automatic control in pumps for controlling leading to energy saving.
- The plants have been installed with additional APFC panel to improve PF to 0.998.
- Arrested air leakages and saved energy in running air compressors.
- Power saving done by improving cooling efficiency by descaling and optimizing piping route of cooling towers.
- Replaced the traditional Lights (Incandescent), HPMV, MH (250W & 150W) with Energy Efficient LED lights (150W & 75W) at Shop floor & office and reduced Energy Consumption.
- Al 59 Energy consumption reduced from 330 to 305 by Optimizing ageing cycle (reduced from 12Hrs to 10 Hrs).
- Installation of Shaft Furnace for Aluminium Melting in place of Reverberatory furnace and reduced Fuel Consumption from 120 Ltrs / MT to 98 Ltrs / MT.
- Energy saving of 9000 Units / Month done by installation of New Compressor in place of 3 OLD smaller size compressors.
- Layout correction done Office area which resulted in reduction of Power consumption from 6000 Units / Month to 4500 Units / Month.

2. The steps taken by the Company for utilizing alternate sources of energy

- Nil

3. The capital investment on energy conservation equipment's

- Investment on Pump house panel with Variable Frequency Drives and automatic technology.
- New factory shed – Investment in LED High Bay lights also on shop floor / office space where ever possible

B. TECHNOLOGY ABSORPTION

1. The efforts made towards technology absorption

- Installed the modernized Boogie Movement Aging furnace for optimizing the energy Vs Output. PID Temperature control with Timer in all cycle process and Product aging capacity enhanced. This enhanced product aging capacity from 12MT to 15 MT.
- Introduced new Konforming technology in Conductor line for Products, through this technology the aging cycle optimized.
- Installation of Shaft Furnace for Aluminium Melting in place of Reverberatory furnace and reduced Fuel Consumption from 120 Ltrs / MT to 98 Ltrs / MT.

2. The benefits derived like product improvement, cost reduction, product development or import substitution

- ACCC Conductor productivity improved from 7.5 KM / Machine / Day to 10 KM / Machine / Day by Loading time optimization, speed increase of the machine (by New Preforming Head Design)
- ACCC conversion cost reduced by elimination of layer to layer marking and scratches without the use of crepe paper.
- CCTV support to operators have been provided to operating crew in ACCC Stranding line for arresting surface imperfection.

Annexure F

Statement showing the names and other particulars of the employees drawing remuneration in terms of the provisions of Section 197 of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Part-A- Particulars of top 10 employees in terms of remuneration drawn during the year

Employee Name	Designation	Remuneration (₹ in million)	Nature of Employment	Qualification	Total Experience	Date of Joining	Age	Last Employment Held
Mr. Pratik Agarwal	Managing Director & CEO	35.99	Full Time Employee	MBA/ PGDM	13.2	01-Jun-2016	35.8	N.A.
Mr. Manish Agarwal	CEO Solution Business	17.23	Full Time Employee	MBA/ PGDM	21.5	15-Mar-1999	46.5	C.R.R.I Greenhill Enterprise Center Univ. Drive, Ballarat Australia(Strategec Planning Plan & Foramulate Marketing Strategy)
Mr. Vithal Acharya	Chief Human Resource Officer	11.87	Full Time Employee	MA	15.6	06-Sep-2016	43.10	GE (HR Business Partner)
Mr. Rajat Kumar Sud	Head Production & Solution Sales	5.72*	Full Time Employee	MBA/ PGDM	27.2	29-Jun-2017	48.10	Lumeni Consulting LLP (Executive Director)
Mr. Sanjay Gandhi	CFO Solution Business	1.39*	Full Time Employee	CA	18.6	15-Feb-2018	42.1	UEM India Pvt. Ltd. (Group Chief Financial Officer)
Mr. Saikrishna Bendapudi	Head Manufacturing Operations	9.61	Full Time Employee	B.E	31.5	10-Mar-2015	55.2	Epcos India Ltd(VP)
Mr. Anand Krishnamurthy**	Head Branding & Communications	6.93*	Full Time Employee	MBA/ PGDM	15.2	23-Feb-2017	40.6	GE India (Water & Process Technologies)-Sales Director
Mr. Ramesh Sharma	Head Legal	8.26	Full Time Employee	LLB	20.4	28-Apr-2014	50.7	Moser Baer Photo V0ltaic Ltd (AVP-Secretarial & Legal)
Mr. Shachidevi Tumkur Krishnamurthy	Chief Technical Officer	1.49*	Full Time Employee	M.Tech	32.8	27-Dec-2017	56.9	Tata Power Solar System Limited (AVP, Chief Product Development Officer & Head Quality)
Mr. Anupam Aggrwal	General Manager-Sales	8.60	Full Time Employee	MBA/ PGDM	20.2	26-Jun-2013	43.11	Raychem RPG (Head S&M)

* For proportionate period of there service.

** Ceased to be employee w.e.f. April 30, 2018

CORPORATE GOVERNANCE REPORT

1. PHILOSOPHY OF THE COMPANY ON CODE OF GOVERNANCE

Corporate Governance represents the value, ethical and moral framework under which business decisions are taken. The investors want to be sure that not only their capital is handled effectively and adds to the creation of wealth, but the business decisions are also taken in a manner which is not illegal or involving moral hazard. Your Company perceives good corporate governance practices as a key to sustainable corporate growth and long-term shareholder value creation. The primary objective is to develop and adhere to a corporate culture of harmonious and transparent functioning, increasing employee and client satisfaction and enhancing shareholders' wealth by developing capabilities and identifying opportunities that best serve the goal of value creation. All actions and strategic plans are directed towards delivering value to all stakeholders, as well as conform to the highest standards of corporate behavior. Your Company is continuously striving to attain excellence in business backed by client service. Similar to our personal performance monitoring, wherein our focus is towards being outstanding or excellent, all our products and business processes need to be 'Excellent' - first in our own perception and then in our customers' perception.

The Company has a three-tier governance structure:

Strategic supervision	The Board of Directors occupies the top most tier in the governance structure. It plays a role of strategic supervision that is devoid of involvement in the task of strategic management of the Company. The Board lays down strategic goals and exercises control to ensure that the Company is progressing to fulfill stakeholders' aspirations.
Strategic management	The Executive Committee is composed of the senior management of the Company and operates upon the directions and supervision of the Board.
Executive management	The function of Management Committee is to execute and realize the goals that are laid down by the Board and the Board Committee(s).

2. BOARD OF DIRECTORS

As on the date of this report, the Board of Directors comprises of 5 (Five) Directors, of which 3 (Three) are Independent Directors.

Dr. Anand Agarwal ceased to be a Director of the Company with effect from May 11, 2018.

As per Section 152(6) of the Act, Mr. Pratik Agarwal would retire by rotation at the ensuing Annual General Meeting and, being eligible, has offered himself for reappointment as Director of the Company.

3. DISCLOSURES/INTEREST IN OTHER COMPANIES

All the Independent Directors have confirmed that they meet the 'independence' criteria as mentioned in the Companies Act, 2013 ("the Act"). All the Directors have made necessary disclosures regarding Committee positions and directorships held by them in other companies. None of the Directors on the Company's Board is a Member in more than ten Committees and Chairman in more than five Committees (Audit Committee and Stakeholders' Relationship Committee) across all companies in which he / she is a Director. The appointment of the MD & CEO, including the tenure and terms of remuneration was also approved by the Members of the Company.

4. MEETINGS OF THE BOARD OF DIRECTORS

During the year under review, 8 (Eight) Board meetings were duly convened and held. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013. The dates on which these meetings were held are May 29, 2017, August 10, 2017, November 11, 2017, November 13, 2017, December 28, 2017, January 16, 2018, February 14, 2018 and March 29, 2018.

Table of Attendance:

Sr. No.	Name of Directors	Designation	No. of Board Meetings held during FY 2017-18	
			Held	Attended
1	Mr. Pravin Agarwal	Chairman	8	7
2	Mr. Pratik Agarwal	Managing Director & CEO	8	7
3	Mr. Arun Todarwal	Independent Director	8	8

Sr. No.	Name of Directors	Designation	No. of Board Meetings held during FY 2017-18	
			Held	Attended
4	Mr. Lalit Narayan Tandon	Independent Director	8	8
5	Ms. Avaantika Kakkar	Independent Director	8	5
6	Dr. Anand Agarwal*	Director	8	2

*ceased to be Director w.e.f. May 11, 2018

5. COMMITTEES OF THE BOARD

a) Audit Committee

The Audit Committee comprising of following members was constituted on July 25, 2016 in terms of Section 177 of the Companies Act, 2013 and Rules made thereunder.

Sr. No.	Name of Director	Designation
1.	Mr. Arun Todarwal	Chairman
2.	Mr. Pravin Agarwal	Member
3.	Mr. Lalit Narayan Tandon	Member

The Terms of Reference of the Audit Committee are as follows:

i. Recommendation for appointment, remuneration and terms of appointment of the auditors of the Company;

ii. Review and monitor auditor's independence and performance and effectiveness of the audit process;

iii. Examination of the financial statement and auditor's report thereon;

iv. Approval or any subsequent modification of transactions of the Company with related parties;

v. Scrutiny of inter corporate loans and investments;

vi. Valuation of undertakings or assets of the Company, wherever it is necessary;

vii. Evaluation of Internal Financial Controls and Risk Management Systems;

viii. Monitoring of end use of funds raised through public offers and related matters;

ix. Approval of non-audit services that may be rendered by the Auditors;

x. Call for comments by the auditors about internal control systems/scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discuss any related issues with the Internal and Statutory Auditors and the management of the company;

xi. Investigate into any matter in relation to activities mentioned above and for this purpose, have the authority to obtain professional advice from external sources and have full access to records of the company;

xii. Appointment of Registered Valuer in terms of Section 247 of the Companies Act, 2013, if required.

xiii. To review the functioning of the Vigil / Whistle Blower Mechanism

xiv. Recommendation for appointment, remuneration and terms of appointment of the Cost Auditors of the Company, if required.

xv. Formulate the scope, functioning, periodicity and methodology for conducting the internal audit in consultation with Internal Auditors'.

xvi. Undertake any other activity in this regard as may be required by the Companies Act, 2013 or the Rules, from time to time.

xvii. To do all acts, deeds and things as may be necessary for effective implementation of the foregoing acts.

During the year under review, 7 (Seven) Audit Committee Meetings were duly convened and held. The Board of Directors has accepted all the recommendations given by Audit Committee during the FY 2017-18. The dates on which these meetings were held are May 29, 2017, August 09, 2017, November 11, 2017, November 13, 2017, December 28, 2017, February 13, 2018 and March 29, 2018.

Table of Attendance:

Sr. No.	Name of Directors	Designation	No. of Audit Committee Meetings during FY 2017-18	
			Held	Attended
1.	Mr. Arun Todarwal	Chairman	7	7
2.	Mr. Lalit Narayan Tandon	Member	7	7
3.	Mr. Pravin Agarwal	Member	7	5

b) Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) comprising of following members was constituted on July 25, 2016 in terms of Section 178 of the Companies Act, 2013 and Rules made thereunder.

Sr. No.	Name of Director	Designation
1.	Mr. Arun Todarwal	Chairman
2.	Ms. Avaantika Kakkar	Member
3.	Mr. Lalit Narayan Tandon	Member

The Terms of Reference of the Committee are as follows:

i. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

ii. Formulation of criteria for evaluation of Independent Directors and the Board;

iii. Devising a policy on Board diversity;

iv. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;

v. Administration of Employee Stock Option Scheme(s), if any;

vi. Reviewing and recommending the remuneration of Executive Directors of the Company;

vii. Undertake any other activity in this regard as may be required by the Companies Act, 2013 or the Rules, from time to time;

viii. To do all acts, deeds and things as may be necessary for effective implementation of the foregoing acts.

During the year under review, 4 (Four) Nomination & Remuneration Committee Meetings were duly convened and held on May 29, 2017, August 09, 2017, September 26, 2017 and November 13, 2017.

Table of Attendance:

Sr. No.	Name of Directors	Designation	No. of Board Meetings held during FY 2017-18	
			Held	Attended
1	Mr. Arun Todarwal	Chairman	4	4
2	Ms. Avaantika Kakkar	Member	4	3
3	Mr. Lalit Narayan Tandon	Member	4	3

Policy for selection and appointment of directors and their remuneration

The Nomination and Remuneration Committee (NRC) has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and Managing Director & CEO and their remuneration. This Policy is accordingly derived from the said Charter.

a. **Appointment criteria and qualification:**

The NRC shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director in terms of Diversity Policy of the Board and recommend to the Board his / her appointment.

For the appointment of KMP (other than Managing / Whole-time Director or Manager) or Senior Management, a person should possess adequate qualification, expertise and experience for the position he / she is considered for the appointment.

b. **Term:**

The Term of the Directors including Managing / Whole time Director / Manager/ Independent Director shall be governed as per the provisions of the Companies Act, 2013 and Rules made thereunder, as amended from time to time.

Whereas the term of the KMP (other than the Managing / Whole-time Director/ Manager) and Senior Management shall be governed by the prevailing HR policies of the Company.

c. **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013 or under any other applicable Act, Rules and Regulations there under and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the NRC Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel.

d. **Remuneration of Managing / Whole-time Director, KMP and Senior Management**

The remuneration / compensation / commission, etc., as the case may be, to the Managing / Whole-time Director will be determined by the NRC Committee and recommended to the Board for approval. The remuneration / compensation / commission, etc., as the case may be, shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required and shall be in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder. Further, the Whole-time Director or the Managing Director of the Company is authorized to decide the remuneration of KMP (other than Managing / Whole-time Director) and Senior Management, and which shall be decided based on the standard market practice and prevailing HR policies of the Company.

e. **Remuneration to Non-executive / Independent Director:**

The remuneration / commission / sitting fees, as the case may be, to the Non-Executive / Independent Director, shall be in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder for the time being in force or as may be decided by the Committee / Board / shareholders.

An Independent Director shall not be entitled to any stock option of the Company unless otherwise permitted in terms of the Companies Act, 2013, as amended from time to time.

c) Stakeholders Relationship Committee

The Stakeholders Relationship Committee (SRC) comprising of following members was constituted on July 25, 2016 in terms of Section 178(5) of the Act and Rules made thereunder.

Sr. No.	Name of Director	Designation
1.	Ms. Avaantika Kakkar	Chairperson
2.	Mr. Pravin Agarwal	Member
3.	Mr. Lalit Narayan Tandon	Member

The Terms of Reference of the Committee are as follows:

i. To approve/refuse/reject registration of transfer/transmission of Shares in a timely manner;

ii. To authorize printing of Share Certificates;

iii. To authorize to maintain, preserve and keep in its safe custody all books and documents relating to the issue of share certificates, including the blank forms of share certificates;

iv. To monitor redressal of stakeholder's complaints/grievances including relating to non-receipt of allotment / refund, transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

v. Undertake any other activity in this regard as may be required by the Companies Act, 2013 or the Rules, from time to time;

vi. To do all acts, deeds and things as may be necessary for effective implementation of the foregoing acts.

During the year under review, 1 (One) Stakeholders Relationship Committee meetings was duly convened and held on November 13, 2017.

Table of Attendance:

Sr. No.	Name of Directors	Designation	No. of Nomination & Remuneration Committee Meeting during FY 2017-18	
			Held	Attended
1	Ms. Avaantika Kakkar	Chairperson	1	1
2	Mr. Pravin Agarwal	Member	1	1
3	Mr. Lalit Narayan Tandon	Member	1	1

d) Banking and Authorization Committee

The Banking and Authorization Committee ("BAC") comprising of following members was constituted on August 24, 2016:

Sr. No.	Name of Director	Designation
1.	Mr. Pravin Agarwal	Chairman
2.	Dr. Anand Agarwal*	Member
3.	Mr. Pratik Agarwal	Member

*Ceased to be a Director w.e.f May 11, 2018 accordingly ceased to be a member of the BAC.

The Terms of Reference of the Committee are as follows:

i. Opening and/or Closure of Bank Accounts / Opening and/or Closure of Demat Accounts / Hedging Accounts / Forex Accounts / Derivative/Forex Transactions / Internet Banking Authorizations / Cash Management Services with various banks in India and/or outside India and change in operations of Bank Accounts, issuing letter of continuity and all such matters related to operations of the Current and Cash Credit Accounts.

ii. Appointing hedging brokers/sub-brokers for London Metal Exchange or any other Metal Exchanges.

iii. Authorize / Grant Power of Attorneys to employees of the Company for bidding in tenders, marketing, representing the Company in routine business matters.

iv. Authorize / grant Power of Attorney to employees of the Company or consultants to the Company in routine business matters.

v. Authorize / grant Power of Attorney to one or more persons to represent before authorities under Income Tax, Sales Tax, Excise, VAT, decide authentication of Excise Invoices, Customs (including issuing Bonds), Ministry of Corporate Affairs, the Reserve Bank of India, the Registrar of Companies, Foreign Investment Promotion Board, Enforcement Directorate, Electricity Boards, Pollution Control Boards, Town and Country Planning Authorities and/or other statutory authorities under Central and/or State Governments.

vi. Authorize / grant Power of Attorney to one or more persons to initiate and/or defend all legal proceedings including appointment of counsel, attorneys, mediators, arbitrators on behalf of the Company and also to execute affidavits, appeals, applications, petitions and other documents and all such necessary/ incidental steps necessary in this regard.

vii. Authorize one or more employees of the Company under Section 113 of the Companies Act, 2013 to attend and vote at the meetings of the companies where the Company is a shareholder/debenture-holder, meetings of creditors and meetings convened by the orders of the Court and to nominate/change nominee shareholders in any Subsidiary or Associate Companies from time to time to ensure the presence of quorum at their General Meetings and to ensure minimum number of members under the Companies Act 2013.

viii. Authorize employees of the Company in matters relating to opening and/or closing of representative/branch offices in India or other countries.

ix. Authorize / grant Power of Attorney to one or more persons at various units for administrative purposes viz. applying for telephone/ internet/ power connection and/ or dealing with local municipal authorities, shop act authorities and related matters.

x. Authorize / give Power of Attorney to one or more persons to make application to Central Government, Ministry of Corporate Affairs, Foreign Investment Promotion Board, Enforcement Directorate, Reserve Bank of India, Registrar of Companies for various permissions required under various Statutory enactments.

xi. Authorize one or more persons to execute and/or register any documents, deeds, papers for purchase/ sale/ take or give on lease and / or Leave & License basis, land, factory, office premises and/or residential premises for the purpose of business.

xii. Invest sums of money in Units of Mutual Funds, Government Securities, Bonds, Debentures, and any other Securities or instruments upto Rs.500 crores, at any given point of time.

xiii. Avail Working Capital facilities from various banks/ financial institutions (Fund based and non-fund based) for the prescribed limit as approved by Board from time to time.

xiv. Avail Term Loan facilities including through Non-Convertible Debentures from various banks/ financial institutions for the prescribed limit as approved by Board from time to time.

xv. Creation of security or charge including but not limited to hypothecation, mortgage, pledge, bailment etc. on the moveable and/or immoveable properties.

xvi. Authorize one or more persons to issue, sign, execute, and deliver indemnity, corporate guarantees, undertakings, affidavit or any other document on behalf of the Company.

xvii. Approve amendments to existing Superannuation Scheme including authority to change trustees, wherever necessary.

xviii. Authorize any person to affix seal of the Company to any instrument by the authority of a resolution.

During the year under review, 4(Four) Banking and Authorization Committee meetings were duly convened and held on May 29, 2017, August 09, 2017, October 16, 2017 and November 13, 2017.

Table of Attendance:

Sr. No.	Name of Directors	Designation	No. of Banking and Authorization Committee Meetings during FY 2017-18	
			Held	Attended
1	Mr. Pravin Agarwal	Chairman	4	3
2	Dr. Anand Agarwal*	Member	4	3
3	Mr. Pratik Agarwal	Member	4	4

*Ceased to be a Director wef May 11, 2018

e) Allotment Committee

The Allotment Committee comprising of following members was constituted on July 25, 2016:

Sr. No.	Name of Director	Designation
1	Mr. Arun Todarwal	Chairman
2	Mr. Pravin Agarwal	Member
3	Mr. Pratik Agarwal	Member

The Terms of Reference of the Committee are as follows:

i) Allot Shares / Securities of the Company.

ii) Splitting of shares, issuance of Duplicate Share Certificate in lieu of those torn, destroyed, lost or defaced or where the cages in the reverse for recording transfers have been fully utilized.

iii) Authorize Directors / officers of the Company to issue Share / Securities Certificate to respective allottee(s) for above mentioned purposes.

iv) Undertake any other activity in this regard as may be required by the Companies Act, 2013 or the Rules, from time to time.

v) To do all acts, deeds, matters and things as may be necessary for effective implementation of the foregoing acts.

6. SEPERATE MEETING OF INDEPENDENT DIRECTORS

As stipulated by the Code of Independent Directors under the Act, a separate meeting of the Independent Directors of the Company was held on April 05, 2018 for the financial year 2018-19 to review the performance of Non-independent Directors (including the Chairman) and the Board as a whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and it's Committees which is necessary to effectively and reasonably perform and discharge their duties.

7. BOARD EVALUATION

The Board of Directors of the Company is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. To that end, the Nomination and Remuneration Committee has established processes for performance evaluation of Independent Directors, the Board and the Committees of the Board and the Chairman.

Pursuant to the provisions of the Act, the Board has carried out an annual evaluation of its own performance, performance of its Committees as well as the directors individually. A structured evaluation was carried out based on various parameters such as skills and experience to perform the role, level of participation, contribution to strategy, degree of oversight, professional conduct and independence.

8. INDUCTION AND TRAINING OF BOARD MEMBERS

The Company has put a process in place for the Induction and Training of Board Members. Upon appointment, the concerned Director will be issued a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Independent Director will be taken through a formal induction program including the presentation from the Chief Executive Officer on the Company's business. The Company Secretary will brief the Directors about their legal and regulatory responsibilities as a Director. On matters of specialized nature, the Company engages outside experts/consultants for presentation and discussion with the Board members. The familiarization program of directors forms part of Company's Nomination and Remuneration Policy and can be viewed on the Company's website, that is, www.sterlitepower.com.

9. GENERAL BODY MEETING

Particulars of Annual General Meeting:

The Company was incorporated on May 05, 2015, the details of the second Annual General Meeting are furnished below:

Date	Venue	Time	Resolutions that were passed with requisite majority
December 22, 2017	The Westin, 36/3-B Koregaon park Annexe, Mundhwa road, Ghorpadi, Pune, Maharashtra – 411001	11.00 A.M	1a. To receive, consider and adopt the Audited Standalone Financial Statements of the Company 1b. To receive, consider and adopt the Audited Consolidated Financial Statements of the Company 2. Re-Appointment of Mr. Pravin Agarwal as Director of the Company 3. Ratification of the appointment of Statutory Auditors 4. Offer or invitation for subscription of Non-Convertible Debentures on private placement basis 5. Approval of remuneration of the Cost Auditors' 6. Payment of commission to Non-Executive Directors of the Company

Details of resolutions passed by Postal Ballot

During the FY 2017-18, 3(Three) matters were passed through Postal Ballot. The following matters were approved by passing a special resolution through postal ballot-

1. Alteration of Objects clause of Memorandum of Association of the Company
2. Variation in terms of Non-convertible redeemable Preference Shares
3. Issue and offer of Non-convertible non-cumulative redeemable Preference shares on private placement basis

The Company had provided facility of e-voting pursuant to provisions of the Act to its members. Mr. B.N Narasimhan, scrutinizer was appointed by the Board to monitor and review the e-voting process. On completion of e-voting process, the Scrutinizer presented a report to the Chairman/ Managing Director and CEO.

10. SUBSIDIARY COMPANIES

The Company has 26 subsidiaries as on March 31, 2018. The Annual Financial Statements of the subsidiary companies are placed before the Audit Committee and the Board of the Company. The performance of all its subsidiaries is also quarterly reviewed by the Board. The minutes of all the subsidiary companies are placed before the Board and the attention of the directors is drawn to significant transactions and arrangements entered into by the subsidiary companies.

11. RELATED PARTY TRANSACTIONS

All Related Party Transactions are reviewed and approved by the Audit Committee of the Board in accordance with the Act. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. No transaction with the related parties has a potential conflict with the Company's interest. The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, sectoral specialization and the Company's long-term strategy for sectoral investments, optimization of market share, profitability, liquidity and capital resources of subsidiaries and associates. All related party transactions are negotiated on an arm's length basis and are intended to further the Company's interests.

All transactions entered into with Related Parties as defined under the Act during the FY 2017-18 were in the ordinary course of business and on an arm's length pricing basis. Suitable disclosures as required under the applicable Accounting Standards have been made in the notes to the Financial Statements. The Board has approved a policy on Related Party Transactions, and the same can be viewed on the Company's website, at www.sterlitepower.com.

12. IMPLEMENTATION OF CODE OF CONDUCT

The Company has adopted a 'Code of Business Conduct & Ethics' to meet the changing internal and external environment for its employees at all levels including Senior Management and Directors. The Code can be viewed on the Company's website, at www.sterlitepower.com. The Code serves as a guide to the employees of the Company to make informed and prudent decisions and act upon them.

13. VIGIL MECHANISM

With a view to have a robust Vigil mechanism process, the Company has adopted a 'Whistleblower Policy', which has been communicated to all employees along with the Code of Business Conduct & Ethics. The Whistleblower policy is the mechanism to help the Company's directors, employees, its subsidiaries and all stakeholders to raise their concerns about any malpractice, impropriety, abuse or wrongdoing at an early stage and in the right way, without fear of victimization, subsequent discrimination or disadvantage. The policy encourages raising concerns within the Company rather than overlooking a problem. All Complaints under this policy are reported to the Director - Management Assurance, who is independent of operating management and businesses. 'Complaints' can also be sent to the designated e-mail ID: stl.whistleblower@vedanta.co.in. The Director - Management Assurance reviews the 'Complaint', and may investigate it himself or may assign another person to investigate, or assist in investigating the 'Complaint'. The Whistleblower Policy also contains mechanism of redressal available for Company's directors, employees, its subsidiaries and all external stakeholders, if they feel that they have been retaliated against due to disclosure of concern. The details of the Whistleblower Policy are available on the Company's website, that is, www.sterlitepower.com.

14. DISCLOSURES

a. The Company has not received any complaints relating to child labour, forced labour, involuntary labour during the FY 2017-18.

b. As a result of its businesses and the global nature of its operations, the Company is exposed in particular to market risks from changes in foreign currency exchange rates and interest rates, while commodity price risks arise from procurement. The Company has established internal guidelines for risk controlling procedures and for the use of financial instruments, including a clear segregation of duties with regard to financial activities, settlement, accounting and the related controlling. The guidelines upon which the Company's risk management processes for financial risks are based are designed to identify and analyze these risks throughout the company, to set appropriate risk limits and controls and to monitor the risks by means of reliable and up-to-date administrative and information systems.

15. GENERAL SHAREHOLDER INFORMATION

Distribution of Shareholding as on March 31, 2018

Sr. no	Category			Cases	% of Cases	No. of shares	% of shareholding
1	upto 1	-	5000	107435	99.64	10717368.00	17.52
2	5001	-	10000	228	0.21	813530.00	1.33
3	10001	-	20000	80	0.07	544743.00	0.89
4	20001	-	30000	24	0.02	280473.00	0.46
5	30001	-	40000	14	0.01	252494.00	0.41
6	40001	-	50000	6	0.01	128151.00	0.21
7	50001	-	100000	14	0.01	531952.00	0.87
8	100001	&	ABOVE	20	0.02	47913191.00	78.31
	Total			**107821**	**100.00**	**61181902.00**	**100.00**

Equity holding pattern as on March 31, 2018

Name	Total Shares	% To Equity
Promoter		
Promoter	43670398	71.38
Promoter Group	2811155	4.59
Total of Promoter & Promoter Group (A)	46481553	75.97
Public Shareholders		
Institutions	49106	0.08
Non-Institutions	13426052	21.94
Body Corporates	1225191	2.01
Total (B)	**14700349**	**24.03**
Total (A) + (B)	**61181902**	**100.00**

Dematerialization of Shares and Liquidity

As on March 31, 2018, 59,975,014 equity shares representing 98.03% of total equity capital were held in electronic form. The Shareholders can hold the shares in demat form either through NSDL or CDSL. The ISIN allotted to the equity shares of the Company is INE110V01015.

Details of outstanding equity shares in the Unclaimed Suspense Account

The Company reports the following details in respect of equity shares in the suspense account –

Particulars	Total No. of Shareholders	Shares lying in Unclaimed Suspense Account
As on April 1, 2017	5430	430861
Shareholders approached for transfer/delivery during FY 18	11	-
Shares transferred/ delivered during FY 18	-	957
Balance as on March 31, 2018	5419	429904

Share Transfer System

The Stakeholder Relationship Committee has the powers to deal with all the matters related to transfers, transmission, issuance of duplicate share/ debenture certificates, split and/or consolidation requests. In addition, the Company Secretary and authorised officials of the Registrar and Transfer Agents of the Company have been given powers to endorse registration of transfers on share certificates. The Company's shares being in compulsory demat list are also transferred through the depository system. The Company has entered into agreements with both the depositories NSDL & CDSL. Karvy Computershare Private Limited, Hyderabad is the Registrar and Transfer Agent for both physical and electronic mode of transfer of shares. Transfers of shares held in the physical mode are approved on a 15 day cycle. Physical Shares sent for transfer are duly transferred within 15 days of receipt of documents, if found in order. Shares under objection are returned within 15 days of receipt of documents.

Registrar & Transfer Agents

Karvy Computershare Private Limited, Hyderabad is the Registrar and Transfer Agent of the Company. Shareholders, beneficial owners and Depository Participants, (DPs) can send / deliver the documents / correspondence relating to the Company's share transfer activity, etc. to Karvy Computershare Private Limited at the following address:

Karvy Computershare Private Limited

Karvy Selenium Tower-B, Plot No. 31 & 32,
Financial District, Gachibowli, Nanakramguda, Serilingampally
Hyderabad 500 008 India
Phone No.: 040 67161524, E-mail: einward.ris@karvy.com

Shareholders' correspondence should be addressed to the Company's Registrar and Transfer Agents at the above-mentioned address. In case of unresolved complaints, the members may also write to the Company Secretary & Compliance Officer at the office of the Company as detailed below:

Sterlite Power Transmission Limited

F-1, The Mira Corporate Suites, 1 & 2 Ishwar Nagar,
Mathura Road, New Delhi - 110065, India
Ph. - 011 49962200 Fax – 011 49962288
E-mail: secretarial.grid@sterlite.com

Registered Office:

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

Plant Locations:

Rakholi	Survey No. 99/2/P, Rakholi Village, Madhuban Dam Road, Silvassa 396230, Union Territory of Dadra & Nagar Haveli, India
Piparia	Survey No.209,Phase-II, Piparia Industrial Estate, Silvassa -396230, UT of Dadra & Nagar Haveli, India
Jharsuguda	Near Vedanta Limited, Bhurkhamunda, PO- Kalimandir road, Dist – Jharsuguda, Odisha – 768202, India
Haridwar	Sector – 5, Vardhaman Industrial Estate, Bahadurpur Saini, Roorkee, Haridwar – 249 402, Uttarkhand India

INDEPENDENT AUDITOR'S REPORT

To the Members of
Sterlite Power Transmission Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Sterlite Power Transmission Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 49 to the standalone Ind AS financial statements which describes that the Company had recognised goodwill on accounting for merger during the financial year ended March 31, 2016, which is being amortised over a period of five years from the appointed date i.e. April 1, 2015, in accordance with the accounting treatment prescribed under the scheme of arrangement approved by Honourable Bombay High Court. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

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

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 37 to the standalone Ind AS financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 18 to the standalone Ind AS financial statements;

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

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Paul Alvares**
Partner
Membership Number: 105754

Place of Signature: Bangkok
Date: May 30, 2018

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: **Sterlite Power Transmission Limited** (the "Company")

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 (1) of the Companies Act, 2013, related to the manufacture of power conductors and power cables, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, goods and service tax, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales tax, customs duty, excise duty, value added tax, goods and service tax,cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, , service tax, customs duty, excise duty, value added tax, goods and service tax and cess which have not been deposited on account of any dispute.

Name of the statute	Nature of the dues	Amount (₹ Million)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	83.50	FY 2001-02	Bombay High Court
Central Excise Act, 1944	Excise Duty	2.80	FY 2005-06	Commissioner (Appeals, LTU)

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution or bank. The Company did not have any outstanding loans or borrowing dues to government and debenture holders during the year.

(ix) In our opinion and according to information and explanations given by the management, monies raised by the company by way of term loans were applied for the purpose for which the loans were obtained. Further, according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments during the year.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment or private placement of fully paid redeemable preference shared shares during the year. The Company did not issue any debentures during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Paul Alvares**
Partner
Membership Number: 105754

Place of Signature: Bangkok
Date: May 30, 2018

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF STERLITE POWER TRANSMISSION LIMITED

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

We have audited the internal financial controls over financial reporting of Sterlite Power Transmission Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Paul Alvares**
Partner
Membership Number: 105754

Place of Signature: Bangkok
Date: May 30, 2018

BALANCE SHEET

AS AT 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

(₹ in million)

Particulars	Note No.	31 March 2018	31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,591.46	2,326.91
Capital work in progress	3	58.39	403.44
Goodwill	4, 5	951.93	1,427.88
Other intangible assets	4	42.79	2.85
Financial assets			
i. Investments	6	35,330.77	25,292.93
ii. Trade receivables	8	-	-
iii. Other financial assets	9	9.46	11.08
Other non-current assets	10	54.72	64.38
Total non-current assets		**39,039.52**	**29,529.47**
Current assets			
Inventories	11	2,084.68	1,738.43
Financial assets			
i. Investments	6	10,164.15	-
ii. Loans	7	177.93	193.47
iii. Trade receivables	8	9,097.90	4,549.58
iv. Cash and cash equivalents	12	479.73	451.66
v. Other bank balances	13	308.75	386.17
vi. Other financial assets	9	151.67	773.05
Other current assets	10	2,527.11	575.09
Total current assets		**24,991.92**	**8,667.45**
TOTAL ASSETS		**64,031.44**	**38,196.92**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	122.36	122.36
Other equity			
i. Securities premium	15	4,536.80	6,748.37
ii. Retained earnings	15	(219.30)	(1,369.99)
iii. Other	15	16,923.26	9,278.12
Total Equity		**21,363.12**	**14,778.86**
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	16A	17,616.37	5,154.89
ii. Other financial liabilities	18	203.90	205.96
Employee benefit obligations	19	29.51	21.09
Deferred tax liabilities (net)	20	5,403.43	2,937.21
Total non-current liabilities		**23,253.21**	**8,319.15**
Current liabilities			
Financial liabilities			
i. Borrowings	16B	4,856.18	5,566.32
ii. Trade payables	17	7,537.93	3,820.56
iii. Other financial liabilities	18	4,279.58	4,084.18
Employee benefit obligations	19	23.28	32.01
Other current liabilities	21	2,718.15	1,595.84
Total current liabilities		**19,415.11**	**15,098.91**
TOTAL LIABILITIES		**64,031.44**	**38,196.92**

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Sd/-
per Paul Alvares
Partner
Membership Number : 105754

Place: Bangkok
Date : 30 May 2018

For and on behalf of the board of directors of
Sterlite Power Transmission Limited

Sd/-
Pravin Agarwal
Chairman
DIN : 00022096
Place: London

Sd/-
Pratik Agarwal
CEO & Managing Director
DIN : 03040062
Place: São Paulo

Sd/-
Harsh Shah
Chief Financial Officer
Place: Mumbai
Date : 30 May 2018

Sd/-
Ashok Ganesan
Company Secretary
Place: Mumbai

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

(₹ in million)

Particulars	Note No.	31 March 2018	31 March 2017
INCOME			
Revenue from operations	22	23,962.35	23,074.62
Other income	24	111.76	7.70
Total income (I)		**24,074.11**	**23,082.32**
EXPENSES			
Cost of raw material and components consumed	25	17,205.14	15,244.97
Purchase of traded goods and subcontracting expense	26	1,463.11	857.21
Decrease in inventories of finished goods, work-in-progress and traded goods	27	343.39	197.91
Excise duty on sale of goods		218.88	1,863.26
Employee benefits expense	28	670.12	495.82
Other expenses	29	2,792.92	2,522.37
Total expenses (II)		**22,693.56**	**21,181.54**
Earning before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)		**1,380.55**	**1,900.78**
Depreciation and amortisation expense	30	766.24	788.62
Finance costs	31	2,013.25	1,751.94
Finance income	23	(75.84)	(56.75)
Loss before tax		**(1,323.10)**	**(583.03)**
Tax expense:			
(i) Current tax	20	-	-
(ii) Deferred tax	20	(260.58)	(182.11)
Income tax expense		**(260.58)**	**(182.11)**
Loss for the year		**(1,062.52)**	**(400.92)**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net movement on cash flow hedges		(88.99)	360.05
Income tax effect		-	(124.61)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**(88.99)**	**235.44**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gain/(loss) on defined benefit plans		1.64	(1.40)
Income tax effect		-	-
Net gain on FVTOCI equity securities		10,426.71	4,784.03
Income tax effect		(2,457.14)	(1,103.77)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**7,971.21**	**3,678.86**
Other comprehensive income for the year		**7,882.22**	**3,914.29**
Total comprehensive income for the year		**6,819.70**	**3,513.37**
Earnings per equity share [nominal value of ₹ 2 (31 March 2017: ₹ 2)]	32		
Basic			
Computed on the basis of loss for the year (₹)		(17.37)	(6.55)
Diluted			
Computed on the basis of loss for the year (₹)		(17.37)	(6.55)

Summary of significant accounting policies 2.2

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Sd/-
per Paul Alvares
Partner
Membership Number : 105754

Place: Bangkok
Date : 30 May 2018

For and on behalf of the board of directors of
Sterlite Power Transmission Limited

Sd/-
Pravin Agarwal
Chairman
DIN : 00022096
Place: London

Sd/-
Pratik Agarwal
CEO & Managing Director
DIN : 03040062
Place: São Paulo

Sd/-
Harsh Shah
Chief Financial Officer
Place: Mumbai
Date : 30 May 2018

Sd/-
Ashok Ganesan
Company Secretary
Place: Mumbai

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

(₹ in million)

Particulars	Note No.	31 March 2018	31 March 2017
A. Operating activities			
Net loss as per statement of profit and loss		**(1,062.52)**	**(400.92)**
Adjustment for taxation		(260.58)	(182.11)
Loss before tax		**(1,323.10)**	**(583.03)**
Non-cash adjustment to reconcile loss before tax to net cash flows			
Depreciation and amortisation expense	30	766.24	785.37
Provision for doubtful debts and advances	29	4.61	86.93
Profit on sale of property, plant and equipment (net)	24	(27.52)	(4.74)
Bad debts / advances written off	29	-	6.87
Finance costs	31	2,013.25	1,751.94
Finance income	23	(75.84)	(56.75)
Unrealised exchange difference		57.82	42.61
Operating profit before working capital changes		**1,415.46**	**2,029.21**
Movements in working capital :			
Increase in trade payables		3,945.92	1,202.30
Increase in employee benefit obligation		1.32	12.14
Increase in other current liability		1,122.31	169.19
Decrease in other current financial liability		(171.86)	(90.01)
Increase in trade receivables		(4,741.03)	(692.25)
Decrease/(increase) in inventories		(346.25)	416.27
Decrease/(increase) in other current financial assets		27.85	(302.92)
Decrease in other non-current financial assets		1.62	1.05
Decrease/(increase) in other current assets		(1,952.02)	77.82
Decrease in other non-current assets		12.49	107.05
Change in working capital		**(2,099.65)**	**900.63**
Cash generated from/(used in) operations		**(684.19)**	**2,929.84**
Direct taxes paid		(17.57)	(27.54)
Net cash flow from/(used in) operating activities (A)		**(701.76)**	**2,902.29**
B. Investing activities			
Purchase of property, plant and equipment, including capital work in progress and capital advances		(257.40)	(378.81)
Proceeds from sale of property, plant and equipment		49.92	9.96
Proceeds from sale of current investments (net of acquisitions)		(65.00)	520.12
Investment in subsidiaries		(10,099.05)	(138.08)
Investment in other parties		-	(112.45)
Investment in bank deposits (having original maturity of more than three months)			
[net of receipt on maturity]		83.69	-
Loans given to related parties		-	(162.50)
Repayment of advances from subsidiaries		-	251.71
Interest received		68.99	18.33
Net cash flow from/(used in) investing activities (B)		**(10,218.85)**	**8.28**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

(₹ in million)

Particulars	Note No.	31 March 2018	31 March 2017
C. Financing activities			
Proceeds of long term borrowings		19,273.98	1,999.99
Repayment of long term borrowings		(3,790.00)	(1,755.89)
Repayment of non cumulative redeemable preference shares		(2,247.36)	-
Proceeds from issue of cumulative redeemable preference shares		34.74	-
Repayment of short term borrowings (net of proceeds)		(710.13)	(2,333.69)
Interest paid		**(1,612.55)**	**(1,763.90)**
Net cash flow from/(used in) financing activities (C)		**10,948.68**	**(3,853.49)**
Net increase/(decrease) in cash and cash equivalents (A + B + C)		**28.07**	**(942.88)**
Cash and cash equivalents as at beginning of the year		**451.66**	**1,394.54**
Cash and cash equivalents as at year end		**479.73**	**451.66**
Components of cash and cash equivalents:			
Balances with banks:			
On current accounts		479.30	421.25
Deposits with original maturity of less than 3 months		-	30.00
Cash in hand		0.43	0.41
Total cash and cash equivalents (refer Note 12)		**479.73**	**451.66**

Refer Note 12 for reconciliation between opening and closing balances for liabilities arising from financing activities.

As per our report of even date

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

Sd/-
per Paul Alvares
Partner
Membership Number : 105754

Place: Bangkok
Date : 30 May 2018

For and on behalf of the board of directors of
Sterlite Power Transmission Limited

Sd/-
Pravin Agarwal
Chairman
DIN : 00022096
Place: London

Sd/-
Pratik Agarwal
CEO & Managing Director
DIN : 03040062
Place: São Paulo

Sd/-
Harsh Shah
Chief Financial Officer
Place: Mumbai
Date : 30 May 2018

Sd/-
Ashok Ganesan
Company Secretary
Place: Mumbai

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

(₹ in million)

A. EQUITY SHARE CPITAL

Particulars	Nos. in million	₹ in million
Equity shares of ₹ 2 each issued, subscribed and fully paid		
As at 1 April 2016	-	-
Issued during the year	61.18	122.36
As at 31 March 2017	**61.18**	**122.36**
Issued during the year	-	-
As at 31 March 2018	**61.18**	**122.36**

B. OTHER EQUITY

Particulars	Securities premium	Retained earnings	FVTOCI reserve	Cash flow hedge reserve
As at 1 April 2016	**-**	**(967.68)**	**5,362.43**	**(598.45)**
Loss for the year	-	(400.91)	-	-
Other comprehensive income/(loss)	-	(1.40)	3,680.26	235.44
Total comprehensive income/(loss)	**-**	**(402.31)**	**3,680.26**	**235.44**
Add: Shares issued on demerger (refer Note 49)	6,748.37	-	-	-
Recycled to statement of profit and loss	-	-	-	598.45
As at 31 March 2017	**6,748.37**	**(1,369.99)**	**9,042.69**	**235.44**
Loss for the year	-	(1,062.52)	-	-
Other comprehensive income/(loss)	-	1.64	7,969.56	(88.99)
Total comprehensive income/(loss)	**-**	**(1,060.88)**	**7,969.56**	**(88.99)**
Less: Amount utilised for payment of premium on redemption of preference shares during the year	(2,211.57)	-	-	-
Add: Balance transferred for redemption of preference shares to the extent of premium on redemption	-	2,211.57	-	-
Recycled to statement of profit and loss	-	-	-	(235.44)
As at 31 March 2018	**4,536.80**	**(219.30)**	**17,012.25**	**(88.99)**

As per our report of even date

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

Sd/-
per Paul Alvares
Partner
Membership Number : 105754

Place: Bangkok
Date : 30 May 2018

For and on behalf of the board of directors of
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CEO & Managing Director
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Sd/-
Harsh Shah
Chief Financial Officer
Place: Mumbai
Date : 30 May 2018

Sd/-
Ashok Ganesan
Company Secretary
Place: Mumbai

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

1. Corporate information

Sterlite Power Transmission Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The registered office of the Company is located at 4th Floor, Godrej Millennium, Koregaon Park, Pune, Maharashtra, India. The Company is primarily engaged in the business of Power products and solutions.

Power products and solutions mainly include power transmission conductors, optical ground wire cables and power cable.

The standalone Ind AS financial Statements were authorised for issue in accordance with resolution passed by the Board of Directors of the Company on May 30, 2018.

2. Significant accounting policies

2.1 Basis of preparation

The standalone Ind AS financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The standalone Ind AS financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Derivative financial instruments;
- Certain financial assets measured at fair value (refer accounting policy regarding financial instruments).

The standalone Ind AS financial statements are presented in Indian Rupees millions, except when otherwise indicated.

2.2 Summary of significant accounting policies

The following is the summary of significant accounting policies applied by the Company in preparing its standalone Ind AS financial statements:

a) Goodwill

Goodwill arising on account of excess consideration paid over business value transferred under a scheme of arrangement is amortised on a straight line basis over a period of five years from the date of arrangement as per Court Order.

b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Operating cycle of the Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. As the Company's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

c) Foreign currencies

The Company's standalone Ind AS financial statements are presented in INR, which is its functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

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.

d) Fair value measurement

The Company measures financial instruments such as derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone Ind AS financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets such as investment in subsidiaries. Involvement of external valuers is decided by the management on a need basis and with relevant approvals. The valuers involved are selected based on criteria like market knowledge, reputation, independence and professional standards. The management decides after discussion with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movement of assets and liabilities which are required to be premeasured or reassessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management in conjunction with external valuers also compares the change in fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. The valuation results are discussed at the Audit Committee.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (note 33,42, 43)
- Quantitative disclosures of fair value measurement hierarchy (note 43)
- Investment in mutual funds (note 43)
- Financial instruments (including those carried at amortised cost) (note 42)

e) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) / Goods and services tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Freight charged on sales and recovered is included as a part of revenue.

Rendering of services

Revenues from services are recognised pro-rata over the period of the contract as and when services are rendered. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Revenue from projects

Revenue from fixed price construction contracts for supply and installation of power transmission product is recognised based on the stage of completion of the individual contract using the percentage completion method, provided the order outcome as well as expected total costs can be reliably estimated. Where the profit from a contract cannot be estimated reliably, revenue is only recognised equalling the expenses incurred to the extent that it is probable that the expenses will be recovered. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses.

The estimates of contract cost and the revenue thereon are reviewed periodically by management and the cumulative effect of any changes in estimates is recognised in the period in which such changes are determined. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised immediately as an expense in the statement of profit and loss.

Prepayments from customers are recognised as liabilities. A contract in progress for which the selling price of the work performed exceeds interim billings and expected losses is recognised as an asset. Contracts in progress for which interim billings and expected losses exceed the selling price are recognised as a liability. Expenses relating to sales work and the winning of contracts are recognised in the statement of profit and loss as incurred.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is included in finance income in the statement of profit and loss.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

Dividends

Income from dividend on investments is accrued in the year in which it is declared, whereby the Company's right to receive is established, which is generally when shareholders approve the dividend.

f) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

g) Taxes

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 of profit or loss is recognised outside of profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

  Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

  The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

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 of profit or loss is recognised outside 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 Company and the same taxation authority.

Sales/value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the balance sheet.

h) Property, plant and equipment

Certain items of freehold land have been measured at fair value at the date of transition to Ind AS. The Company regards the fair value as deemed cost at the transition date, viz., 1 April 2015.

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 property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred. No decommissioning liabilities are expected or be incurred on the assets of plant and equipment.

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#)
Buildings (Factory/ Office)	30/60 Years	30/60 Years
Plant and Machinery	3 - 20 Years *	15 Years
Furniture and fixtures	7.5 - 10 Years *	10 Years
Data processing equipments	3 - 5 Years *	Desktops and laptop etc - 3 Years
Office equipment	4 - 5 Years *	5 Years
Electric fittings	4 - 10 Years *	10 Years
Vehicles	4 - 5 Years *	8 Years

* Considered on the basis of management's estimation, supported by technical advice, of the useful lives of the respective assets.

\# Residual value considered as 5% on the basis of management's estimation, supported by technical advice.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

The Company, based on technical assessments made by technical experts and management estimates, depreciates the certain items of building, plant and machinery, data processing equipment, furniture and fixtures, office equipments. electric fittings, vehicles and other telecom networks equipments over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

i) **Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the expenditure is recognised in the Statement of Profit and Loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss.

The Company does not have any intangible assets with indefinite useful lives.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Softwares are amortised on a straight line basis over a period of five to six years. Goodwill on amalgamation is amortised on a straight line basis over a period of five years from the date of amalgamation as per the Court Order.

Research costs are expensed as incurred.

j) **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

k) **Leases**

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

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs (See note 2.2.j).

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

l) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials, components, stores and spares, packing materials and others: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average cost basis except for aluminium wherein the cost is determined on specific identification method based on the costing details of each project.

Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average cost basis except for aluminium conductors wherein the cost is determined on specific identification method based on the costing details of each project.

Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

m) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/ forecasts, the Company extrapolates cash flow in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

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Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

n) Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

o) Retirement and other employee benefits

Retirement benefit in the form of provident fund and superannuation fund are defined contribution schemes. The Company has no obligation, other than the contribution payable to the provident fund and superannuation fund. The Company recognizes contribution payable to the provident fund and superannuation fund as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company has a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

p) **Financial instruments**

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

i. Debt instruments at amortised cost

ii. Debt instruments at fair value through other comprehensive income (FVTOCI)

iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 7.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and 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 AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's combined balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance;

b) Lease receivables under Ind AS 17

c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

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Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument;

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts 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 Company 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.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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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 and loss.

This category generally applies to borrowings. For more information refer Note 17.

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 and loss.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in statement of profit and 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.

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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 and 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.

q) **Derivative financial instruments and hedge accounting**

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts to hedge its foreign currency risks, interest rate risks and commodity price 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.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment ;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

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Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

r) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

s) Cash dividend distribution to equity holders of the Company

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

t) Presentation of EBITDA

The Company presents Earnings before interest, tax, depreciation and amortisation ('EBITDA') in the statement of profit or loss; this is not specifically required by Ind AS 1. The term EBITDA is not defined in Ind AS. Ind AS compliant Schedule III allows companies to present line items, sub-line items and sub-totals to be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial position or performance.

Accordingly, the Company has elected to present EBITDA as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance income, finance costs and tax expense

2.3 Standards issued but not yet effective

The standards/amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 April 2018. The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation has been completed.

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Other Amendments to standards, issued but not effective, which are not applicable or are not expected to have impact on the financial statements of the Company:

a) Amendments to Ind 112 Disclosure of Interests in Other Entities:

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

b) Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

c) Transfers of Investment Property - Amendments to Ind AS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

d) Ind AS 28 Investments in Associates and Joint Ventures

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

e) Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment.

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(₹ in million)

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	Freehold land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipment	Electrical Installations	Data processing equipment#	Total
Cost or valuation									
1 April 2016	489.06	846.20	2,730.28	25.40	9.40	13.60	250.60	44.80	4,409.34
Additions	-	36.03	131.77	0.54	1.29	3.95	6.29	5.64	185.51
Disposals	-	3.03	25.92	0.44	1.48	0.77	-	1.70	33.34
As at 31 March 2017	**489.06**	**879.20**	**2,836.13**	**25.50**	**9.21**	**16.78**	**256.89**	**48.74**	**4,561.50**
Additions	-	84.21	463.58	1.47	2.28	2.81	15.98	2.53	572.86
Disposals	-	0.34	405.01	6.33	4.08	0.76	1.24	0.28	418.04
As at 31 March 2018	**489.06**	**963.07**	**2,894.70**	**20.64**	**7.41**	**18.83**	**271.63**	**50.99**	**4,716.32**
Depreciation and impairment									
1 April 2016	0.10	194.95	1,621.72	17.80	5.00	9.30	77.60	28.90	1,955.36
Depreciation charged during the year	0.04	28.83	253.84	1.85	1.22	2.03	16.20	7.03	311.03
Impairment reversal	-	-	3.68	-	-	-	-	-	3.68
Disposals	-	3.04	21.72	0.34	0.63	0.75	-	1.64	28.12
As at 31 March 2017	**0.14**	**220.73**	**1,850.15**	**19.31**	**5.59**	**10.58**	**93.80**	**34.29**	**2,234.59**
Depreciation charged during the year	0.04	40.99	215.10	1.87	0.82	2.35	17.20	7.54	285.91
Impairment reversal	-	-	10.86	-	-	-	-	-	10.86
Disposals	-	0.05	375.05	5.68	2.76	0.62	0.35	0.27	384.78
As at 31 March 2018	**0.18**	**261.67**	**1,679.34**	**15.50**	**3.65**	**12.31**	**110.65**	**41.56**	**2,124.86**
Net Book Value									
As at 31 March 2018	**488.88**	**701.40**	**1,215.36**	**5.14**	**3.76**	**6.52**	**160.98**	**9.43**	**2,591.46**
As at 31 March 2017	**488.92**	**658.47**	**985.97**	**6.20**	**3.63**	**6.20**	**163.09**	**14.45**	**2,326.91**

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Capital work in progress*	58.39	403.44

* Capital work in progress mainly includes plant and machinery.

Data processing equipment includes laptops taken on finance lease:

Gross block ₹ 11.24 million (31 March 2017: ₹ 11.32 million)

Depreciation for the year ₹ 3.75 million (31 March 2017: ₹ 2.92 million)

Accumulated depreciation ₹ 7.68 million (31 March 2017: ₹ 3.42 million)

Net block ₹ 3.56 million (31 March 2017: ₹ 7.90 million)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 4: INTANGIBLE ASSETS

(₹ in million)

DESCRIPTION	Goodwill (refer Note 4 and Note 49)	Software/ Licenses
1 April 2016	2,379.79	18.20
Additions	-	2.98
As at 31 March 2017	**2,379.79**	**21.18**
Additions	-	44.31
Disposals	-	-
As at 31 March 2018	**2,379.79**	**65.49**
Amortisation		
1 April 2016	475.94	16.70
Amortisation charge for the year	475.96	1.63
As at 31 March 2017	**951.90**	**18.33**
Accumulated amortisation		
Amortisation charge for the year	475.96	4.37
As at 31 March 2018	**1,427.86**	**22.70**
Net Book Value		
As at 31 March 2018	**951.93**	**42.79**
As at 31 March 2017	**1,427.88**	**2.85**

NOTE 5: IMPAIRMENT TESTING OF GOODWILL

Goodwill generated as a result of recording of assets and liabilities as part of the Scheme of demerger of Sterlite Technologies Limited (refer Note 49) with effect from 1 April 2015 has been allocated to power products business for impairment testing

Particulars	As at 31 March 2018 (₹ in million)	As at 31 March 2017 (₹ in million)
Carrying amount of goodwill	951.93	1,427.88

The Company performed its annual impairment test for the year ended 31 March 2018. The recoverable amount of power products business as at 31 March 2018 was determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The terminal growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 3% (31 March 2017: 3%).

Key assumptions used for value in use calculations and the sensitivity to changes in these assumptions are as follows:

EBITDA margin: EBITDA margin of revenue has been considered based on average values achieved in the two years preceding the valuation date. A decrease in EBITDA margin by 4.20% (31 March 2017: 1.50%) would result in impairment.

Discount rate: Discount rate represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. Segment-specific risk is incorporated by applying individual beta factor. The beta factor is evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

order to reflect a pre-tax discount rate. A rise in pre-tax WACC by 28.50% (31 March 2017: 4.92%) would result in impairment.

Growth rate: Growth rate has been considered for a period of five years based on management estimates and past trends. A decrease in growth rate by 12.20% (31 March 2017: 7.19%) during the next five year period would result in impairment.

NOTE 6: INVESTMENTS

(₹ in million)

Particulars	31 March 2018	31 March 2017
Non-current		
Investments at fair value through OCI		
Unquoted equity instruments		
1,243,529,411 (31 March 2017: 50,000) equity shares of Sterlite Power Grid Ventures Limited of ₹ 10 each fully paid up * $	35,100.83	1.01
Nil (31 March 2017: 1,243,479,411) compulsorily convertible preference shares of Sterlite Power Grid Ventures Limited of ₹ 10 each fully paid up	-	25,072.28
25,500 (31 March 2017: 25,500) Equity shares of East-North Interconnection Company Limited of ₹ 10 each fully paid up	0.26	0.26
112,500,000 (31 March 2017: 112,500,000) Equity shares of		
Sterlite Investment Managers Limited of ₹ 2 each partly paid up of ₹ 0.01 per share #	25.28	25.28
17,241 (31 March 2017: 17,241) Compulsorily convertible preference shares of Sharper Shape Group Inc of ₹ 10 each fully paid up	112.45	112.45
50,000 (31 March 2017: Nil) equity shares of Sterlite Convergence Limited of ₹10 each fully paid up	0.50	-
Total FVTOCI Investment	**35,239.31**	**25,211.27**
Investments at amortised cost		
Debt component of Reedemable preference shares		
1,000,000 (31 March 2017: 1,000,000) Reedeemable preference shares of		
Sterlite Investment Managers Limited of ₹ 10 each fully paid up	91.46	81.66

* The Company has entered into a contract for hedge of aluminium prices at LME denominated in USD on behalf of Sterlite Brazil Participacoes S.A. ('Sterlite Brazil') for supply of aluminium conductors to Sterlite Brazil which is a subsidiary of Sterlite Power Grid Ventures Limited ('SPGVL'). Therefore, an amount of ₹339.36 million being loss on hedge of aluminum prices for supply of aluminium conductors has been disclosed as contribution from parent to SPGVL.

$ Includes repayment of capital from a subsidiary of ₹ 734.17 million (31 March 2017: Nil).

Includes ₹ 23.28 million (31 March 2017: ₹ 23.28 million) in respect of equity component of redeemable preference shares of Sterlite Investment Managers Limited (formerly known as Sterlite Infraventures Limited)

Current		
Investments at amortised cost		
454,552,553 (31 March 2017: Nil) preference shares of	10,098.55	-
Sterlite Power Grid Ventures Limited of ₹ 10 each fully paid up *		
Investment in mutual funds - Quoted (valued at fair value through profit or loss)		
64,830.78 (31 March 2017: Nil) units of L&T Liquid Fund - Regular Daily Dividend option #	65.59	-

(₹ in million)

Particulars	31 March 2018	31 March 2017

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

* Sterlite Power Grid Ventures Limited ('SPGVL'), a subsidiary of the Company, issued 454,552,553 Optionally Convertible Redeemable Preference Shares ('OCRPS') with face value ₹ 10 per OCRPS, issued at ₹ 11 per OCRPS for a total consideration of ₹ 5,000.08 million (including premium of ₹454.55 million) out of which 409,098,008 (No.s) OCRPS were issued to Standard Chartered Financial Holdings, Mauritius ('Investor') in the financial year ended March 31, 2015 and 45,454,545 (No.s) OCRPS issued to Standard Chartered Private Equity Korea III Holdings Ltd. in the financial year ended March 31, 2016 pursuant to Subscription agreement and Shareholders' Agreement dated 7 July 2014 ('Agreements') executed among the Company, Sterlite Power Transmission Limited (SPTL) and the Investor.

The Company purchased the entire OCRPS in two tranches – the first tranche of OCRPS was purchased for an amount of ₹ 2,000 million in November 2017 and the balance OCRPS was purchased for a consideration of ₹8,100 million in January 2018 based on the fair value of the OCRPS. Further, post-acquisition, the OCRPS have been converted into non-convertible redeemable preference shares.

The Company has right to redeem the RPS on or before 31 March 2019 at a redemption premium of ₹12.22 per share out of the proceeds of the fresh issue and securities premium account or such other method as may be permitted under the Companies Act 2013 and rules made thereunder. The Company carry voting rights as per the provisions of section 47(2) of the Companies Act 2013. The Company is entitled to dividend on a cumulative basis at the rate of 0.01% per annum.

\# The investment is held as debt service reserve instrument

Total	**45,494.92**	**25,292.93**
Current	**10,164.15**	**-**
Non-current	**35,330.77**	**25,292.93**
Aggregate book value of quoted investments	**65.59**	**-**
Aggregate value of unquoted investments	**45,429.32**	**25,292.93**
Aggregate amount of impairment in value of investments	**-**	**-**

Investments at fair value through OCI reflect investment in unquoted equity securities. Refer Note 42 for determination of their fair values.

NOTE 7: LOANS (unsecured, considered good)

(₹ in million)

Particulars	31 March 2018	31 March 2017
Current		
Loans to related party (refer Note 46)	177.93	193.47
Total	**177.93**	**193.47**

Loans are non-derivative financial assets which generate a fixed interest income for the Company

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 8: TRADE RECEIVABLES

(₹ in million)

Particulars	31 March 2018	31 March 2017
Non-current		
Trade receivables	322.12	317.51
Break-up for security details:		
- Unsecured, considered good	-	-
- Unsecured, considered doubtful	322.12	317.51
	322.12	**317.51**
Impairment allowance (allowance for bad and doubtful debts)		
- Unsecured, considered doubtful	322.12	317.51
	322.12	317.51
Total non-current trade receivables	-	-
Current		
Trade receivables	7,489.50	3,894.91
Receivables from other related parties (refer Note 46)	1,608.40	654.67
Total	**9,097.90**	**4,549.58**
Break-up for security details:		
- Unsecured, considered good	9,097.90	4,549.58
- Considered doubtful	-	-
	9,097.90	**4,549.58**
Impairment allowance (allowance for bad and doubtful debts)		
- Unsecured, considered good	-	-
- Considered doubtful	-	-
	9,097.90	**4,549.58**
Total current trade receivables	**9,097.90**	**4,549.58**

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

The company has entered into an arrangement with HDFC Bank Limited for non recourse factoring pursuant to which the company has derecognised trade receivables of ₹ 1,043.09 million (31 March 2017: ₹ 1,275.51 million).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 9: OTHER FINANCIAL ASSETS

(₹ in million)

Particulars		31 March 2018	31 March 2017
Non-current			
Security deposits (unsecured, considered good)		9.46	11.08
Total other non-current financials assets		**9.46**	**11.08**
Current			
Security deposits (Unsecured, considered good)		6.06	5.42
Insurance claim receivable*		19.64	55.20
Earnest money deposit with customer		43.76	57.31
Receivable from related parties (refer Note 46)		68.61	-
Other receivables		13.60	-
	(A)	**151.67**	**117.93**
Derivative instruments at fair value through OCI			
- Commodity future contracts		-	655.12
	(B)	**-**	**655.12**
Total other current financial assets	**(C=A+B)**	**151.67**	**773.05**

Security deposits are non-derivative financial assets and are refundable in cash. These are measured based on effective interest method

Derivative instruments reflect the change in fair value commodity future contracts, designated as cash flow hedges to hedge highly probable forecasts/firm commitments for sales and purchases in US Dollars (USD) and Euros (EUR).

Earnest money deposit from customers are non-derivative financial assets and are refundable in cash. These are measured based on effective interest method.

Receivables from related parties are non-derivative financial assets and are refundable in cash.

* Insurance claim receivable is net of impairment allowance of ₹ 25.00 million (31 March 2017: ₹ Nil) for doubtful claim receivable

NOTE 10: OTHER ASSETS

(₹ in million)

Particulars	31 March 2018	31 March 2017
Non-current		
Capital advances (unsecured, considered good)	-	14.74
Advance income tax, including TDS	54.72	37.15
Advances recoverable (unsecured)	-	12.49
Total other non-current assets	**54.72**	**64.38**
Current		
Advances recoverable (unsecured)	206.77	120.25
Balances with government authorities	1,808.50	407.31
Prepaid expenses	161.39	44.15
Gross amount due from customers for contract as an asset (refer Note 41)	350.44	3.38
Total other current assets	**2,527.11**	**575.09**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 11: INVENTORIES

(₹ in million)

Particulars	31 March 2018	31 March 2017
(Valued at lower of cost and net realisable value)		
Raw materials and components [Includes stock in transit ₹ 328.67 million (31 March 2017: ₹ 5.17 million)]	1,486.02	794.58
Work-in-progress	287.67	482.68
Finished goods [Includes stock in transit ₹ 0.70 million (31 March 2017: ₹ 81.83 million)]	201.07	373.27
Traded goods	38.50	14.69
Stores, spares, packing materials and others	71.41	73.21
Total	**2,084.68**	**1,738.43**

NOTE 12: CASH AND CASH EQUIVALENTS

(₹ in million)

Particulars	31 March 2018	31 March 2017
Balances with banks:		
On current accounts	479.30	421.25
Deposits with original maturity of less than 3 months*	-	30.00
Cash in hand	0.43	0.41
Total	**479.73**	**451.66**

* Includes ₹ Nil (31 March 2017: ₹ 22.50 million) held as lien by banks against bank guarantees

NOTE 13: OTHER BANK BALANCES

(₹ in million)

Particulars	31 March 2018	31 March 2017
Deposits with original maturity for more than 3 months but less than 12 months*	308.75	386.17
Total	**308.75**	**386.17**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between three months and twelve months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

* Includes ₹ 67.01 million (31 March 2017: ₹ 99.00 million) held as lien by banks against bank guarantees and ₹ 287.20 million (31 March 2017: ₹ 304.70 million) held in debt service reserve account.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 14: SHARE CAPITAL

(₹ in million)

Particulars	31 March 2018	31 March 2017
Authorised shares (nos. million)		
80.00 (31 March 2017: 80.00) equity shares of ₹2 each	160.00	160.00
Issued, subscribed and fully paid-up shares (nos. million)		
61.18 (31 March 2017: 61.18) equity shares of ₹ 2 each fully paid - up.	122.36	122.36
Total issued, subscribed and fully paid-up share capital	122.36	122.36
a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period		
	Nos. in million	**₹ in million**
At 1 April 2016	-	-
Add: Issued during the year	61.18	122.36
At 31 March 2017	**61.18**	**122.36**
Add: Issued during the year	-	-
At 31 March 2018	**61.18**	**122.36**

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders

c. Shares held by holding company and their subsidiaries/associates:

Particulars	31 March 2018		31 March 2017	
	No. in million	% holding	No. in million	% holding
Immediate holding company				
Twin Star Overseas Limited, Mauritius	43.67	71.38%	43.67	71.38%
Subsidiary of Volcan Investments Limited, Bahamas [Ultimate holding company]				
Vedanta Limited	0.95	1.56%	0.95	1.56%

d. Detail of shareholders holding more than 5 % of shares in the company

Particulars	31 March 2018		31 March 2017	
	No. in million	% holding	No. in million	% holding
Twin Star Overseas Limited, Mauritius (Immediate Holding company)	43.67	71.38%	43.67	71.38%

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 15 : OTHER EQUITY

(₹ in million)

Particulars	31 March 2018	31 March 2017
Securities premium		
Balance as per last financial statements	6,748.37	-
Less: Amount utilised for payment of premium on redemption of preference shares during the year	(2,211.57)	
Add: Additions on issue of equity shares	-	6,748.37
Closing balance	**4,536.80**	**6,748.37**
Deficit in the statement of profit and loss		
Balance as per last financial statements	(1,369.99)	(967.68)
Add: Balance transferred for redemption of preference shares to the extent of premium on redemption*	2,211.57	-
Loss for the year	(1,062.52)	(400.91)
Other comprehensive income	1.64	(1.40)
Net deficit in the statement of profit and loss	**(219.30)**	**(1,369.99)**
Others		
FVTOCI reserve		
Balance as per last financial statements	9,042.69	5,362.43
Add: Fair value of investments through OCI (net of deferred tax)	7,969.56	3,680.26
Closing balance	**17,012.25**	**9,042.69**
Cash flow hedge reserve		
Balance as per last financial statements	235.44	(598.45)
Add: Cash flow hedge reserve created on hedging contracts	(88.99)	235.44
Less: Amount reclassified to statement of profit and loss	235.44	(598.45)
Closing balance	**(88.99)**	**235.44**
Total other reserves	**16,923.26**	**9,278.12**

* The Company measured financial liability for redeemable preference shares at amortised cost. At the time of redemption of preference shares, as permitted by section 52(2) of the Companies Act,2013, the Company utilised balance available in securities premium towards the payment of premium on the redemption of redeemable preference shares. Thus, amount to the extent of premium on redemption is transferred to retained earnings.

NOTE 16A NON CURRENT BORROWINGS

(₹ in million)

Particulars	31 March 2018	31 March 2017
Non-current		
Term loans		
Indian rupee loans from banks	600.00	2,782.75
Indian rupee loans from financial institution	8,764.04	2,368.71
Loan from related parties (refer Note 46)	8,216.13	-
Redeemable preference shares (unsecured)		
18,000,000 (31 March 2017: Nil) redeemable preferences shares of ₹ 2 each	35.79	-
Long-term maturities of finance lease obligation		
Obligations under finance lease	0.41	3.42
Total non-current borrowings	**17,616.37**	**5,154.89**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

Particulars	31 March 2018	31 March 2017
Current maturies of long-term borrowing (included in Note 18) (Secured)	3,297.97	1,152.94
Indian rupee loans from banks	752.49	1,061.13
Indian rupee loans from financial institution	2,545.47	91.81
Current maturies of redeemable preference shares (Unsecured) (included in Note 18)	-	2,010.19
Current maturies of finance lease obligations (Secured) (included in Note 18)	2.92	3.69
Interest accrued on long term borrowings (Secured)	19.50	21.65
Interest accrued on redeemable preference shares (Unsecured)	-	89.29
Total	**3,320.39**	**3,277.75**

a) Indian rupee term loan from the bank amounting to ₹171.90 million carries interest @ Base rate + 1% p.a. Loan amount is repayable in 1 quarterly equated installments of ₹ 93.75 million and the last installment of ₹ 78.15 Cr (excluding interest). The term loan is secured by pari passu charge on below:

a) First charge on all movable fixed assets of the Company, present & future.

b) First charge on all immoveable fixed assets of the Company, present & future

c) Pledge of 53.04% equity shareholding and 69.64% CCPS of SPGVL

d) First charge all receivables , present & future

e) Second charge on all current assets,present & future except assets as mentioned in “”d”” above for which lender shall have first charge)

b) Indian rupee term loan from banks amounting to ₹ 1,200.00 million carries interest @ LTMLR + 0.75% p.a. Loan amount is repayable in 12 quarterly equated installments of ₹ 150 million (excluding interest) starting from June 2017.

The term loan is secured by pari passu charge on below:

a) First charge on all movable fixed assets of the Company, present & future.

b) First charge on all immoveable fixed assets of the Company, present & future

c) Pledge of 53.04% equity shareholding and 69.64% CCPS of SPGVL

d) First charge all receivables , present & future

e) Second charge on all current assets,present & future except assets as mentioned in “”d”” above for which lender shall have first charge)

c) Indian rupee term loan from financial institution amounting to ₹ 500.00 million carries interest @ MCLR +225 BPS p.a. Loan amount is repayable in 5 annual installments starting

from December 2018 in 5%,10%,20%,30% & 35% of loan amount. The term loan is secured by pari passu charge on below:

a) First charge on all movable fixed assets of the Company, present & future.

b) First charge on all immoveable fixed assets of the Company, present & future

c) Pledge of 53.04% equity shareholding and 69.64% CCPS of SPGVL

d) First charge all receivables , present & future

e) Second charge on all current assets,present & future except assets as mentioned in “”d”” above for which lender shall have first charge)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

d) Indian rupee term loan from financial institution amounting to ₹ 1400.00 million carries interest @ 11% p.a. Balance loan amount is repayable in 4 annual installments 10%,20%,30% & 35% of loan amount.

The term loan is secured by pari passu charge on below:

a) First charge on all movable fixed assets of the Company, present & future.

b) First charge on all immoveable fixed assets of the Company, present & future

c) Pledge of 53.04% equity shareholding and 69.64% CCPS of SPGVL

d) First charge all receivables , present & future

e) Second charge on all current assets,present & future except assets as mentioned in “”d”” above for which lender shall have first charge)

e) Indian rupee term loan from banks amounting to ₹ 2030.00 million carries interest @ HDFC MCLR + 2.15% p.a. First tranche of the loan amount of ₹ 700.00 million is repaid in Feb 2018 and balance loan amount is repayable in 10 quarterly instalments starting from June 2018. The term loan is secured by pari passu charge on below:

a) First Ranking and pari passu charge on the Mortgaged properties

b) First ranking and pari passu charge by the way of hypothecation on all the Movable Fixed Assets

c) First Ranking and pari passu charge by the way of hypothecation on all the Recievables

d) Second Ranking and pari passu charge by the way of hypothecation on all the Current Assets

e) First ranking and pari passu pledge over atleast 51% Pledged Securities of SPGVL held by the borrower

f) Indian rupee term loan from financial institution amounting to ₹ 8100.00 million carries interest @ L&T infra PLR minus Spread. The loan amount of ₹ 2000.00 million is repayable in the month of June 2018 and balance is repayable on completion of 36 months from the date of disbursement i.e. Jan 2018

The term loan is secured by pari passu charge on below:

a) A first ranking and pari passu mortgage on the Mortgaged Property , both present and future

b) First ranking and pari passu charge by the way of hypothecation on all the Movable Fixed Assets, both present and future

c) First Ranking and pari passu charge by the way of hypothecation on all the Recievables, both present and future

d) An exclusive charge by the way of hypothecation on the DSRA, The DSR term Deposit and The DSR term Instruments (if any), both present and future

g) The preference shares carry 0.01% non cumulative dividend. Holders of preference shares have a preferential right to receive their redemption value in precedence to holders’ of equity shares in the event at liquidation. There shares carrying face value of ₹2 per share are to be redeemed at a premium of 8% compounded annually.

h) Indian rupee loan from subsidiary amounting to ₹9,200 million and carries nil rate of interest. The loan is repayable on 10 April 2019. Since the interest rate of loan is below market rate, an amount of ₹734.17 million (net of deferred tax of ₹ 394.28 million) has been classified as repayment of investment by subsidiary and same has been reduced from investments in subsidiary (refer Note 6).

i) “Finance lease obligation is secured by hypothecation of laptops taken on lease. The interest rate implicit in the lease is 10% p.a. The gross investment in lease i.e. lease obligation and interest is payable in quarterly installments at approximately ₹ 0.75 million.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

Loan Convenants

Bank loans contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, net Borrowings to EBITDA ratio and debt service coverage ratio. The limitation on indebtedness covenant gets suspended if the Company meets certain prescribed criteria. The debt covenant related to limitation on indebtedness remained suspended as of the date of the authorisation of the financial statements. The Company has also satisfied all other debt covenants prescribed in the terms of bank loan.

Redeemable Preference Shares

(₹ in million)

Particulars	31 March 2018	31 March 2017
Authorised shares (nos. million)		
36.40 (31 March 2017: 36.40) redeemable preference shares of ₹ 2 each	72.80	72.80
Issued, subscribed and fully paid-up shares (nos. million)		
Nil (31 March 2017: 17.90) non cumulative redeemable preference shares of ₹ 2 each		
- Nominal Value	-	35.80
- Securities Premium	-	1,969.02
Issued, subscribed and fully paid-up shares (nos. million)		
18.00 (31 March 2017: Nil) cumulative redeemable preference shares of ₹ 2 each		
- Nominal Value	36.00	-
- Securities Premium	-	-

Terms/rights attached to equity shares

The cumulative redeemable preference shares carry preference dividend at 0.01% per annum. Holders of preference shares have a preferential right to receive their redemption value in precedence to holders' of equity shares in the event at liquidation. These shares of face value of ₹2 per share were issued at par and will be redeemed on 28 December 2020 at a premium of 8% compounded annually.

Reconciliation of the preference shares outstanding at the beginning and at the end of the reporting period

Particulars	Nos. in million	₹ in million
At 31 March 2016	-	-
Add: Issued during the year	17.90	35.80
At 31 March 2017	**17.90**	**35.80**
Less: Redeemed during the year	(17.90)	(35.80)
Add: Issued during the year	18.00	36.00
At 31 March 2018	**18.00**	**36.00**

Details of preference shareholders holding more than 5% of shares in the company

Particulars	31 March 2018		31 March 2017	
	No. in million	% holding	No. in million	% holding
Yes Bank Limited	-	0.00%	16.81	93.93%
Clix Finance India Private Limited	18.00	100.00%	-	0.00%

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 16B : SHORT TERM BORROWINGS

(₹ in million)

Particulars	31 March 2018	31 March 2017
Cash credit from banks (Secured)	142.08	1,300.57
Working capital demand loans from banks (Secured)	1,750.00	1,700.00
Packing credit (Secured)	1,272.06	2,422.77
Receivables discounted (Secured)	897.24	-
Other loan from banks (Secured)	512.20	112.75
Suppliers credit (Secured)	282.61	30.23
Total	**4,856.18**	**5,566.32**
The above amount includes		
Secured borrowings	4,856.18	5,566.32
Unsecured borrowings	-	-
Net amount	**4,856.18**	**5,566.32**

(i) Cash credit is secured by hypothecation of raw materials , work in progress, finished goods and trade receivables. The cash credit is repayable on demand and carries interest @ 9.35% -12.50 % p.a.

(ii) Working capital demand loans from banks are secured by hypothecation of raw materials , work in progress, finished goods and trade receivables.Working Capital Demand Loan is generally taken for a period of 30-180 days and carries interest @ 9.55%-9.75%. p.a.

(iii) Export packing credits are secured by hypothecation of raw materials , work in progress, finished goods and trade receivables and is generally taken for a period of 180 days. It carries interest @ 8.85% - 9.70% p.a.

(iv) Trade receivables are generally discounted for a period of 180 days and carries interest @ 8.10% to 9.50% p.a.

(v) Buyer's credit arrangements are secured by hypothecation of raw materials , work in progress,finished goods and trade receivables.Buyer's credit is repaid / rolled over after a period of six months and carry interest '@ 1.51-1.91% p.a. (excluding hedging premium).

(vi) Suppliers' credit arrangements are secured by hypothecation of raw materials , work in progress,finished goods and trade receivables.Suppliers' credit is repaid after a period of six months where foreign currency suppliers credit carry interest @ 1.50%-2.50% p.a. in (excluding hedging premium) and domestic suppliers credit carry interest '@8.00% - 9.50% p.a.

NOTE 17 : TRADE PAYABLES

(₹ in million)

Particulars	31 March 2018	31 March 2017
Current		
Trade payables (including acceptances) (refer Note 40 for details of dues to Micro, small and medium enterprises)	7,537.93	3,820.56
Current		
Trade payables	3,543.29	3,668.27
Trade payables to related parties (refer Note 46)	3,994.63	152.29
Total	**7,537.93**	**3,820.56**

Trade payables are non-interest bearing and are normally settled on 60-90 days terms

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 18 : OTHER FINANCIAL LIABILITIES

(₹ in million)

Particulars	31 March 2018	31 March 2017
Non Current		
Other financial liabilities at amortised cost		
Payables for property, plant and equipment	194.04	205.96
Payable for employee stock appreciation rights (refer Note 48)	9.86	-
Total non-current financial liabilities	**203.90**	**205.96**
Current		
Derivative instruments		
- Commodity futures	583.76	-
- Forward contracts	140.92	400.04
	724.68	**400.04**
Current maturities of long-term borrowings (refer Note 16A)	3,297.97	3,252.42
Current maturities of finance lease obligations (refer Note 16A)	2.92	3.69
Interest accrued on borrowings	19.50	21.65
Interest free deposit from customers	1.00	1.17
Earnest money deposit from vendors	7.85	6.87
Payables for property plant & equipment*	2.29	15.45
Others	223.37	382.89
Total	**4,279.58**	**4,084.18**

* Payables for purchase of property, plant and equipment are non-interest bearing and are normally settled on 30-90 days terms. It also includes the current maturities of long term payables for purchase of property, plant and equipment which have been valued at amortised cost. It also includes deferred payables for purchase of property, plant and equipment. Deferred payables where credit terms allowed by the vendors are beyond normal credit terms have been measured at cash price equivalent and the differential amount is recognised as interest expense over the period of credit.

Derivative instruments reflect the change in fair value of foreign exchange forward contracts and commodity future contracts, designated as cash flow hedges to hedge highly probable forecasts/firm commitments for sales and purchases in US Dollars (USD) and Euros (EUR).

Interest free deposits from customer and earnest money deposits to vendor are non interest bearing.

Other payables are non-interest bearing and have an average term of 30 -60 days Interest payable is normally settled within 30 days throughout the financial year.

For explanations on the Company's credit risk management processes, refer to Note 44

NOTE 19 : EMPLOYEE BENEFIT OBLIGATIONS

(₹ in million)

Particulars	31 March 2018	31 March 2017
Non-current		
Provision for employee benefits		
Provision for gratuity (refer Note 34)	29.51	21.09
Total	**29.51**	**21.09**
Current		
Provision for employee benefits		
Provision for gratuity (refer Note 34)	2.84	8.49
Provision for leave benefit	20.44	23.52
Total	**23.28**	**32.01**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 20: DEFERRED TAX LIABILITIES (NET)

(₹ in million)

Particulars	31 March 2018	31 March 2017
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation for financial reporting	89.91	99.44
Fair valuation of land on transition date	38.86	38.86
Fair valuation of FVTOCI investments	5,355.49	2,898.35
Equity component of interest free loan received from subsidiary	344.41	-
MTM of forward contracts and commodity future contracts	-	124.61
Gross deferred tax liability	**5,828.67**	**3,161.26**
Deferred tax assets		
Provision for doubtful debts and advances	112.55	-
Business loss	312.69	224.05
Gross deferred tax assets	**425.24**	**224.05**
Net deferred tax liability	**5,403.43**	**2,937.21**
Reconciliation of deferred tax liability		
Opening deferred tax liability, net	2,937.20	1,890.92
Deferred tax credit recorded in statement of profit and loss	(260.58)	(182.11)
Deferred tax charge recorded in OCI	2,457.14	1,228.38
Deferred tax charge on equity component of loan accepted from subsidiary (refer Note 16A)	394.28	-
Deferred tax gain credited to Cash flow hedge reserve	(124.61)	
Closing deferred tax liability, net	**5,403.43**	**2,937.20**
The major components of income tax expense for the years ended 31 March 2018 and 31 March 2017 are:		
Profit or loss section		
Current Income Tax	-	-
Deferred Tax		
Relating to origination and reversal of temporary differences	(260.58)	(182.11)
Income tax expenses reported in the statement of profit or loss	**(260.58)**	**(182.11)**
OCI Section		
Deferred tax related to items recognised in OCI during in the year:	(2,457.14)	(1,103.77)
Net (gain)/loss on revaluation of cash flow hedges	-	(124.61)
Re-measurement loss defined benefit plans	-	
Income tax charged through OCI	**(2,457.14)**	**(1,228.38)**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2018 and 31 March 2017

(₹ in million)

	31 March 2018	31 March 2017
Accounting loss before income tax	**(1,323.10)**	**(583.03)**
At India's statutory income tax rate of 34.94% (31 March 2017: 34.61%)	(462.29)	(201.78)
Adjustments in respect of deferred tax of previous years	-	57.50
Deferred tax not created on business losses	-	(37.82)
Others	201.71	-
At the effective income tax rate of 19.69% (31 March 2017: 31.24%)	**(260.58)**	**(182.11)**
Income tax expense reported in the statement of profit and loss	**(260.58)**	**(182.11)**

NOTE 21: OTHER LIABILITIES

(₹ in million)

Particulars	31 March 2018	31 March 2017
Current Liabilities		
Advance from customers	1,385.49	1,233.33
Service tax payable	-	12.12
GST payable	858.63	-
TDS payable	32.53	17.09
Value added tax payable	-	1.38
Central sales tax payable	-	6.63
Gross amount due to customers for contract work as a liability (refer Note 41)	97.18	26.06
Others	344.32	299.22
Total	**2,718.15**	**1,595.84**

NOTE 22: REVENUE FROM OPERATIONS

(₹ in million)

Particulars	31 March 2018	31 March 2017
Sale of products		
Finished goods (including excise duty)*	20,815.73	20,308.36
Traded goods	316.83	265.02
Revenue from projects (refer Note 41)	2,540.41	1,731.26
Sale of services	131.90	605.93
Other operating revenue		
Scrap sales	96.93	107.66
Export incentive #	60.57	56.40
Revenue from operations	**23,962.35**	**23,074.62**

* Sale of finished goods includes excise duty collected from customers of ₹ 218.88 million (31 March 2017: ₹ 1,863.26 million). Sale of finished goods net of excise duty is ₹ 20,243.23 million (31 March 2017: INR 18,445.10 million). Revenue from operations for periods up to 30 June 2017 includes excise duty. From 1 July 2017 onwards the excise duty and most indirect taxes in India have been replaced by Goods and Service Tax (GST). The company collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations. In view of the aforesaid change in indirect taxes, Revenue from operations year ended 31 March 2018 is not comparable with 31 March 2017.

Export incentive are subject to realisation of proceeds of exports from customers

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 23: FINANCE INCOME

(₹ in million)

Particulars	31 March 2018	31 March 2017
Interest income on		
Bank deposits	28.01	14.42
Loan to related parties (refer Note 46)	20.77	9.40
Gain on sale of mutual funds	1.28	20.12
Gain on fair valuation of financial assets at fair value through profit or loss	0.59	-
Others	25.18	12.81
Total	**75.84**	**56.75**

NOTE 24: OTHER INCOME

(₹ in million)

Particulars	31 March 2018	31 March 2017
Management fee income from related parties (refer Note 46)	84.00	-
Profit on sale of property, plant and equipment (net)	27.52	4.74
Miscellaneous income	0.25	2.96
Total	**111.76**	**7.70**

NOTE 25: COST OF RAW MATERIAL AND COMPONENTS CONSUMED

(₹ in million)

Particulars	31 March 2018	31 March 2017
Inventory at the beginning of the year	794.58	1,002.17
Add: Purchases	17,896.59	15,037.37
	18,691.17	**16,039.54**
Less: Inventory at the end of the year	1,486.02	794.58
Cost of raw material and components consumed	**17,205.14**	**15,244.97**

NOTE 26: PURCHASE OF TRADED GOODS AND SUBCONTRACTING EXPENSES

(₹ in million)

Particulars	31 March 2018	31 March 2017
Traded goods purchased	1,071.56	480.45
Subcontracting charges*	391.56	376.76
	1,463.11	**857.21**

*These charges pertain to services availed in relation to construction contracts

NOTE 27: DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS

(₹ in million)

Particulars	31 March 2018	31 March 2017
Opening inventories:		
Traded goods	14.69	50.30
Work-in-progress	482.68	455.87
Finished goods	373.27	562.38
	870.64	**1,068.55**
Closing inventories:		
Traded goods	38.50	14.69
Work-in-progress	287.67	482.68
Finished goods	201.07	373.27
	527.25	**870.64**
Decrease in inventories of finished goods, work-in-progress and traded goods	**343.39**	**197.91**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 28: EMPLOYEE BENEFITS EXPENSE

(₹ in million)

Particulars	31 March 2018	31 March 2017
Salaries, wages and bonus	598.44	440.27
Contribution to provident fund and superannuation fund	18.14	14.97
Employees stock appreciation rights expense (refer Note 48)	9.86	8.01
Gratuity expense (refer Note 34)	7.18	5.42
Staff welfare expenses	36.50	27.15
Total	**670.12**	**495.82**

NOTE 29: OTHER EXPENSES

(₹ in million)

Particulars	31 March 2018	31 March 2017
Decrease of excise duty on inventory	21.81	28.77
Consumption of stores and spares	104.51	106.32
Power, fuel and water	249.40	270.19
Repairs and maintenance		
- Building	12.97	5.02
- Machinery	88.66	109.98
Service expenses and labour charges	294.62	221.06
Consumption of packing materials	527.25	555.88
Sales commission	96.91	110.06
Sales promotion	24.91	29.13
Carriage outwards	516.54	390.59
Rent	43.66	25.69
Insurance	26.06	22.68
Rates and taxes	37.72	10.31
Travelling and conveyance	126.94	122.00
Bad debts / advances written off	-	6.87
Provision for doubtful debts and advances	4.61	86.93
Directors sitting fee and commission	0.61	0.34
Payment to auditor (refer details below)	4.66	5.80
Miscellaneous expenses	611.07	414.75
Total	**2,792.92**	**2,522.37**

Payment to auditor

(₹ in million)

Particulars	31 March 2018	31 March 2017
As auditor:		
Audit fee (including audit of consolidated financial statement)	3.81	3.96
Tax audit fee	0.80	0.40
In other capacity:		
Other services (including certification fees)	0.05	1.44
Total	**4.66**	**5.80**

The Company is not required to spend on CSR as per Section 135 of the Companies Act,2013

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 30: DEPRECIATION AND AMORTISATION EXPENSE

(₹ in million)

Particulars	31 March 2018	31 March 2017
Depreciation of tangible assets	285.91	311.03
Amortisation of intangible assets	4.37	1.63
Amortisation of goodwill	475.96	475.96
Total	**766.24**	**788.62**

NOTE 31: FINANCE COST

(₹ in million)

Particulars	31 March 2018	31 March 2017
Interest on financial liabilities measured at amortised cost	1,764.70	1,600.41
Bill discounting and factoring charges	106.47	39.36
Bank charges	132.89	90.98
Exchange difference to the extent considered as an adjustment to borrowing costs	9.20	21.19
Total	**2,013.25**	**1,751.94**

NOTE 32: EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the loss and share data used in the basic and diluted EPS computation

(₹ in million)

Particulars	31 March 2018	31 March 2017
Loss for the year	(1,062.52)	(400.92)
Weighted average number of equity shares in calculating basic and diluted EPS	61.18	61.18
Earnings per share		
Basic and diluted (on nominal value of ₹ 2 per share) Rupees/share	(17.37)	(6.55)

NOTE 33: SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, 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.

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. The Company 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 Company. Such changes are reflected in the assumptions when they occur.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for goodwill including a sensitivity analysis, are disclosed and further explained in Note 5.

Revenue recognition for construction contracts

As described in Note 2.1, revenue and costs in respect of construction contracts are recognised by reference to stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Company estimates the total cost of the project at each period end. These estimates are based on the rates agreed with vendors/sub contractors and management's best estimates of the costs that would be incurred for the completion of project based on past experience and/or industry data. These estimates are re-assessed at each period end. Variations in contract works, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. When it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 34

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these 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 cost of equity, cost of debt, project cost, debt refinancing after project completion, liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 42 and 43 for further disclosures.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The company has recognised deferred tax assets of ₹ 312.69 million (31 March 2017: Nil) on tax losses and unabsorbed depreciation carried forward considering the proposed merger with effect from 1 April 2017 of it's subsidiary SPGVL which had adequate taxable income against which the DTA can be utilised. Further details on taxes are disclosed in Note 20.

NOTE 34: GRATUITY AND OTHER POST EMPLOYMENT BENEFIT PLANS

The Company has a defined benefit gratuity plan. 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:

(₹ in million)

Particulars	31 March 2018	31 March 2017
Defined benefit obligation at the beginning of the year	29.58	23.77
Interest Cost	2.14	1.90
Current service cost	4.73	3.52
Past service cost	0.31	-
Benefit paid directly by the employer	(2.78)	(0.99)
Actuarial (gain)/loss due to change in financial assumptions	(1.33)	1.56
Actuarial (gain)/loss on obligation due to experience	(0.31)	(0.16)
Present value of defined benefit obligation at the end of the year	**32.35**	**29.58**

Details of defined benefit obligation

(₹ in million)

Particulars	31 March 2018	31 March 2017
Present value of defined benefit obligation	32.35	29.58
Fair value of plan assets	-	-
Benefit liability	**32.35**	**29.58**

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

(₹ in million)

Particulars	31 March 2018	31 March 2017
Current service cost	4.73	3.52
Interest cost on benefit obligation	2.14	1.90
Past service cost	0.31	-
Net benefit expense	**7.18**	**5.42**

Expenses recognised in Other comprehensive income (OCI) for current year

(₹ in million)

Particulars	31 March 2018	31 March 2017
Acturial (gain)/loss on obligation for the year	(1.64)	1.40
Return on plan assets , excluding interest income	-	-
Change in asset ceiling	-	-
Net (Income)/Expense for the period recognised in OCI	**(1.64)**	**1.40**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

Amounts for the current and previous periods are as follows:

(₹ in million)

Particulars	31 March 2018	31 March 2017
Defined benefit obligation	32.35	29.58
Plan assets	-	-
Surplus / (deficit)	32.35	29.58
Experience adjustments on plan liabilities	(0.31)	(0.16)
Experience adjustments on plan assets	-	-

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

Particulars	31 March 2018	31 March 2017
Discount rate	7.80%	7.22%
Expected rate of return on plan asset	NA	NA
Employee turnover	10.00%	10.00%
Expected rate of salary increase	8.00%	8.00%
Actual rate of return on plan assets	NA	NA

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. The overall expected rate of return on plan assets is determined based on the market prices prevailing as on balance sheet date, applicable to the period over which the obligation is to be settled.

Sensitivity anaysis

(₹ in million)

Particulars	31 March 2018	31 March 2017
Projected benefit obligation on current assumptions	32.35	29.58
Delta effect of +1% change in rate of discounting	(2.07)	(1.98)
Delta effect of -1% change in rate of discounting	2.35	2.25
Delta effect of +1% change in rate of salary increase	2.08	2.21
Delta effect of -1% change in rate of salary increase	(1.90)	(1.98)
Delta effect of +1% change in rate of employee turnover	(0.09)	(0.22)
Delta effect of -1% change in rate of employee turnover	0.09	0.23

Maturity analysis of projected benefit obligation to be paid by the employer

(₹ in million)

Particulars	31 March 2018	31 March 2017
Projected benefits payable in future years from the date of reporting		
1st following year	2.84	2.50
2nd following year	2.86	2.70
3rd following year	2.99	2.52
4th following year	3.30	2.62
5th following year	3.95	2.77
Sum of years 6 to 10	14.42	13.36
Beyond 10 years	33.48	29.97

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 35: LEASES

Operating lease

Company as lessee:

The Company has taken office buildings on operating lease with lease term between three and nine years. These lease arrangements are renewable at the option of the Company.

(a) Lease payments recognised in the statement of profit and loss for the year is ₹ 43.14 million (31 March 2017: ₹ 25.69 million).

(b) The future minimum lease payments payable within next one year is ₹ 29.85 million (31 March 2017: ₹ 18.00 million).

(c) The future minimum lease payments payable later than one year but not later than five years is ₹ 91.39 million (31 March 2017: ₹ 46.9 million).

(d) The future minimum lease payments payable later than five years is ₹ 67.48 million (31 March 2017: ₹ Nil).

Finance lease

Company as lessee:

The Company has taken laptops on finance lease with lease term of three years.

Future minimum lease payments under finance lease with the present value of the net minimum lease payments (MLP) are as follows

Particulars	31 March 2018 (₹ in million)		31 March 2017 (₹ in million)	
	Minimum payment	Present value of MLP	Minimum payment	Present value of MLP
Within one year	3.71	2.92	4.25	3.69
After one year but not more than five years	0.53	0.41	4.15	3.42
Total minimum lease payments	4.25	3.33	8.41	7.11
Less: amounts representing finance charges	0.92	-	1.30	-
Present value of minimum lease payments	3.33	3.33	7.11	7.11

NOTE 36: CAPITAL AND OTHER COMMITMENTS

a] Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) are ₹ 63.57 million (31 March 2017: ₹ 132.28 million).

b] The Company has entered into agreements with the lenders of its subsidiary, RAPP Transmission Company Limited, wherein it has committed to hold directly or indirectly at all times at least 51% of equity share capital of below mentioned subsidiaries and not to sell, transfer, assign, pledge or create any security interest except pledge of shares to the respective lenders as covered in respective agreements with lenders.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 37: CONTINGENT LIABILITIES

(₹ in million)

	Particulars	31 March 2018	31 March 2017
1	Disputed liabilities in appeal		
	a) Service tax	3.03	-
	b) Excise duty	123.45	419.00
	c) Customs duty	60.34	-
2	Outstanding amount of export obligation against advance license	-	60.68
3	Corporate guarantees given on behalf of its subsidiaries for loans and hedging facilities taken from bank/financial institution (to the extent of loans and hedging facilities outstanding as at balance sheet date) [(The total amount of corporate guarantees is ₹ 300 million (31 March 2017: ₹300 million)]	300.00	300.00
4	Bank guarantee given to Long Term Transmission Customers on behalf of its subsidiary companies.	461.63	461.63

The Company has not provided for disputed service tax, excise duty and customs duty arising from disallowances made in assessments which are pending with appellate authorities for its decision. The Company is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations.

It is not practicable to indicate the uncertainties which may affect the future outcome and estimate the financial effect of the above liabilities.

NOTE 38: HEDGING ACTIVITIES AND DERIVATIVES

Cash flow hedges

Foreign exchange forward contracts

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of highly probable forecast transactions/firm commitments for sales and purchases in USD and EUR. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss.

Commodity Contracts

Commodity futures entered in London Metal Exchange (LME) measured at fair value through OCI are designated as hedging instruments in cash flow hedges of highly probable forecast transactions/firm commitments for purchases of Aluminium and copper. The futures contract balances vary with the level of expected quantity of purchases of aluminium and copper. The terms of the future contracts match the terms of the expected highly probable forecast transactions/firm commitments. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss.

The cash flow hedges during the year ended 31 March 2018 were assessed to be highly effective and a net unrealised loss of ₹ 88.99 million relating to the hedging instruments, is included in OCI. Comparatively, the cash flow hedges during the year ended 31 March 2017 were assessed to be highly effective and an unrealised gain of ₹ 235.44 million was included in OCI in respect of these contracts. The amounts retained in OCI at 31 March 2018 are expected to mature and affect the statement of profit and loss during the year ended 31 March 2019.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 39: DERIVATIVE INSTRUMENTS

(a) The following are the outstanding forward exchange contracts entered into by the company, for hedge purpose, as on 31 March 2018

Purpose	Foreign currency (In million)	Amount (₹ in million)	Buy/Sell	No. of contracts (Quantity)
31 March 2018				
Hedge of payables, buyers credit, foreign currency demand loan and highly probable foreign currency purchases	US $ 137.42	8,938.10	Buy	400
Hedge of trade receivables and highly probable foreign currency sale	US $ 77.54	5,043.06	Sell	189
Hedge of payables, buyers credit and highly probable foreign currency purchases	EUR 3.07	247.11	Buy	2
Hedge of trade receivables and highly probable foreign currency sale	EUR 1.41	113.81	Sell	9
31 March 2017				
Hedge of payables, buyers credit, foreign currency demand loan and highly probable foreign currency purchases	US $ 117.56	8,247.00	Buy	174
Hedge of trade receivables and highly probable foreign currency sale	US $ 30.7	2,024.80	Sell	51
Hedge of payables, buyers credit and highly probable foreign currency purchases	EUR 4.0	335.50	Buy	4
Hedge of trade receivables and highly probable foreign currency sale	EUR 2.10	146.34	Sell	2

(b) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

(i) Amounts payable in foreign currency on account of the following:

Category	Currency type	31 March 2018		31 March 2017	
		Foreign currency (In million)	Amount (₹ in million)	Foreign currency (In million)	Amount (₹ in million)
Import of goods and services	EUR	-	-	0.22	15.58
Import of goods and services	USD	0.74	48.12	-	-
Import of capital goods	EUR	-	-	0.01	0.79
Other financials liabilities	EUR	-	-	0.05	2.78

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

(c) Commodity future contracts to hedge against fluctuation in commodity prices:

The following are the outstanding future contracts entered into by the company as on 31 March 2018:

Year	Commodity type	No. of contracts	Contracted quantity (MT)	Buy/Sell
31 March 2018	Aluminium*	372	93,795	Buy
31 March 2018	Aluminium	120	15,002	Sell
31 March 2018	Copper*	10	586	Buy
31 March 2018	Copper	4	100	Sell
31 March 2017	Aluminium	200	57,762	Buy
31 March 2017	Aluminium	30	4,030	Sell
31 March 2017	Copper	5	183	Buy
31 March 2017	MJP	16	18,000	Sell

* Includes commodity futures contracts of 45,565 MT (31 March 2017: Nil) of aluminium and 240 MT (31 March 2017: Nil) of copper entered on behalf of subsidiaries.

NOTE 40: DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MSMED ACT, 2006

(₹ in million)

Particulars	31 March 2018	31 March 2017
(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	7.52	24.06
Interest due on above	1.35	1.04
(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.	1.35	1.04
(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	-	-

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(All amounts in ₹ million unless otherwise stated)

Interest payable as per section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 is ₹ 1.35 million (31 March 2017: ₹ 1.04 million) and same is not accrued in the books of accounts. Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of intimation received from the "suppliers" / informations available with the Company regarding their status under the Micro, Small and Medium Enterprises Development Act , 2006

NOTE 41: DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (Ind AS) 11 "CONSTRUCTION CONTRACTS"

(₹ in million)

Particulars	31 March 2018	31 March 2017
Amount of contract revenue recognised during the year (net of excise)	2,540.41	1,879.07
The aggregate amount of costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the reporting date	4,403.71	1,868.12
Amount of customer advances outstanding for contracts in progress upto the reporting date	-	4.81
Retention amount due from customers for contracts in progress upto the reporting date	-	-
Gross amount due from customers for contract work as an asset	350.44	3.38
Gross amount due to customers for contract work as a liability	(97.18)	(26.06)

NOTE 42: FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(₹ in million)

Particulars	Carrying Value		Fair Value	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Financial assets				
Investment in subsidiaries	45,429.32	25,292.93	45,429.32	25,292.93
Investment in mutual funds	65.59	-	65.59	-
Derivative instruments	-	655.12	-	655.12
Total	**45,494.92**	**25,948.05**	**45,494.92**	**25,948.05**
Financial liabilities				
Derivative instruments	724.68	400.04	724.68	400.04
Total	**724.68**	**400.04**	**724.68**	**400.04**

NOTES TO FINANCIAL STATEMENTS

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The management assessed that cash and cash equivalents, trade receivables, trade payables, other current assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management has further assessed that borrowings availed and loans given approximate their carrying amounts largely due to the interest rates being variable or in case of fixed rate borrowings/loans, movements in interest rates from the recognition of such financial instrument till period end not being material.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of the quoted mutual funds are based on price quotations at the reporting date.
- The fair values of the unquoted equity instruments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- The Company enters into derivative financial instruments with financial institutions with investment grade credit ratings. Foreign exchange forward contracts 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 counter parties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spread between the respective currencies, interest rate curves etc. The fair values of commodity futures contracts are based on price quotations on LME at the reporting date. The changes in counter party credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2018 and 31 March 2017 are as shown below:

Description of significant unobservable inputs to valuation:

A. FVTOCI assets - Unquoted equity instruments of Sterlite Power Grid Ventures Limited ('SPGVL')

The fair value of the investments in equity instruments of SPGVL (Equity shares and compulsorily convertible preference shares) have been determined based on the fair values of the various transmission projects owned by SPGVL and the fair value of the EPC business undertaken by SPGVL (for its subsidiaries which are transmission project entities). Such fair values have been computed based on discounted cash flow (DCF) method.

NOTES TO FINANCIAL STATEMENTS

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(All amounts in ₹ million unless otherwise stated)

(₹ in million)

S.N.	Significant unobservable inputs	Range	Sensitivity of the input to fair value	Increase/(decrease) in Fair Value (of equity shares and compulsorily convertible preference shares of SPGVL)	
				31 March 2018	31 March 2017
(i)	Cost of Equity	(i)Operational Projects - 31 March 2018 - 12.00% 31 March 2017 - 11.70% to 13.78% (ii) New/under construction project - 31 March 2018 - 14% - 16% 31 March 2017 - 13.76% - 14.48%	0.5% increase	(1,060.00)	(2,105.33)
		(iii) EPC Business 31 March 2018 - 12.85% 31 March 2017 - 13.45%	0.5% decrease	1,170.00	2,320.10
(ii)	Cost of Debt	(i) Transmission Business 31 March 2018 - 8.50% to 8.95% 31 March 2017 - 8.20% to 9.10%	0.5% increase	(1,840.00)	(2,211.73)
		(ii) EPC Business 31 March 2018 - 8.81% 31 March 2017 - 9.35%	0.5% decrease	1,840.00	2,246.35
(iii)	Incremental tariff expected to be approved by CERC in respect of cost overruns due to force majeure/ change in law (as % of non-escalable tariff)	Bhopal Dhule Transmission Company Limited 31 March 2018 - NA 31 March 2017 - 7%	Increase by 5% (of non-escalable tariff)	-	580.69
		Jabalpur Transmission Company Limited 31 March 2018 - NA 31 March 2017 - Nil	Decrease by 5% (of non-escalable tariff)	-	(580.31)
(iv)	Debt refinancing after completion of the project	Refer note below	10% increase	637.22	227.47
			10% decrease	(638.70)	(233.34)
(V)	Project	Refer note below	5% increase	(3,479.20)	(2,136.48)
			5% decrease	3,470.80	2,125.41

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

Note:

(₹ in million)

Project	Debt refinancing after completion of project		Project cost	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Goa-Tamnar Transmission Project Company Limited	1,470.00	-	10,000.00	-
NRSS XXIX Transmission Limited	9,000.00	5,000.00	22,740.00	25,000.00
Maheshwaram Transmission Limited	-	550.00	-	3,450.00
Khargone Transmission Limited	930.00	1,500.00	11,850.00	11,840.00
Odisha Generation Phase-II Transmission Limited	610.00	1,250.00	10,430.00	10,430.00
Gurgaon-Palwal Transmission Limited	900.00	-	8,260.00	8,820.00
NER-II Transmission Limited	7,650.00	5,000.00	22,120.00	18,190.00

B. FVTOCI assets - Unquoted equity instruments of Sharper Shape Group Inc.

Valuation technique: Discounted Cash Flow (DCF) method

(₹ in million)

S.N.	Significant unobservable inputs	Range	Sensitivity of the input to fair value	Increase/(decrease) in Fair Value as of 31 March 2018 / 31 March 2017
(i)	Long-term growth rate for cash flows for subsequent years	31 March 2018: 3%	2% increase	2% increase in the growth rate would result in increase in fair value by ₹ 8.39 million and 2% decrease would result decrease in fair value by ₹ 6.86 million
		31 March 2017: 3%	2% decrease	
(ii)	Long-term operating margin	31 March 2018: 10.48%	1% increase	1% increase would result in increase in fair value by ₹ 7.14 million and 1% decrease would result decrease in fair value by ₹ 7.14 million
		31 March 2017: 10.48%	1% decrease	
(iii)	WACC (pre-tax)	31 March 2018: 22.92%	1% increase	1% increase in the WACC would result in decrease in fair value by ₹ 10.13 million and 1% decrease in fair value would result in increase in fair value by ₹ 9.10 million
		31 March 2017: 22.92%	1% decrease	
(iv)	Discount for lack of marketability	31 March 2018: 10%	5% increase	Increase in the discount by 5% would result in decrease in fair value by ₹ 6.26 million and decrease in dicount by 5% would result in increase in the fair value by ₹ 6.26 million
		31 March 2017: 10%	5% decrease	

NOTES TO FINANCIAL STATEMENTS

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NOTE 43: FAIR VALUES HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2018 and 31 March 2017

Particulars	Fair value measurement using			
	Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets/(liabilities) measured at fair value through profit and loss				
Mutual fund investments				
As at 31 March 2018	65.59	65.59	-	-
As at 31 March 2017	-	-	-	-
Assets/(liabilities) measured at fair value through other comprehensive income				
Investment in equity instruments				
As at 31 March 2018	35,239.31	-	-	35,239.31
As at 31 March 2017	25,292.93	-	-	25,292.93
Derivative assets				
As at 31 March 2018	-	-	-	-
As at 31 March 2017	655.12	-	655.12	-
Derivative liabilities				
As at 31 March 2018	724.68	-	724.68	-
As at 31 March 2017	400.04	-	400.04	-

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

NOTE 44: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include Investments, loans, trade and other receivables, cash and short-term deposits and other financial assets that derive directly from its operations. The Company also holds FVTOCI investments and enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Company reviews and agrees policies for managing each of these risks, which are summarised below

The Risk Management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. In performing its operating, investing and financing activities, the Company is exposed to the Credit Risk, Liquidity Risk and Market risk.

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(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 and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2018 and 31 March 2017 The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at 31 March 2018.

The analyses exclude the impact of movements in market variables on the carrying values of gratuity and provisions.

The following assumption has been made in calculating the sensitivity analysis:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2018 and 31 March 2017

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate primarily relates to the Company's long term debt obligations with floating interest rates.

The Company is exposed to the interest rate fluctuation in domestic borrowing. The Company has all its borrowing on floating rate of interest.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on that portion of loans and borrowings affected. With all the other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(Amount in ₹ million)

Particulars	Increase/ Decrease in Basis Points	Effect on profit before tax / pre-tax equity
31 March 2018		
Base Rate	+50	(129.05)
Base Rate	-50	129.05
31 March 2017		
Base Rate	+50	(59.00)
Base Rate	-50	59.00

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 Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

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The Company has a policy to keep minimum forex exposure on the books that are likely to occur within a maximum 12-month period for hedges of forecasted sales and purchases.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

Out of total foreign currency exposure the Company has hedged the exposure of 99.66% as at March 31, 2018 and 99.82% as at March 31, 2017.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material. With all the other variable held constant, the Company's profit before tax is affected through the impact on change of foreign currency rate as follows-

(₹ in million)

Particulars	Change in USD rate	Effect on profit before tax / pre-tax equity	Change in Euro rate	Effect on profit before tax / pre-tax equity
31 March 2018	+5%	2.40/98.45	5%	0.00/7.10
	-5%	(2.40)/(98.45)	-5%	0.00/(7.10)
31 March 2017	+5%	0.00/114.73	5%	0.96/3.20
	-5%	0.00/(114.73)	-5%	(0.96)/(3.20)

* Amount below 0.01 million

Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of aluminium and copper for manufacture of conductor and OPGW, power cables and therefore require a continuous supply of aluminium and copper. Due to the volatility of the price of aluminium and copper, the Company enters into various purchase contracts for aluminium and copper on London Metal Exchange. The prices in these purchase contracts are linked to the price on London Metal Exchange.

The Company's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

Based on a 1 month forecast of the required copper, and aluminium supply, the Company hedges the purchase price using future commodity purchase contracts. The forecast is deemed to be highly probable.

Commodity price sensitivity

As per the Company's policy for commodity price hedging, all the commodity price exposures as on reporting dates are fully hedged. Thus, there are no open unhedged exposures on the reporting dates.

Equity price risk

The Company's non-listed equity securities, redeemable preference shares and compulsorily convertible preference shares are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

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At the reporting date, the exposure to non-listed equity securities, redeemable preference shares and compulsorily convertible preference shares at fair value was ₹ 45,406.04 million (31 March 2017: ₹ 25,315.12 million).

Sensitivity analysis of these investments have been provided in Note 42

(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 Company 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.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financials guarantee given by the Company on behalf of subsidiaries. The Company's maximum exposure in this regard is the maximum amount company could have to pay if the guarantee is called on as at 31 March 2018 Rs 461.63 million (31 March 2017: ₹ 461.63 million). These financial guarantees have been issued to bank and long term transmission customer on behalf of its subsidiaries . Based on the expectations at the end of reporting period, the company considers likelihood of any claim under guarantee is remote.

Factoring

The company has entered into an arrangement with HDFC Bank for non recourse factoring pursuant to which the company has derecognised trade receivables of ₹ 1,043.09 million (31 March 2017: ₹ 1,275.51 million)

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year . The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2018 and 31 March 2017 is the carrying amounts of each class of financial assets except for financial guarantees and derivative financial instruments. The Company's maximum exposure relating to financial guarantees and financial derivative instruments is noted in Note 39 and the liquidity table below:

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(c) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Company's objective is to, at all times, maintain optimum levels of liquidity to meet its cash and collateral obligations. The Company requires funds both for short term operational needs as well as for long term investment programs mainly in growth projects. The Company closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations, which in addition to the available cash and cash equivalents, liquid investments and sufficient committed fund facilities, will provide liquidity.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 60 - 90 days. The other payables are with short term durations. The carrying amounts are assumed to be reasonable approximation of fair value. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

(₹ in million)

Particulars	Payable on demand	Less than 3 months	3 months to 12 months	1 year to 5 years	> 5 years	Total
As at March 31, 2018						
Borrowings	1,892.08	1,985.15	978.96	-	-	**4,856.18**
Other financial liabilities	-	2,329.75	1,035.28	9.86	-	**3,374.88**
Trade payables	-	7,286.68	-	-	-	**7,537.93**
Payables for purchase of property, plant and equipment	-	2.29	-	194.04	-	**196.34**
Derivatives	-	-	724.68	-	-	**724.68**
Financial guarantee contracts*	761.63	-	-	-	-	**761.63**
	2,653.71	**11,603.88**	**2,738.91**	**203.90**	**-**	**17,200.40**
As at March 31, 2017						
Borrowings	3,000.57	1,084.34	1,481.40	4,979.89	175.00	**10,721.18**
Other financial liabilities	8.04	355.35	3,305.29	-	-	**3,668.69**
Trade payables	-	3,820.56	-	-	-	**3,820.56**
Payables for purchase of property, plant and equipments	-	-	15.45	205.96	-	**221.43**
Derivatives	-	-	400.04	-	-	**400.05**
Financial guarantee contracts*	761.63	0.00	0.00	0.00	0.00	**761.64**
	3,770.23	**5,260.25**	**5,202.19**	**5,185.85**	**175.00**	**19,593.56**

* Based on the maximum amount that can be called for under the financial guarantee contract. Financial guarantee contract pertains to guarantees given to term loan lender, long term transmission customer on behalf of subsidiaries. These will be invoked in case of default by subsidiaries.(refer Note 37)

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(All amounts in ₹ million unless otherwise stated)

NOTE 45: CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The The Company's policy is to keep the gearing ratio optimum. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents excluding discontinued operations.

(₹ in million)

Particulars	31 March 2018	31 March 2017
Interest bearing loans and borrowings	25,792.94	13,998.96
Trade payables	7,537.93	3,820.56
Other financial liabilities	438.42	612.35
Less: cash and short-term deposits and current Investments	(854.07)	(837.83)
Net debt	**32,915.23**	**17,594.03**
Equity share capital	122.36	122.36
Other equity	21,240.76	14,656.50
Total capital	21,363.12	14,778.87
Capital and net debt	**54,278.35**	**32,372.91**
Gearing ratio	60.64%	54.35%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. 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 2018 and 31 March 2017.

NOTE 46: RELATED PARTY DISCLOSURES

(A) Name of related party and nature of its relationship:

(a) Related parties where control exists

(i) Holding company

Twin Star Overseas Limited, Mauritius (Immediate holding company)

Volcan Investments Limited, Bahamas (Ultimate holding company)

(ii) Subsidiaries

Sterlite Power Grid Ventures Limited

Sterlite Grid 1 Limited

Sterlite Grid 2 Limited

Sterlite Grid 3 Limited

Sterlite Grid 4 Limited

Sterlite Grid 5 Limited

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018
(All amounts in ₹ million unless otherwise stated)

East-North Interconnection Company Limited
Jabalpur Transmission Company Limited
Bhopal Dhule Transmission Company Limited
Purulia & Kharagpur Transmission Company Limited
RAPP Transmission Company Limited
NRSS XXIX Transmission Limited
Maheshwaram Transmission Limited
Odisha Generation Phase II Transmission Limited
Gurgaon Palwal Transmission Limited
NER II Transmission Limited
Khargone Transmission Limited
Sterlite Investment Managers Limited (Erstwhile Sterlite Infraventures Limited)
Sterlite Convergence Limited
Goa Tamnar Transmission Limited

(iii) Associates

India Grid Trust

(b) Other related parties under IND AS-24 "Related party disclosures" with whom transactions have taken place during the year

(i) Key Management Personnel (KMP)

Mr. Pratik Agarwal (CEO & Managing Director)
Mr. Arun Todarwal (Non executive & Independent Director)
Ms. Avaantika Kakkar (Non executive & Independent Director)
Mr. Lalit Tondon (Non executive & Independent Director)

(ii) Fellow subsidiaries

Vedanta Limited
Bharat Aluminium Company Limited
Hindustan Zinc Limited
Twinstar Technologies Limited
Sterlite Technologies Limited
Sterlite Power Technologies Private Limited
Maharashtra Transmission Communication Infrastructure Limited

(c) Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year

(i) Key Management Personnel (KMP)

Mr. Ashok Ganesan (Company Secretary)

Mr. Swapnil Patil (Company Secretary) with effect from 1 June 2016 till 29 May 2017

(B) The transactions with related parties during the year and their outstanding balances are as follows:

S. No.	Particulars	Subsidiaries		Holding Company		KMP		Fellow subsidiaries		Relatives of KMP	
	Transactions	**2017-18**	**2016-17**	**2017-18**	**2016-17**	**2017-18**	**2016-17**	**2017-18**	**2016-17**	**2017-18**	**2016-17**
1	Purchase of equity shares of Sterlite Investment Managers Limited	-	-	-	-	-	-	-	2.00	-	-
2	Investment in redeemable preference shares	10,098.55	100.00	-	-		-		-	-	-
3	Investment in equity shares	0.50	-	-	-	-	-	-	-	-	-
4	Loans and advances given	-	-	-	-	-	-	-	162.50	-	-
5	Loans and advances received	9,200.00	-	-	-	-	-	0.40	-	-	-
6	Repayment of advances received	-	95.51	-	-	-	-	-	273.28	-	-
7	Purchase of goods	-	-	-	-	-	-	11,755.41	8,466.92	-	-
8	Sale of services		-		-		-	23.72	128.94	-	-
9	Sale of goods (net of exicse duty)	3,406.25	3,872.42	-	-	-	-	185.73	197.59	-	-
10	Interest paid		-		-		-	2.25	-	-	-
11	Interest income		-		-		-	10.97	9.40	-	-
12	Advance received against supplies	304.18	99.69		-		-		-	-	-
13	ESOP expenses paid		-		-		-		7.44	-	-
14	Management fees received	50.00								-	
15	Management fees paid		-		-		-		-	-	-
16	Reimbursement of expenses to related parties		-		-		-	22.39	-	-	-
17	Purchase of power		-		-		-	18.10	21.80	-	-
18	Remuneration		-		-	41.33	19.79		-	-	-
19	Sitting fees		-		-	1.15	0.34		-	-	-
20	Issue of equity share capital		-		4,904.19	-	25.60		107.01	-	21.89
22	ESAR expense					9.86					
	Outstanding Balances	**31 March 2018**	**31 March 2017**	**31 March 2018**	**31 March 2017**	**31 March 2018**	**31 March 2017**	**31 March 2018**	**31 March 2017**	**31 March 2018**	**31 March 2017**
1	Advance outstanding against supplies	494.10	530.63		-		-		-		
2	Loans/advance receivables##		-		-		-	177.93	279.13		
5	Loan payable	9,200.00	-								
6	Trade receivables	1,546.82	654.67	-	-	-	-	48.51	-		
7	Management fee receivable	62.54	-								
8	Trade payables	-	-		-		-	3,994.63	152.29		
9	Investment in equity shares and preference shares	45,316.88	25,180.48		-		-		-		
10	Corporate and bank guarantees given and outstanding	761.63	761.63		-		-		-		

(C) Disclosure in respect of material related party transactions during the year:

	Particulars	Relationship	31 March 2018	31 March 2017
1	**Purchase of equity shares of Sterlite Investment Managers Limited**			
	Vedanta Limited	Fellow subsidiary	-	2.00
2	**Investment in redeemable preference shares**			
	Sterlite Investment Managers Limited	Subsidiary	-	100.00
	Sterlite Power Grid Ventures Limited (purchased from third party)	Subsidiary	10,098.55	-
3	**Investment in equity shares**			
	Sterlite Convergence Limited	Subsidiary	0.50	-
4	**Loans and advances given**			
	Sterlite Power Technologies Private Limited	Fellow subsidiary	-	162.50
5	**Loans and advances received**			
	Sterlite Power Grid Ventures Limited	Subsidiary	9,200.00	-
	Twinstar Technologies Limited	Fellow subsidiary	0.40	-
6	**Repayment of advances received**			
	Sterlite Grid 1 Limited	Subsidiary	-	95.51
	Sterlite Technologies Limited	Fellow subsidiary	-	193.17
	Twinstar Display Technologies Limited	Fellow subsidiary	-	80.11
7	**Purchase of goods**			
	Vedanta Limited	Fellow subsidiary	9,932.28	7,708.67
	Bharat Aluminium Company Limited	Fellow subsidiary	1,518.64	432.89
	Hindustan Zinc Limited	Fellow subsidiary	5.24	124.27
	Sterlite Technologies Limited	Fellow subsidiary	299.26	201.08
8	**Sale of services**			
	Vedanta Limited	Fellow subsidiary	23.72	128.94
9	**Sale of goods (net of exicse duty)**			
	Sterlite Power Grid Ventures Limited	Subsidiary	3,403.49	3,866.11
10	**Interest paid**			
	Hindustan Zinc Limited	Fellow subsidiary	0.33	-
	Sterlite Technologies Limited	Fellow subsidiary	1.92	-
11	**Interest income**			
	Sterlite Power Technologies Private Limited	Fellow subsidiary	10.97	4.46
	Sterlite Investment Managers Limited	Fellow subsidiary	-	4.94
12	**Advance received against supplies**			
	Sterlite Power Grid Ventures Limited	Subsidiary	304.18	99.69
13	**ESOP expenses paid**			
	Sterlite Technologies Limited	Fellow subsidiary	-	7.44
14	**Management fees received**			
	Sterlite Investment Managers Limited	Subsidiary	50.00	-
	Sterlite Technologies Limited	Fellow subsidiary	34.00	-
15	**Reimbursement of expenses**			
	Sterlite Technologies Limited	Fellow subsidiary	22.39	-
16	**Purchase of power**			
	Vedanta Limited	Fellow subsidiary	18.10	21.80
17	**Remuneration**			
	Mr. Swapnil Patil	KMP	-	0.56
	Mr. Pratik Agarwal	KMP	35.99	19.23
	Mr. Ashok Ganesan	KMP	5.34	-

	Particulars	Relationship	31 March 2018	31 March 2017
18	**Sitting fees**			
	Mr. Arun Todarwal	KMP	0.51	0.14
	Ms. Avaantika Kakkar	KMP	0.12	0.10
	Mr. Lalit Tondon	KMP	0.52	0.10
19	**Issue of equity share capital***			
	Twin Star Overseas Limited, Mauritius	Immediate Holding company	-	4,904.19
	Vedanta Limited	Fellow subsidiary	-	107.01
20	**ESAR expense**			
	Mr. Pratik Agarwal	KMP	9.86	-

(D) Compensation of Key mangement personnel of the company:

Particulars	31 March 2018	31 March 2017
Short term employee benefits	41.33	19.79
Post employment benefits#	-	-

As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the Key Management Personnel are not included above.

The Company has given loan of 162.50 million to Sterlite Power Technologies Private Limited which carries an interest at the rate of 8.00% to 8.50%. The balance outstanding as on 31 March 2018 includes interest accrued of Rs. 15.43 million.

Note

All the related party transactions disclosed above have been shown at their nominal values without giving effect to the impact of reclassification into equity and liability and adjustment arising on account of effective interest rate method under Ind AS.

NOTE 47: SEGMENT INFORMATION

As permitted by paragraph 4 of Ind AS-108, 'Operating Segments', if a single financial report contains both consolidated financial statements and the separate financial statements of the parent, segment information need be presented only on the basis of the consolidated financial statements. Thus, disclosures required by Ind AS-108 are given in consolidated financial statements.

NOTE 48: EMPLOYEE STOCK APPRECIATION RIGHTS

During the year ended 31 March 2018, Company had granted 297,900 Employee Stock Appreciation Rights (ESARs) to eligible employees under the Employee Stock Appreciation Rights 2017 ("ESAR 2017") Plan ("Plan") as approved by the Committee formed under the Plan vide Board Resolution dated 8 October 2017.

Following is the reconciliation of provision for ESAR outstanding -

Particulars	31 March 2018		31 March 2017	
	Numbers	Amount (₹ in million)	Numbers	Amount (₹ in million)
Opening balance as at the beginning of the year	-	-	-	-
ESAR granted during the period	2,97,900	138.36	-	-
ESAR Cancelled	-	-	-	-
Payment towards ESARs vested	-	-	-	-
Balance	2,97,900	138.36	-	-
Impact of increase in FMV of equity share	-	59.15	-	-
Closing balance as at the end of the year	**2,97,900**	**197.51**	**-**	**-**

Vesting of ESARs is subject to continued employment with the Company. The ESARs shall be cash settled based on the excess of fair market value (FMV) of equity share of the Company as on the date of vesting over the SAR price (i.e the base price defined on the grant date of SAR) specified in the Scheme. The FMV is determined by the Committee based on the discounted cash flow valuation and other relevant factors. As at 31 March 2018, excess of FMV over SAR price specified in the ESAR Scheme 2017 is ₹ 198.54 (31 March 2017: Nil) and accordingly an expense of ₹ 9.86 million (31 March 2017: Rs Nil) has been recorded in the statement of profit and loss.

NOTE 49: DEMERGER OF POWER PRODUCTS BUSINESS FROM STERLITE TECHNOLOGIES LIMITED

The Board of directors of the Sterlite Technologies Limited on May 18, 2015 approved the Scheme of Arrangement under Sections 391 – 394 of the Companies Act, 1956 ('the Scheme') between Sterlite Technologies Limited ('STL' or 'Demerged company'), Sterlite Power Transmission Limited ('SPTL' or 'Resulting company' or 'Company') & their respective shareholders & creditors for the demerger of power products and solutions business (including the investments of STL in power transmission infrastructure subsidiaries i.e. Sterlite Power Grid Ventures Limited and East North Interconnection Company Limited) into the Company with the appointed date of 1 April, 2015. The Scheme was approved by the Hon'ble Bombay High Court vide Order dated 22 April 2016 and it became effective from 23 May 2016 (being the date of filing with Registrar of Companies).

As per the Scheme, an amount of ₹ 2,379.79 million being the difference between total consideration paid to equity shareholders of Sterlite Technologies Limited and net assets transferred from Sterlite Technologies Limited was recognised as Goodwill as at the appointed date i.e. 1 April 2015. This goodwill is being amortised over a period of five years as required under the Scheme. The amortisation charge for the current year is ₹ 475.96 million (31 March 2017: ₹ 475.96 million). Under Ind AS, the differential amount of ₹ 2,379.79 would have been adjusted to reserves and no goodwill would have been recognised since the business combination was a common control transaction.

NOTE 50: EVENTS AFTER THE REPORTING PERIOD

The Board of directors in it's meeting held on 30 May 2018 approved a Scheme of amalgamation of the Company with its subsidiary company - Sterlite Power Grid Ventures Limited under the Companies Act, 2013 with the appointed date of 1 April 2017 subject to the requisite consents/approvals from shareholders/creditors and relevant regulatory authorities. The Scheme would become effective upon receipt of all requisite approvals and filing of the certified copy of NCLT order with the Registrar of Companies.

As per our report of even date

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

Sd/-
per Paul Alvares
Partner
Membership Number : 105754

Place: Bangkok
Date : 30 May 2018

For and on behalf of the board of directors of
Sterlite Power Transmission Limited

Sd/-
Pravin Agarwal
Chairman
DIN : 00022096
Place: London

Sd/-
Pratik Agarwal
CEO & Managing Director
DIN : 03040062
Place: São Paulo

Sd/-
Harsh Shah
Chief Financial Officer
Place: Mumbai
Date : 30 May 2018

Sd/-
Ashok Ganesan
Company Secretary
Place: Mumbai

INDEPENDENT AUDITOR'S REPORT

To the Members of
Sterlite Power Transmission Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Sterlite Power Transmission Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its Associate in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group and its associate as at March 31, 2018, of their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 51 to the consolidated Ind AS financial statements which describes that the Group had recognised goodwill on accounting for merger during the financial year ended March 31, 2016, which is being amortised over a period of five years from the appointed date i.e. April 1, 2015, in accordance with the accounting treatment prescribed under the scheme of arrangement approved by Honourable Bombay High Court. Our opinion is not qualified in respect of this matter.

Other Matter

We did not audit the financial statements and other financial information, in respect of three subsidiaries whose Ind AS financial statements include total assets of Rs 816.76 million and net assets of Rs 764.07 million as at March 31, 2018, and total revenues of Rs 230.29 million and net cash inflows of Rs 60.33 million for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

The accompanying consolidated Ind AS financial statements include unaudited financial statements and other unaudited financial information in respect of one subsidiary, whose financial statements and other financial information reflect total assets of Rs 264.87 million and net assets of Rs 247.33 million as at March 31, 2018, and total revenues of Rs Nil and net cash inflows of Rs Nil for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries as noted in the 'other matter' paragraph, we report that:

(a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read the Companies (Indian Accounting Standard) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on consolidated financial position of the Group and its associate – Refer Note 43 to the consolidated Ind AS financial statements;

   ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 20 to the consolidated Ind AS financial statements;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India during the year ended March 31, 2018.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Paul Alvares**
Partner
Membership Number: 105754

Place of Signature: Bangkok
Date: May 30, 2018

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF STERLITE POWER TRANSMISSION LIMITED

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

In conjunction with our audit of the consolidated Ind AS financial statements of Sterlite Power Transmission Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Sterlite Power Transmission Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary companies which are companies incorporated in India, have maintained in all material respects, an adequate internal financial controls system over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to one subsidiary which is a company incorporated in India, is based on representation received from the management. Our opinion is not qualified in respect of this matter.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Paul Alvares**
Partner
Membership Number: 105754

Place of Signature: Bangkok
Date: May 30, 2018

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

(₹ in million)

Particulars	Note No.	31 March 2018	31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	3	16,513.58	21,517.26
Capital work-in-progress	3	35,329.14	19,006.87
Goodwill	4,5	1,202.05	1,850.04
Other intangible assets	4	62.49	15.81
Investment in Associates	6A	5,932.66	-
Financial assets			
i. Investments	6B	112.45	112.45
ii. Loans	7	-	15.21
iii. Other financial assets	9	34.54	36.41
Other non-current assets	10	3,836.26	2,318.35
Deferred tax assets (net)	22	2,417.70	783.46
Assets classified as held for sale	11	-	5,879.92
Total non-current assets		**65,440.87**	**51,535.78**
Current assets			
Inventories	12	2,093.48	1,738.43
Financial assets			
i. Investments	6B	555.81	795.20
ii. Loans	7	180.22	193.47
iii. Trade receivables	8	8,016.12	4,546.17
iv. Cash and cash equivalents	13	959.91	1,026.07
v. Other bank balances	14	368.49	416.69
vi. Other financial assets	9	901.27	1,174.22
Other current assets	10	3,039.85	986.60
Assets classified as held for sale	11	-	32,744.10
Total current assets		**16,115.15**	**43,620.95**
TOTAL ASSETS		**81,556.02**	**95,156.73**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	122.36	122.36
Other equity			
i. Securities premium	16	4,536.80	6,748.37
ii. Retained earnings	16	(4,942.47)	(9,880.47)
iii. Other reserves	16	65.56	674.91
Total equity		**(217.75)**	**(2,334.82)**
Liabilties			
Non-current liabilities			
Financial liabilities			
i. Borrowings	17	53,272.10	46,977.87
ii. Other financial liabilities	20	213.29	205.96
Employee benefit obligations	21	52.95	43.91
Deferred tax liabilities (net)	22	239.59	-
Total non-current liabilities		**53,777.93**	**47,227.74**
Current liabilities			
Financial Liablities			
i. Borrowings	18	8,158.87	7,850.23
ii. Trade payables	19	7,565.95	3,855.22
iii. Other financial liabilities	20	9,630.65	10,881.06
Employee benefit obligations	21	46.99	47.74
Other current liabilities	23	2,585.81	1,486.08
Current tax liabilities		7.57	71.29
Liabilities directly associated with assets classified as held for sale	11	-	26,072.19
Total current liabilities		**27,995.84**	**50,263.81**
Total liabilities		**81,773.77**	**97,491.55**
TOTAL EQUITY AND LIABILITIES		**81,556.02**	**95,156.73**

Summary of significant accounting policies 2.3

The accompanying notes are an integral part of the Consolidated financial statements

As per our report of even date

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

Sd/-
per Paul Alvares
Partner
Membership Number : 105754

Place: Bangkok
Date : 30 May 2018

For and on behalf of the board of directors of
Sterlite Power Transmission Limited

Sd/-
Pravin Agarwal
Chairman
DIN : 00022096
Place: London

Sd/-
Pratik Agarwal
CEO & Managing Director
DIN : 03040062
Place: São Paulo

Sd/-
Harsh Shah
Chief Financial Officer
Place: Mumbai
Date : 30 May 2018

Sd/-
Ashok Ganesan
Company Secretary
Place: Mumbai

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

(₹ in million)

Particulars	Note No.	31 March 2018	31 March 2017
INCOME			
Revenue from operations	24	25,424.91	26,711.89
Other income	26	4,299.39	20.31
Total income (I)		**29,724.30**	**26,732.20**
EXPENSES			
Cost of raw material and components consumed	27	14,078.41	11,959.28
Contract cost	28	223.71	-
Purchase of traded goods and subcontracting charges	29	1,514.12	843.86
work-in-progress and traded goods	30	343.40	197.91
Excise duty on sale of goods		218.88	1,433.15
Employee benefits expense	31	885.72	589.27
Other expenses	32	3,963.69	3,265.89
Total expenses (II)		**21,227.93**	**18,289.36**
Earning before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)		8,496.37	8,442.84
Depreciation and amortisation expense	33	1,955.87	3,095.84
Impairment of goodwill and other non current assets	34	-	1,267.65
Finance costs	35	4,342.83	7,889.57
Finance income	25	(172.93)	(122.33)
Profit/(loss) before share of profit of an associate and tax expenses		**2,370.60**	**(3,687.89)**
Share of profit of an associate		435.85	-
Profit/(loss) before tax		2,806.45	(3,687.89)
Tax expense:			
Current tax		1,270.03	469.02
Less: MAT credit entitlement		(216.54)	(52.66)
Deferred tax		(975.37)	(494.02)
Income tax for earlier years		5.49	-
Income tax expense		**83.61**	**(77.66)**
Profit/(Loss) for the year		**2,722.84**	**(3,610.23)**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		0.04	-
Income tax effect		-	-
		0.04	-
Net movement on cash flow hedges		**(520.47)**	**358.55**
Income tax effect		146.13	(124.08)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**(374.30)**	**234.47**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gain/(loss) on defined benefit plans		4.63	(1.09)
Income tax effect		(1.04)	(0.11)
		3.59	**(1.20)**
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**(374.30)**	**234.47**
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**3.59**	**(1.20)**
Other comprehensive income for the year		**(370.71)**	**233.27**
Total comprehensive income for the year		**2,352.13**	**(3,376.96)**
Earnings per equity share [nominal value of share Rs. 2]	36		
Basic and diluted			
Computed on the basis of profit/(loss) for the year (₹)			
Basic and Diluted		44.50	(59.01)

Summary of significant accounting policies 2.3

The accompanying notes are an integral part of the Consolidated financial statements

As per our report of even date

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

Sd/-
per Paul Alvares
Partner
Membership Number : 105754

Place: Bangkok
Date : 30 May 2018

For and on behalf of the board of directors of
Sterlite Power Transmission Limited

Sd/-
Pravin Agarwal
Chairman
DIN : 00022096
Place: London

Sd/-
Pratik Agarwal
CEO & Managing Director
DIN : 03040062
Place: São Paulo

Sd/-
Harsh Shah
Chief Financial Officer
Place: Mumbai
Date : 30 May 2018

Sd/-
Ashok Ganesan
Company Secretary
Place: Mumbai

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

(₹ in million)

Particulars	Note No.	31 March 2018	31 March 2017
A. Cash flow from operating activities			
Net Profit/ (Loss) as per consolidated financial statement of profit and loss		2,722.84	(3,610.23)
Adjustment for taxation		83.61	(77.66)
Profit/(Loss) before tax		**2,806.45**	**(3,687.89)**
Non-cash adjustment to reconcile profit/(loss) before tax to net cash flows			
Depreciation and amortisation expenses	33	1,955.87	4,363.49
Provision for doubtful debts and advances	32	-	86.93
Profit on sale of tangible assets	26	(43.42)	(4.74)
Provision for employees stock appreciation rights		53.75	(26.31)
Bad debts / advances written off		4.61	6.87
Finance costs	35	4,342.83	7,889.57
Finance income	25	(172.93)	(122.33)
Share of profit of an associate	6A	(435.85)	-
Gain on sale of investments	26	(4,250.16)	-
Unrealized exchange difference,(net)		57.82	42.61
		1,512.52	**12,236.09**
Operating profit before working capital changes		**4,318.97**	**8,548.20**
Movements in working capital :			
Increase/(decrease) in trade payables		3,996.56	1,240.53
Increase/(decrease) in Employee benefit obligation		12.93	17.71
Increase/(decrease) in other liability		903.20	(70.05)
Increase/(decrease) in other financial liability		473.34	24.26
Decrease/(increase) in trade receivables		(4,160.91)	(423.35)
Decrease/(increase) in inventories		(355.07)	416.27
Decrease/(increase) in other current financial assets		(714.12)	(362.97)
Decrease/(increase) in other non current financial assets		1.90	4.81
Decrease/(increase) in other current assets		(2,077.51)	(171.73)
Decrease/(increase) in other non current assets		(14.05)	(30.84)
Change in working capital		**(1,933.73)**	**644.64**
Cash generated from operations		**2,385.24**	**9,192.84**
Direct taxes paid (net of refunds)		(1,355.98)	(302.79)
Net cash flow from operating activities		**1,029.26**	**8,890.05**
B. Cash flow from investing activities			
Purchase of property, plant and equipment, including capital work-in-progress and capital advances		(20,710.20)	(16,353.86)
Proceeds from sale of tangible assets		49.92	9.96
(Purchase)/proceeds of current investments (net)		(7,204.69)	(340.62)
Investment in equity/preference shares		-	(112.45)
Proceeds from sale of investments in subsidiaries *		11,426.46	-
Purchase of equity shares of subsidiaries		(1.00)	-
Investment in bank deposits (having original maturity of more than three months)		(100.99)	(264.37)
Redemption of bank deposits		83.69	
Purchase of Optionally Convertible Preference Shares (OCRPS)		(10,098.55)	
Loans given to related parties		-	(162.50)
Repayment of advances from related parties		-	246.76
Loans repayment received		12.92	
Interest/ Dividend received		549.29	29.69
Net cash flow used in investing activities		**(25,993.15)**	**(16,947.39)**

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

(₹ in million)

Particulars	Note No.	31 March 2018	31 March 2017
C. Cash flow from financing activities			
Repayment of non cumulative redeemable preference shares		(2,247.36)	-
Proceeds from issue of cumulative redeemable preference shares		34.74	-
Proceeds of long term borrowings		37,038.50	19,607.84
Repayment of long term borrowings		(3,790.00)	(3,227.80)
Proceeds/(repayment) of short term borrowings (net)		1,385.87	(3,551.79)
Finance costs paid		(7,524.02)	(5,179.24)
Net cash flow from financing activities		**24,897.73**	**7,649.01**
Net (decrease) in cash and cash equivalents		**(66.16)**	**(408.33)**
Cash and cash equivalents as at beginning of year		1,026.07	1,665.80
Cash and cash equivalents classified under assets held for sale		-	231.40
Cash and cash equivalents as at year end		**959.91**	**1,026.07**

* Does not include amount of Rs 5,880.00 million towards exchange of units of India Grid Trust against the sale of subsidiaries by the Group.

Components of cash and cash equivalents:

(₹ in million)

	31 March 2018	31 March 2017
Balances with banks:		
On current accounts	959.48	995.66
Deposit with original maturity of less than 3 months		30.00
Cash in hand	0.43	0.41
Total cash and cash equivalents (refer note 13)	**959.91**	**1,026.07**

Reconciliation between opening and closing balances for liabilities arising from financing activities

Particulars	Long term borrowing	Short term borrowings
31 March 2017	**46,977.87**	**7,850.23**
Cash flow		
- Interest	(6,441.80)	(1,082.23)
- Proceeds/(repayments)	22,606.84	1,739.75
Non-cash changes		
- Classified as current maturities	1,401.52	-
- Notional interest	164.90	-
- Transferred on sale of subsidiaries	(17,881.18)	(1,581.11)
Accrual for the period	6,443.94	1,232.23
31 March 2018	**53,272.11**	**8,158.87**

As per our report of even date

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

Sd/-
per Paul Alvares
Partner
Membership Number : 105754

Place: Bangkok
Date : 30 May 2018

For and on behalf of the board of directors of
Sterlite Power Transmission Limited

Sd/-
Pravin Agarwal
Chairman
DIN : 00022096
Place: London

Sd/-
Pratik Agarwal
CEO & Managing Director
DIN : 03040062
Place: São Paulo

Sd/-
Harsh Shah
Chief Financial Officer
Place: Mumbai
Date : 30 May 2018

Sd/-
Ashok Ganesan
Company Secretary
Place: Mumbai

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

(₹ in million)

A. EQUITY SHARE CPITAL

Particulars	Nos. in million	₹ in million
Equity shares of ₹ 2 each issued, subscribed and fully paid		
As at 1 April 2016	-	-
Issued during the year	-	-
As at 31 March 2017	-	-
Issued during the year	61.18	122.36
As at 31 March 2018	**61.18**	**122.36**

B. OTHER EQUITY

(₹ in million)

Particulars	Reserves and surplus			Items of OCI			Total equity
	Statutory reserve	Securities premium *	Retained earnings	Debenture redemption reserve	Cash flow hedge reserve	Foreign Currency Translation Reserve	
Balance as at 01 April 2016	**-**	**-**	**(5,828.59)**	**-**	**(603.05)**	**-**	**(6,431.64)**
Loss for the period	-	-	(3,610.23)	-	-	-	(3,610.23)
Other comprehensive income (refer note 17)	-	-	(1.20)	-	234.46	-	233.26
Total Comprehensive income	**-**	**-**	**(3,611.43)**	**-**	**234.46**	**-**	**(3,376.97)**
Issue of equity share capital	-	6,748.37	-	-	-	-	6,748.37
Transferred to debenture redemption reserve	-	-	(440.45)	440.45	-	-	
Recycled to statement of profit and loss	-	-	-	-	603.05	-	603.05
Balance as at 31 March 2017		**6,748.37**	**(9,880.46)**	**440.45**	**234.46**	**-**	**(2,457.18)**
Profit for the period	-	-	2,722.84	-	-	-	2,722.84
Other comprehensive income (refer note17)	-	-	3.59	-	(374.30)	-	(370.71)
Total Comprehensive income	**-**	**-**	**2,726.43**	**-**	**(374.30)**	**-**	**2,352.13**
Issue of equity share capital	-	-	-	-	-	-	-
Add/(Less): Amount utilised for payment of premium on redemption of preference shares during the year*	-	(2,211.57)	2,211.57	-	-	-	-
Transferred to debenture redemption reserve	-	-	-	-	-		-
Recycled to statement of profit and loss		-	-	-	(235.44)		(235.44)
Addition during the year	0.35					0.04	0.39
Balance as at 31 March 2018	**0.35**	**4,536.80**	**(4,942.46)**	**440.45**	**(375.28)**	**0.04**	**(340.10)**

*Refer note 16

As per our report of even date

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

Sd/-
per Paul Alvares
Partner
Membership Number : 105754

Place: Bangkok
Date : 30 May 2018

For and on behalf of the board of directors of
Sterlite Power Transmission Limited

Sd/-
Pravin Agarwal
Chairman
DIN : 00022096
Place: London

Sd/-
Pratik Agarwal
CEO & Managing Director
DIN : 03040062
Place: São Paulo

Sd/-
Harsh Shah
Chief Financial Officer
Place: Mumbai
Date : 30 May 2018

Sd/-
Ashok Ganesan
Company Secretary
Place: Mumbai

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

1. Corporate information

Sterlite Power Transmission Limited ('the Company') is a public company domiciled in India and incorporated on 5 May 2015 under the provisions of the Companies Act, 2013. The Company and its subsidiaries (together referred to as 'the Group') are engaged in the business of power products and solutions and in the business of developing on Build, Own, Operate and Maintain ("BOOM") basis, for designing, financing, construction and maintenance of power transmission systems for concessional periods ranging from 25 to 35 years.

Power products and solutions mainly include power transmission conductors, optical ground wire cables and power cable.

The consolidated financial Statements were authorised for issue in accordance with the resolution passed by the Board of Directors of the Company on 30 May 2018.

2. Significant Accounting Policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

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 or revalued amount:

- Certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments).

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 Company and its subsidiaries as at 31 March 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 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 equity holders of the parent of the Group and to the non-controlling interests, 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 in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Summary of significant accounting policies

The following is the summary of significant accounting policies applied by theGroup in preparing its consolidated financial statements:

a) Business Combinations and goodwill

Goodwill arising on account of excess consideration paid over business value transferred under scheme of arrangement is amortised on a straight line basis over a period of five years from the date of arrangement as per Court Order(refer Note 51).

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

b) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

c) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- 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:

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- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer 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 and cash equivalents. The group has identified twelve months as its operating cycle.

d) Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the group uses an average rate if the average approximates the actual rate at the date of the transaction.

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 with the exception of the following:

- Exchange differences arising on monetary items that form part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

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Any goodwill arising in the acquisition/ business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

e) Fair value measurement

The Group measures financial instruments such as Optionally Convertible Redeemable Preference Shares issued by the Company, mutual fundsand derivatives 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.

External valuers are involved for valuation of significant liabilities, such as optionally convertible redeemable preference shares. Involvement of external valuers is decided by the management on a need basis and with relevant approvals. The valuers involved are selected based on criteria like market knowledge, reputation, independence and professional standards. The management decides after discussion with the external valuers, which valuation techniques and inputs to use for the valuation.

At each reporting date, the management analyses the movement of assets and liabilities which are required to be remeasured or reassessed as per the 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.

The management in conjunction with the external valuersalso compares the change in fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. The valuation results are discussed at the Audit Committee.

For the purpose of fair value disclosures, the 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.

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- Quantitative disclosures of fair value measurement hierarchy (Note 55)
- Disclosures for valuation methods, significant estimates and assumptions (Note 54)
- Financial instruments (including those carried at amortised cost) (Note 6,7,8,9,13,14,17,18,19 and 20)

f) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Groupand the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Group has assumed that recovery of excise duty flows to the Group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the

goods have passed to the buyer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Freight charged on sales and recovered is included as a part of revenue.

Power transmission services

Income from power transmission services is recognised on a pro-rata basis as and when services are rendered based on availability and the tariff charges approved under the respective CERC tariff orders and includes unbilled revenues accrued up to the end of the accounting period.

Construction contract

Revenue from fixed price construction contracts for power transmission lines is recognised based on the stage of completion of the individual contract using the percentage completion method, provided the order outcome as well as expected total costs can be reliably estimated. Where the profit from a contract cannot be estimated reliably, revenue is only recognised equalling the expenses incurred to the extent that it is probable that the expenses will be recovered. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses.

The estimates of contract cost and the revenue thereon are reviewed periodically by management and the cumulative effect of any changes in estimates is recognised in the period in which such changes are determined. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised immediately as an expense in the statement of profit and loss.

Prepayments from customers are recognised as liabilities. A contract in progress for which the selling price of the work performed exceeds interim billings and expected losses is recognised as an asset. Contracts in progress for which interim billings and expected losses exceed the selling price are recognised as a liability. Expenses relating to sales work and the winning of contracts are recognised in the statement of profit and loss as incurred.

Service concession arrangements

In case of service concession arrangements for projects in Brazil, revenue is recognised in accordance with the requirements of Appendix A to Ind AS 11 – Service Concession Arrangements. (also refer Note 2.3.g).

Project management & Investment management services

Income from project and investment management services is recognised as per the terms of the agreement on the basis of services rendered.

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Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividends

Income from dividend on investments is accrued in the year in which it is declared, whereby the Group's right to receive is established.

Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit and loss.

g) Service Concession Arrangements

The Group constructs transmission infrastructure in Brazil which is used to provide transmission services and operates and maintains that infrastructure for a specified period of time. The infrastructure constructed by the group (i.e. the operator) is not recorded as property, plant and equipment of the group because the concession agreement 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 Granting Authority, as provided in the contract. Thus, under the terms of the concession agreement, the operator only acts as a service provider. These arrangements are accounted for under Appendix A to Ind AS 11 – Service Concession Arrangements.

The intangible asset model is used to the extent that the operator receives a right (i.e. a concessionaire) to charge users of the public service. The financial asset model is used when the operator has an unconditional contractual right to receive cash or other financial assets from or at the direction of the grantor for the construction service. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component. If the operator performs more than one service (i.e. construction, upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The group has classified the concession arrangements under financial asset model. The group recognises a financial asset to the extent that it has an unconditional right to receive cash or another financial asset from or at the direction of the grantor.

h) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e.by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

i) 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 consolidated 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.

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Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss.Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales/value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the balance sheet.

j) Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale/ distribution will be made or that the decision to sell/ distribute will be withdrawn. Management must be committed to the sale/ distribution expected within one year from the date of classification.

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For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale/ distribution classification is regarded met only when the assets or disposal group is available for immediate sale/ distribution in its present condition, subject only to terms that are usual and customary for sales/ distribution of such assets (or disposal groups), its sale/ distribution is highly probable; and it will genuinely be sold, not abandoned. The group treats sale/ distribution of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active program to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet.

k) 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 Groupdepreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred. No decommissioning liabilities are expected or be incurred on the assets of plant and equipment.

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the construction costs to the extent the expenditure can be attributable to construction activity or is incidental there to. Income earned during the construction period is deducted from the total of the indirect expenditure.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

(Life in number of years)

Asset Category	Useful Life considered	Useful life (Schedule II#)
Buildings (factory/ office/substation)	30/60	30/60
Plant and machinery	2-5	Continuous process plant -25; Others - 15
Substations	25-35	40
Power transmission lines (including components)	25-35	40
Data Processing Equipment (Computers)	3 - 5*	Servers and networks -6; and Desktops and laptops - 3
Furniture and Fittings	7.5 - 10	10
Office Equipment	4 - 5	5
Leasehold improvements	Lease Period*	30
Vehicles	4 - 5	8

Schedule II to the Companies Act, 2013

*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 certain items of plant and equipment, data processing equipments, furniture and fittings, office equipments and vehicles overestimated

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useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

l) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

The Group does not have any intangible assets with indefinite useful life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Softwares are amortised on a straight line basis over a period of five to six years. Goodwill arising on business combination under the scheme of arrangement is amortised on a straight line basis over a period of five years as per the Court Order (refer Note 51).

m) 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.

n) Leases

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

For arrangements entered into prior to 1 April 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Group as lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs (See note 2.1.k). Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the consolidated statement of profit and loss on a straight-line basis over the lease term

Groupas lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

o) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials, components, stores and spares, packing materials and others: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average cost basis except for aluminium wherein the cost is determined on specific identification method based on the costing details of each project.

Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average cost basis except for aluminium conductors wherein the cost is determined on specific identification method based on the costing details of each project.

Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

p) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be

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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.

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 consolidated 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.

q) 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 consolidated 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.

r) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Group has a defined benefit gratuity plan in India.The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as a long-term employee benefit for measurement

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purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the consolidated statement of profit and loss and are not deferred.

The Group presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.The cost of accumulated leave under the short-term employee benefit plan is determined using the projected unit credit method at Group level.

s) Employee Stock Appreciation Rights Scheme

Employees of the certain entities in the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for Employee Stock Appreciation Rights (ESARs) (cash-settled transactions). The cost of ESARs is measured as the difference between the fair market value of equity shares of the entity on the reporting date and the SAR price on the Grant date as specified in the ESAR Scheme, and is recognized as employee compensation cost over the vesting period.

t) Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

i. Debt instruments at amortised cost

ii. Debt instruments at fair value through other comprehensive income (FVTOCI)

iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss. This category generally applies to trade and other receivables (refer note 8)

Debt instrument at FVTOCI

A 'debt instrument' is classified as the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value.Fair value movements are recognized in the other comprehensive income (OCI).However, the Group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI

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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.

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').

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 AS103 applies are classified as at FVTPL.For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value.The Group makes such election on an instrument-by-instrument basis.The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI.There is no recycling of the amounts from OCI to statement of profit or loss, even on sale of investment.However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement.In that case, the Group also recognises an associated liability.The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance;

b) Lease receivables under Ind AS 17

c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

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The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument;

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial assets of the Groupwhich are not reflected at fair value pertain to Loans to related parties and Trade and other receivables. Considering the nature of business, the Group does not foresee any credit risk on its Loans and trade and other receivables which may cause an impairment. As per the TSA, the receivables are covered by clause of payment security mechanism which ensures receipt of all trade receivables. Also, the Group does not have any past history of impairment of Trade 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 instrument.

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Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Groupmay 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.

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 Groupdoes 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

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if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised Classification	Accounting Treatment
Amortised Cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in statement of profit or loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to statement of profit or loss at the reclassification date.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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.

u) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

v) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contractsto hedge its foreign currency risks. 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.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

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- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Group has not classified any hedge as Fair Value hedge or hedge of net investment in foreign operation.

Cash flow hedgesthat meet the strict criteria for hedge accounting are accounted for, as described below:

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated statement of profit and loss.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast purchase occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

w) Presentation of EBITDA

The Group has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the consolidated statement of profit and loss. This is not required by the Ind AS 1. The EBITDA is not defined in the Ind AS. Ind AS compliant schedule III allows companies to present line items, sub line items and sub totals to be presented as an addition or substitution on the face of the consolidated financial statements when such presentation is relevant to an understanding of the Group's financial position or performance.

Accordingly, the group has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the consolidated statement of profit and loss. The group measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the group does not include depreciation and amortisation expense, finance income, finance costs and tax expense.

2.4 Standards issued but not yet effective

The standards and amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standards:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

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The new revenue standard will supersede all current revenue recognition requirements under Ind AS. Ind AS 115 is effective for the Company from April 1, 2018 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Group continues to evaluate the available transition methods and its contractual arrangements. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation has been completed.

Other Amendments to standards, issued but not effective, which are either not applicable to the Group or theimpact is not expected to be material:

a) Amendments to Ind 112 Disclosure of Interests in Other Entities:

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

b) Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

c) Transfers of Investment Property - Amendments to Ind AS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

d) Ind AS 28 Investments in Associates and Joint Ventures

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

e) Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

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NOTE 3: PROPERTY, PLANT AND EQUIPMENT

(also refer note 11, 29, 40) (₹ in million)

Particulars	Freehold Land	Lease hold land	Leasehold improvements	Building - Substations	Building	Substations	Transmission Lines	Plant and Machinery	Data Processing Equipments **	Furniture and Fittings	Office Equipments	Vehicles	Electrical Installations	Total
Cost														
As at 1 April 2016	**522.68**	**105.37**	**37.62**	**63.25**	**846.20**	**6,667.85**	**47,774.59**	**2,910.86**	**67.95**	**38.19**	**27.48**	**13.92**	**250.60**	**59,326.58**
Additions #	189.43	-	23.57	-	36.03	-	6,754.80	133.81	19.91	14.04	12.20	3.32	6.29	7,193.40
Adjustments ^	-	-	-	-	-	(5.46)	(591.70)	-	-	-	-	-	-	(597.16)
Disposals	-	-	-	-	(3.03)	-	(108.68)	(25.92)	(2.08)	(0.84)	(3.34)	(3.60)	-	(147.49)
Transferred to assets held for sale (refer note 11)	(24.33)	(105.37)	(0.60)	(63.25)	-	(6,662.39)	(33,306.63)	(114.05)	(6.56)	(2.59)	(4.79)	-	-	(40,290.57)
As at 31 March 2017	**687.78**	**-**	**60.59**	**-**	**879.20**	**-**	**20,522.37**	**2,904.70**	**79.22**	**48.79**	**31.56**	**13.64**	**256.89**	**25,484.75**
Additions #	282.38	-	-	-	84.21	-	4,986.92	463.64	23.17	2.94	8.29	7.87	15.98	5,875.40
Adjustments ^	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals on sale of subsidiaries	(0.61)	-	-	-	(0.34)	-	(10,117.41)	(405.01)	(0.40)	(6.98)	(1.67)	(4.08)	(1.24)	(10,537.74)
As at 31 March 2018	**969.55**	**-**	**60.59**	**-**	**963.07**	**-**	**15,391.88**	**2,963.33**	**101.99**	**44.75**	**38.18**	**17.43**	**271.63**	**20,822.41**
Depreciation														
As at 1 April 2016	**0.10**	**11.41**	**4.94**	**3.31**	**194.95**	**329.33**	**1,906.28**	**1,729.02**	**36.97**	**20.73**	**13.65**	**6.19**	**77.60**	**4,334.48**
Additions	0.04	3.51	5.80	2.40	28.83	236.16	1,764.72	275.44	12.12	5.04	5.30	2.24	16.20	2,357.79
Impairment	-	-	-	-	-	-	912.60	(3.68)	-	-	-	-	-	908.91
Disposals	-	-	-	-	(3.04)	-	(12.20)	(21.72)	(2.21)	(0.60)	(1.41)	(1.89)	-	(43.08)
Transferred to assets held for sale (refer note 11)	-	(14.92)	(0.05)	(5.71)	-	(565.49)	(2,896.04)	(98.30)	(5.27)	(1.57)	(3.26)	(0.00)	-	(3,590.62)
As at 31 March 2017	**0.14**	**-**	**10.69**	**-**	**220.73**	**-**	**1,675.35**	**1,880.76**	**41.61**	**23.60**	**14.27**	**6.54**	**93.80**	**3,967.49**
Additions	0.04	-	8.95	-	40.99	-	815.06	227.06	15.63	6.43	6.86	1.70	18.08	1,140.80
Impairment reversal	-	-	-	-	-	-	-	(10.86)	-	-	-	-	-	(10.86)
Disposals on sale of subsidiaries	-	-	-	-	-	-	(402.87)	(375.05)	(0.32)	(6.04)	(1.21)	(2.76)	(0.35)	(788.60)
As at 31 March 2018	**0.18**	**-**	**19.64**	**-**	**261.72**	**-**	**2,087.54**	**1,721.91**	**56.92**	**23.99**	**19.92**	**5.48**	**111.53**	**4,308.83**
Net Book Value														
As at 31 March 2017	**687.65**	**-**	**49.90**	**-**	**658.47**	**-**	**18,847.02**	**1,023.94**	**37.61**	**25.19**	**17.28**	**7.10**	**163.09**	**21,517.26**
As at 31 March 2018	**969.37**	**-**	**40.95**	**-**	**701.35**	**-**	**13,304.34**	**1,241.42**	**45.07**	**20.76**	**18.26**	**11.95**	**160.10**	**16,513.58**

Pending negotiations and settlement of claims/counter claims with EPC contractors/vendors in respect of delays in commissioning of the project /other reasons, the management has considered its best estimate of cost incurred till year end based on the contract terms, purchase/work orders issued and the work completed. Any adjustment arising subsequently would be adjusted to the cost of property, plant and equipments at the time of settlement.

^ Adjustment to the cost of property, plant and equipment pertain to those arising on account of final settlement with EPC Contractors/vendors.

Refer note 52 pertaining to ENICL transmission line rendered inoperable due to flood

Particulars	As at 31 March 2018	As at 31 March 2017
Capital work in progress*	35,329.14	19,006.87

"** Data processing equipments include laptops taken on finance lease:

Gross block Rs. 18 million (31 March 2017: Rs 18.08 million)

Depreciation for the year Rs. 5.82 million (31 March 2017: Rs. 4.44 million)

Accumulated depreciation Rs. 11.27 million (31 March 2017: Rs 4.94 million)

Net block Rs. 6.73 million (31 March 2017: Rs. 13.14 million)

*Capital work in progress mainly includes expenditure incurred on construction of Transmission infrastructure

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 4: INTANGIBLE ASSETS

(₹ in million)

DESCRIPTION	Goodwill	Software/ Licenses
1 April 2016	3,675.42	25.20
Additions	-	15.36
As at 31 March 2017	**3,675.42**	**40.56**
Additions	-	53.61
Disposals	-	-
As at 31 March 2018	**3,675.42**	**94.17**
Amortisation		
1 April 2016	735.10	21.80
Impairment (refer Note 11)	355.17	-
Amortisation charge for the year	735.10	2.95
As at 31 March 2017	**1,825.37**	**24.75**
Accumulated amortisation		
Adjustment on sale of subsidiaries	51.73	-
Amortisation charge for the year	596.27	6.93
As at 31 March 2018	**2,473.37**	**31.68**
Net Book Value		
As at 31 March 2018	**1,202.05**	**62.49**
As at 31 March 2017	**1,850.04**	**15.81**

NOTE 5: IMPAIRMENT TESTING OF GOODWILL

Goodwill generated as a result of recording of assets and liabilities as part of the Scheme of demerger of Sterlite Technologies Limited (refer Note 51) with effect from 1 April 2015 has been allocated to the following CGUs (transmission projects and power products and solutions busines) for impairment testing:

1 East-North Interconnection Company Limited (ENICL)

2 RAPP Transmission Company Limited (RTCL)

3 Purulia & Kharagpur Transmission Company Limited (PKTCL)

4 Power product and solutions

Carrying amount of goodwill allocated to each of the CGUs:

Particulars	As at 31 March 2018	As at 31 March 2017
East-North Interconnection Company Limited (ENICL)	17.07	25.60
RAPP Transmission Company Limited (RTCL)	-	14.19
Purulia & Kharagpur Transmission Company Limited (PKTCL)	-	33.68
Power product and solutions	1,184.98	1,776.57
Goodwill on consolidation	**1,202.05**	**1,850.04**

The Group performed its annual impairment test for years ended 31 March 2018 and 31 March 2017 on 31 March 2018 and 31 March 2017 respectively. The Group considers the relationship between the fair value (based on DCF) of transmission project and its book value, among other factors, when reviewing for indicators of impairment.

The recoverable amount of Power products business as at 31 March 2018 and 31 March 2017 was determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(All amounts in ₹ million unless otherwise stated)

covering a five-year period. The terminal growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 3% (31 March 2017: 3%).

The recoverable amounts of each of the other CGUs (transmission projects) below, have been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering the period of the Transmission services agreement (TSA). As a result of the analysis, management did not identify impairment for the below mentioned CGUs.

CGU	Recoverable amount (Rs'Million)	
	31 March 2018	31 March 2017
ENICL	3,409.12	2,160.47
RTCL	-	1,103.86
PKTCL	-	2,180.39

During the year ended 31 March 2018, RTCL and PKTCL projects have been transferred by the Group to India Grid Trust. Thus, the consideration received for sale of RTCL and PKTCL in excess of their net assets (including Goodwill allocated to them) has been recognised as a gain on sale of subsidiaries in statement of profit and loss. (refer note 26)

Key assumptions used for value in use calculations and the sensitivity to changes in these assumptions are as follows:

Power products and solutions CGU

EBITDA margin: EBITDA margin of revenue has been considered based on average values achieved in the two years preceding the valuation date. A decrease in EBITDA margin by 4.20% (31 March 2017: 1.50%) would result in impairment.

Discount rate: Discount rate represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. Segment-specific risk is incorporated by applying individual beta factor. The beta factor is evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. A rise in pre-tax WACC by 28.50% (31 March 2017: 4.92%) would result in impairment.

Growth rate: Growth rate has been considered for a period of five years based on management estimates and past trends. A decrease in growth rate by 12.20% (31 March 2017: 7.19%) during the next five year period would result in impairment.

Other Transmission Projects CGU

Cost of equity:

As at 31 March 2018 - ENICL: 12.00%, Increase in cost of equity by 6.25% (for ENICL) would result in impairment.

As at 31 March 2017 - ENICL: 11.96%, RTCL: 11.20%, PKTCL: 11.33% . Increase in cost of equity by 0.1% (for ENICL), 31.80% (for RTCL) and 34.47% (for PKTCL) would result in impairment.

Cost of debt:

As at 31 March 2018 - ENICL: 8.95%, Increase in cost of debt by 1.58% would result in impairment.

As at 31 March 2017 - ENICL: 9.10%, RTCL: 8.25%, PKTCL: 8.25%. Increase in cost of debt by 0.1% (for ENICL), 5.83% (for RTCL) and 5.22% (for PKTCL) would result in impairment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 6A: INVESTMENT IN ASSOCIATES

The Group has a 20.72% interest in India Grid Trust, which undertakes activities as an infrastructure investment trust in accordance with the provisions of the InvIT Regulations and the Trust Deed. The principal activity of India Grid Trust is to own and invest in power transmission assets in India with the objective of producing stable and sustainable distributions to unitholders.. The Group's interest in India Grid Trust is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in India Grid Trust:

(₹ in million)

Particulars	31 March 2018	31 March 2017
Non-Current		
Current assets	3,359.41	-
Non-current assets	50,427.53	-
Current liabilities	(5,462.38)	-
Non-current liabilities	(19,692.00)	-
	28,632.56	
Equity Investments (Quoted):		
Proportion of the Group's ownership	20.72%	
Carrying amount of the investment	5,932.66	-
Total	**5,932.66**	**-**
Statement of Profit and Loss		
Revenue	4,605.00	-
Depreciation expense	(1,157.41)	-
Finance cost	(1,012.57)	-
Other expense	(399.34)	-
Profit before tax	**2,035.68**	**-**
Income tax	67.82	-
Profit for the year	**2,103.50**	**-**
Total comprehensive income for the year	**2,103.50**	**-**
Group's share of profit for the year	**435.69**	**-**

Group's share of contingent liabilities of associate is Rs. 98.15 million pertaining to pending litigation in subsidiaries of associate.

Further, associate has entered into Share Purchase Agreement on February 19, 2018 with Techno Power Grid Company Limited, Techno Electric and Engineering Company Limited and Patran Transmission Company Limited ('PTCL') pursuant to which the associate has agreed to purchase entire share capital of PTCL at cost of approx. Rs 2,320 million based on the valuation report obtained by the management. The transaction is expected to complete in the first quarter of financial year 2018-19.

The subsidiaries of associate have entered into transmission services agreement (TSA) with long term transmission customers pursuant to which those subsidiaries have 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 6B: INVESTMENTS

(₹ in million)

Particulars	31 March 2018	31 March 2017
Non current		
Trade investment (valued at cost unless stated otherwise)		
Investments at fair value through OCI		
Unquoted equity instruments		
Sharper Shape Group Inc of Rs. 10 each fully paid up	112.45	112.45
Current		
Investment in mutual funds (valued at fair value through statement of profit or loss) Quoted		
213.23 units (31 March 2017: Nil) of L&T Liquid Direct Plan - Growth	0.51	-
Nil (31 March 2017:1,247,802,428) units of Birla sunlife cash plus - Daily dividend direct plan	-	125.02
100,465.53 (31 March 2017: Nil) units of Rs 1,001 each of DSP Black Rock Liquidity Fund - Daily Dividend	166.15	-
Nil (31 March 2017: 215,907.46) units of Rs 1,500 each of Reliance Liquid Fund- Treasury Plan Direct Plan - Daily Dividend Option	-	330.07
387,885.27 (31 March 2017: 339,008.49) units of Rs 1,000 each of SBI Premier Liquid Fund - Direct plan daily dividend	389.15	340.11
Total	**668.26**	**907.65**
Current	**555.81**	**795.20**
Non-current	**112.45**	**112.45**

NOTE 7: LOANS (unsecured, considered good)

(₹ in million)

Particulars	31 March 2018	31 March 2017
Non-current		
Loans to related party (refer note 56)	-	15.21
Total non-current	**-**	**15.21**
Current		
Loans to related party (refer note 56)	180.22	193.47
Total	**180.22**	**193.47**

Loans are non-derivative financial assets which generate a fixed interest income for the Group

NOTE 8: TRADE RECEIVABLES

(₹ in million)

Particulars	31 March 2018	31 March 2017
Non-current		
Trade receivables	322.12	317.51
Break-up for security details:		
- Unsecured, considered good	-	-
- considered doubtful	322.12	317.51
	322.12	**317.51**
Impairment allowance (allowance for bad and doubtful debts)		
- Unsecured, considered doubtful	322.12	317.51
Total non-current trade receivables	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

Particulars	31 March 2018	31 March 2017
Current		
Trade receivables	7,959.72	4,546.17
Receivables from an associate (refer note: 56)	56.40	-
Total	**8,016.12**	**4,546.17**
Break-up for security details:		
- Unsecured, considered good	8,016.12	4,546.17
- Considered doubtful	-	-
Total current trade receivables	**8,016.12**	**4,546.17**

No trade or other receivable are due from directors or other officers of the group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

The group has entered into an arrangement with HDFC Bank for non recourse factoring pursuant to which the group has derecognised trade receivables of Rs. Rs. 1,043.09 million (31 March 2017:1,275.51 million)

NOTE 9: OTHER FINANCIAL ASSETS

(₹ in million)

Particulars		31 March 2018	31 March 2017
Non-current			
Security deposits (unsecured, considered good)		33.83	35.78
Non-current bank balance (refer note 14)		0.71	0.63
Total other non-current financials assets		**34.54**	**36.41**
Current			
Security deposits (unsecured, considered good)		38.93	9.79
Advances recoverable in cash (unsecured, considered good)		33.87	19.92
Unbilled revenue #		215.16	280.38
Interest accrued on investments		1.12	1.87
Insurance claim receivable**		269.64	149.83
Management fees recevables (refer note 56)		30.36	-
Unbilled revenue of construction contracts (refer note 47)*		247.83	-
Earnest money deposit with customer		43.75	57.30
Others		20.61	-
	(A)	**901.27**	**519.09**
Derivative instruments			
- Commodity future contracts		-	655.13
	(B)	**-**	**655.13**
Total other current financial assets	**(C=A+B)**	**901.27**	**1,174.22**

Unbilled revenue is the transmission charges for the month of March 2018 amounting to Rs 215.16 million (31 March 2017 - Rs 280.38 million) billed to transmission utilities in the month of April 2018.

* Peratin towards receivables in respect of construction contracts for transmission projects in Brazil accounted under Appexdix A to Ind AS - 11 (Service Concession Arrangements) which will be recovered through tariff revenue over the period of concession agreement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

Movement of these financial assets can be summarized as follows:

Balances as of 26 May 2017	
Infrastructure revenues (note 47)	241.09
Remuneration of the concession assets (note 47)	6.74
Balances as of 31 March 2018	**247.83**

Security deposits are non-derivative financial assets and are refundable in cash. These are measured based on effective interest method

Insurance claim receivable are non-derivative financial assets and are receivable in cash. These are measured based on effective interest method

Derivative instruments at fair value through OCI reflect the change in fair value of foreign exchange forward contracts designated as cash flow hedges to hedge highly probable forecasts/firm commitments for sales and purchases in US Dollars (USD) and Euros (EUR). Derivative instruments at fair value through OCI also include the change in fair value of commodity forward contracts. The group is exposed to changes in the price of aluminium and copper on its forecast aluminium and copper purchases. The forward contracts do not result in physical delivery of aluminium and copper, but are designated as cash flow hedges to offset the effect of price changes in aluminium and copper. The group hedges 100% of its expected aluminium and copper purchases.

** Insurance claim receivable is net of impairment allowance of Rs. 25.00 million (31 March 2017: Rs. Nil) for doubtful claim receivable

NOTE 10: OTHER ASSETS

(₹ in million)

Particulars	31 March 2018	31 March 2017
Non- Current		
Capital advances (unsecured, considered good)	3,739.37	2,252.51
Advance income tax, including TDS (net of provisions)	57.50	40.49
Prepaid expenses	34.59	12.84
Deposits paid under dispute (refer note 43)	4.80	-
Advances recoverable in cash or kind (unsecured)	-	12.51
Total other non-current assets	**3,836.26**	**2,318.35**
Current		
Advance income tax, including TDS (net of provisions)	16.89	0.05
Advances recoverable in cash or kind (unsecured)	206.77	388.44
Balances with statutory/government authorities	2,236.35	420.08
Prepaid expenses	206.83	70.89
Deposits paid under dispute (refer note 43)	-	103.76
Gross amount due from customers for contract as an asset (refer note 47)	372.97	3.38
Others	0.04	-
Total other current assets	**3,039.85**	**986.60**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 11: DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As at March 31, 2017, investment of the Group in net assets of subsidiaries, Bhopal Dhule Transmission Company Limited ('BDTCL'), Jabalpur Transmission Company Limited ('JTCL') and Sterlite Grid 1 Limited ('SGL') (together referred to as 'disposal group') was proposed to be transferred to India Grid Trust (a trust set up as an infrastructure investment trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014). The Group was to receive units of the trust amounting to Rs 5,879.92 million and balance amount will be received in cash in exchange of net assets of the disposal group.

Ind AS -105 Non Current Assets Held for Sale and Discontinued Operations requires disposal group to be identified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the disposal group must be available for immediate sale in its present condition and the sale must be highly probable. Based on the assessment performed by the management, it was determined that the disposal group should be disclosed as held for sale under Ind AS. Consequently the assets and liabilities of the disposal group held for sale were presented separately from the other assets and other liabilities respectively in the balance sheet. Consequently, amount of Rs 1,507.86 million, being the difference between carrying value and the fair value less costs to sell of the net assets of the disposal group was treated as impairment loss of net assets of disposal group held for sale as on March 31, 2017. The fair value has been determined based on the consideration expected to be received from India Grid Trust towards the sale of the disposal group. Out of total Rs. 1,507.86 Million, amount of Rs. 595.26 million was treated as impairment loss of goodwill which was created at the time of acquisition of the disposal group by SPGVL. Balance amount was reduced from the carrying value of property, plant and equipment of the disposal group.

The Company, being the sponsor of India Grid Trust has lock-in on the units to be received from the Trust (3 years for upto 15% of total units of the Trust and 1 year for units above 15%). Therefore, the asset held for sale to the extent of consideration to be received in units of India Grid Trust was disclosed as non-current as at March 31, 2017.

	(₹ in million)
Assets	
Property,plant and equipment	36,699.96
Capital work-in-progress	0.00
Other non-current financial assets	3.43
Other non-current assets	34.90
Investments	460.10
Trade receivables	474.51
Cash and bank balances	231.40
Other current financial assets	561.68
Other current assets	158.04
Total assets held for sale	**38,624.02**
Presented as:	
- Non-current assets	**5,879.92**
- Current assets	**32,744.10**
Liabilities	
Long term borrowings	24,349.60
Trade payables	38.21
Other financial liabilities	1,676.50
Other liabilities	4.36
Current tax liability	3.52
Total liabilities held for sale	**26,072.19**
Presented as:	
- Non-current liabilities	**-**
- Current liabilities	**26,072.19**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(All amounts in ₹ million unless otherwise stated)

NOTE 12: INVENTORIES

(₹ in million)

Particulars	31 March 2018	31 March 2017
(Valued at lower of cost and net realisable value)		
Raw materials and components	1,486.02	794.58
[Includes stock in transit Rs. 328.67 million (31 March 2017: Rs. 5.17 million)		
Work-in-progress	287.67	482.68
Finished goods [Includes stock in transit Rs. 0.70 million (31 March 2017: Rs. 81.83 million)]	201.07	373.27
Traded goods	47.31	14.69
Stores, spares, packing materials and others	71.41	73.21
Total	**2,093.48**	**1,738.43**

NOTE 13: CASH AND CASH EQUIVALENTS

(₹ in million)

Particulars	31 March 2018	31 March 2017
Balances with banks:		
On current accounts*	959.48	995.66
Deposit with original maturity of less than 3 months	-	30.00
Cash in hand	0.43	0.41
Total	**959.91**	**1,026.07**

* Includes Rs. Nil (31 March 2017: Rs. 22.50 million) held as lien by banks against bank guarantees

NOTE 14: OTHER BANK BALANCES

(₹ in million)

Particulars	31 March 2018	31 March 2017
Deposit with original maturity for more than 12 months*	0.08	0.63
Deposits with original maturity for more than 3 months but less than 12 months**	369.12	416.69
	369.20	**417.32**
Amount disclosed under non-current assets (note 9)	(0.71)	(0.63)
Total	**368.49**	**416.69**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between three months and twelve months, depending on the immediate cash requirements of the group, and earn interest at the respective short-term deposit rates.

* Held as lien by bank against bank guarantees

** Includes Rs. 67.01 million (31 March 2017: Rs. 99.00 million) held as lien by banks against bank guarantees and Rs. 287.20 million (31 March 2017: Rs. 304.70 million) held in debt service reserve

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(All amounts in ₹ million unless otherwise stated)

NOTE 15: SHARE CAPITAL

(₹ in million)

Particulars	31 March 2018	31 March 2017
Authorised shares (no. million)		
80.00 (31 March 2017: 80.00) equity shares of Rs.2 each	**160.00**	**160.00**
Issued, subscribed and fully paid-up shares (no. million)		
61.18 (31 March 2017: 61.18) equity shares of Rs. 2 each fully paid - up.	122.36	122.36
Total issued, subscribed and fully paid-up share capital	**122.36**	**122.36**
a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period		
	Nos. in million	**₹ in million**
At 1 April 2016	-	-
Add: Issued during the year	61.18	122.36
At 31 March 2017	**61.18**	**122.36**
At 31 March 2018	**61.18**	**122.36**

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 2 per share. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders

c. Shares held by holding company and their subsidiaries/associates:

Particulars	31 March 2018		31 March 2017	
	No. in million	% holding	No. in million	% holding
Immediate holding company				
Twin Star Overseas Limited, Mauritius	43.67	71.38%	43.67	71.38%
Subsidiary of Volcan Investments Limited, Bahamas [Ultimate holding company]				
Vedanta Limited	0.95	1.56%	0.95	0.02

d. Detail of shareholders holding more than 5 % of shares in the company

Particulars	31 March 2018		31 March 2017	
	No. in million	% holding	No. in million	% holding
(Immediate Holding company) Twin Star Overseas Limited, Mauritius	43.67	71.38%	43.67	71.38%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(All amounts in ₹ million unless otherwise stated)

NOTE 16 : OTHER EQUITY

(₹ in million)

Particulars	31 March 2018	31 March 2017
Securities premium account		
Balance as per last financial statements	6,748.37	-
Add: Additions on issue of equity shares	-	6,748.37
Less: Amount utilised for payment of premium on redemption of preference shares during the year (refer note below)	(2,211.57)	-
Closing balance	**4,536.80**	**6,748.37**
Retained earnings		
Balance as per last financial statements	(9,880.47)	(5,828.59)
Add: Transferred from securities premium account for redemption of preference shares	2,211.57	-
Add: Net profit/(loss) for the year	2,722.84	(3,610.23)
Add/(less): Re-measurement gain/(loss) on defined benefit plans, net of tax	3.59	(1.20)
Less: Transfer to debenture redemption reserve	-	(440.45)
Net deficit in the statement of profit and loss	**(4,942.47)**	**(9,880.47)**
Other reserves		
Debenture redemption reserve		
Balance as per last financial statements	440.45	-
Add: Created for the year	-	440.45
Closing balance	**440.45**	**440.45**
Cash flow hedge reserve		
Balance as per last financial statements	234.46	(603.05)
Add: Cash flow hedge reserve created on derivative contracts	(374.30)	234.46
Less: Amount reclassified to statement of profit and loss	235.44	(603.05)
Closing balance	**(375.28)**	**234.46**
Foreign Currncy Translation Reserve		
Balance as per last financial statements	-	-
Addition during the year	0.04	-
Closing balance	**0.04**	**-**
Statutory Reserve		
Balance as per last financial statements	-	-
Add : Addition during the year	0.35	-
Closing balance	**0.35**	**-**
Total other reserves	**65.56**	**674.91**
Total Other equity	**(340.11)**	**(2,457.19)**

*The Company measured financial liability for redeemable preference shares at amortised cost. At the time of redemption of preference shares, as permitted by section 52(2) of the Companies Act,2013, the Company utilised balance available in securities premium towards the payment of premium on the redemption of redeemable preference shares. Thus, amount to the extent of premium on redemption is transferred to retained earnings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(All amounts in ₹ million unless otherwise stated)

NOTE 17 : LONG TERM BORROWINGS

(₹ in million)

Particulars	31 March 2018	31 March 2017
Non-current		
Non Convertible Debentures (secured)		
10,825 (31 March 2017: 11,175) Non-Convertible Debentures of Rs. 1,000,000/- each	10,840.72	10,716.92
Term loans (secured)		
Indian rupee loans from banks	8,128.81	14,222.22
Indian rupee loans from financial institution	20,105.14	8,729.02
Local Bills discounting and acceptances	14,156.10	3,351.78
Loan from related parties	1.84	-
Long term maturities of finance lease obligation (secured)		
Obligations under finance lease contracts (refer note 41)	3.70	9.38
Reedemable Preference Shares		
8.98% Reedemable Preference Shares (refer note III) #	35.79	-
Optionally Convertible Redeemable Preference Shares ('OCRPS') - at Fair value through profit and loss		
Nil (31 March 2017: 454,552,553) Optionally Convertible Redeemable Preference Shares of Rs 10 each.	-	9,948.55
Total non-current borrowings	**53,272.10**	**46,977.87**
The above amount includes		
Secured borrowings	53,272.10	37,029.32
Unsecured borrowings	-	9,948.55
Current maturies		
Debentures (secured)		
350 (31 March 2017: 375) Non-Convertible Debentures of Rs. 10,00,000/- each (secured)	351.51	1,155.01
Interest accrued but not due on debentures	312.00	
Term loans (secured)		
Indian rupee loans from banks	772.60	1,064.43
Indian rupee loans from financial institution	2,577.93	779.42
Foreign currency loan from financial institution	-	-
Current maturies of finance lease obligations	2.92	3.69
Interest accrued on term loans	99.74	222.05
Redeemable Preference Shares (unsecured)		
17.90 million (31 March 2017: 17.90 million) Redeemable Preference Shares of Rs.2 each	-	2,004.82
Interest accrued on redeemable preference shares	-	94.66
Total current maturities	**4,116.70**	**5,324.08**
The above amount includes		
Secured borrowings	4,116.70	3,224.60
Unsecured borrowings	-	2,099.48
	4,116.70	**5,324.08**
Amount disclosed under the head "other current financial liabilities" (note 21)	4,116.70	5,324.08
Net amount	**-**	**-**

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(All amounts in ₹ million unless otherwise stated)

Notes:

I. Debentures

a) East-North Interconnection Company Limited (ENICL)

During the year 2015-16, ENICL has issued 9,250 Non Convertible Debentures ('NCDs') of Rs 1,000,000/- each on private placement basis in three tranches of 2,125 8.85% Non Convertible Debentures, 2,375 9.10% Non Convertible Debentures and 4,750 9.25% Non Convertible Debentures having face value of Rs 1,000,000 each redeemable by 31 December 2020, 30 March 2025 and 30 June 2033 respectively in quarterly instalments ranging from Rs. 0.07 million to Rs 0.25 million. All the NCDs together with interest, additional interest, liquidated damages, premium on prepayment, cost and charges, expenses and all other monies and all other amounts stipulated and payable to the debenture holders are secured by

1) First and exclusive charge on all movable assets and immovable assets of ENICL 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 ENICL.

2) First charge by way of:

    a) Assignment/hypothecation or creation of security interest present and future of all rights, titles, interest, benefits, claims and demands whatsoever of ENICL 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 ENICL in the permits, approvals and clearances pertaining to the projects, in the letter of credit, guarantee, performance bond, corporate guarantee, bank guarantees provided by any party to the project document;

    c) All insurances proceeds (debenture trustee to be the loss payee in the insurance policy).

3) A First charge on letter of credit, Escrow account, debt service reserve account and other reserve and any other bank account of ENICL wherever maintained, present and future.

4) First charge on all book debts, operating cash flow, receivables, commissions, revenues of whatsoever nature and wherever arising, of ENICL, present and future.

5) Pledge of 51% of the equity share capital of ENICL.

b) Sterlite Power Grid Ventures Limited (SPGVL)

During the previous year, SPGVL has issued 3,000 10.40% Non-Convertible Debentures ('NCDs') of Rs 10,00,000/- each redeemable on April 15, 2019. 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 -

(a) First and exclusive charge by way of hypothecation over all movable properties and assets including but not limited to plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and other movable assets of the SPGVL, both present and future.

(b) First charge by way of hypothecation/ charge over all the rights, title, interest, benefits, claims and demands whatsoever of SPGVL under each of its EPC Contracts (such charge being duly acknowledged and consented to by the relevant counter parties to such EPC Contracts, if required as per the terms of such EPC Contracts) and all cash and receivables of SPGVL under the EPC Contracts, both present and future;

(c) Exclusive charge over all the NRSS-XXIX Refinance Account (which shall be opened within 15 (fifteen) days from the commercial operation date of Project NRSS-XXIX);

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FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

(d) Pledge of 47% of the total issued and paid up share capital of Sterlite Grid 2 Limited (SGL2) held by SPGVL on a Fully Diluted Basis. In case of Debenture are held by a bank, their beneficial interest will be limited to the extent of provision of 19(2) of the Banking Regulation Act;

II. Term Loans

A) Sterlite Power Transmission Ltd (SPTL)

a) Indian rupee term loan from banks amounting to Rs. 15.00 million carries interest @ LTMLR + 1.10% p.a. Loan amount is repayable in 1 quarterly installments of Rs. 15.00 million (excluding interest).

The term loan is secured by pari passu charge on below:

a) First charge on all movable fixed assets of the SPTL, present & future.

b) First charge on all immoveable fixed assets of the SPTL, present & future

c) Pledge of 51% shareholding / CCPS / CCDs etc. of Sterlite Power Grid Ventures Limited ('SPGVL')

d) First charge on the Dividends / any other Receivables / Loans & Advances etc. from the Borrower's Investments in SPGVL, present & future

e) Second charge on all current assets, cashflows of SPTL,present & future except cash flows as mentioned in "d" above for which lender shall have first charge).

b) Indian rupee term loan from the bank amounting to Rs. 546.90 million carries interest @ Base rate + 1% p.a. Loan amount is repayable in 5 quarterly equated installments of Rs. 93.75 million and 6th installment of Rs. 78.15 Cr (excluding interest).

The term loan is secured by pari passu charge on below:

a) First charge on all movable fixed assets of the SPTL, present & future.

b) First charge on all immoveable fixed assets of the SPTL, present & future

c) Pledge of 53.04% equity shareholding and 69.64% CCPS of SPGVL

d) First charge all receivables , present & future

e) Second charge on all current assets,present & future except assets as mentioned in "d" above for which lender shall have first charge)

c) Indian rupee term loan from banks amounting to Rs. 1,800.00 million carries interest @ LTMLR + 0.75% p.a. Loan amount is repayable in 12 quarterly equated installments of Rs. 150 million (excluding interest) starting from June 2017.

The term loan is secured by pari passu charge on below:

a) First charge on all movable fixed assets of the SPTL, present & future.

b) First charge on all immoveable fixed assets of the SPTL, present & future

c) Pledge of 53.04% equity shareholding and 69.64% CCPS of SPGVL

d) First charge on all receivables , present & future

e) Second charge on all current assets,present & future except assets as mentioned in "d" above for which lender shall have first charge)

d) Indian rupee term loan from banks amounting to Rs. 1,500.00 million carries interest @ Base rate + 0.10% p.a. Loan amount is repayable in 5 yearly installments starting from June 2017 in 5%,10%,20%,30% & 35% of loan amount.

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The term loan is secured by pari passu charge on below:

a) First charge on all movable fixed assets of the SPTL, present & future.

b) First charge on all immoveable fixed assets of the SPTL, present & future

c) Pledge of 53.04% equity shareholding and 69.64% CCPS of SPGVL

d) First charge on all receivables , present & future

e) Second charge on all current assets,present & future except assets as mentioned in "d" above for which lender shall have first charge)

e) Indian rupee term loan from financial institution amounting to Rs. 50.00 million carries interest @ MCLR +225 BPS p.a. Loan amount is repayable in 5 annual installments starting from December 2018 in 5%,10%,20%,30% & 35% of loan amount.

The term loan is secured by pari passu charge on below:

a) First charge on all movable fixed assets of the SPTL, present & future.

b) First charge on all immoveable fixed assets of the SPTL, present & future

c) Pledge of 53.04% equity shareholding and 69.64% CCPS of SPGVL

d) First charge all receivables , present & future

e) Second charge on all current assets,present & future except assets as mentioned in "d" above for which lender shall have first charge)"

f) Indian rupee term loan from financial institution amounting to Rs. 2000.00 million carries interest @ 11% p.a. Loan amount is repayable in 5 annual installments starting from December 2017 in 5%,10%,20%,30% & 35% of loan amount.

The term loan is secured by pari passu charge on below:

a) First charge on all movable fixed assets of the SPTL, present & future.

b) First charge on all immoveable fixed assets of the SPTL, present & future

c) Pledge of 53.04% equity shareholding and 69.64% CCPS of SPGVL

d) First charge on all receivables , present & future

e) Second charge on all current assets,present & future except assets as mentioned in "d" above for which lender shall have first charge)

B) NRSS XXIX Transmission Limited (NRSS)

Indian rupee term loan of Rs 6,861.47 million from banks carries interest at the rate of SBI Base Rate + 2.50%. Total loan amount is repayable in 75 structured quarterly instalments after the end of moratorium period i.e. from 31.03.2018 .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 ; first charge by way of hypothecation on movable assets of NRSS ; first charge on all the Project's Bank accounts including but not limited to DSRA and designated accounts opened in a designated bank ; first charge on receivables, operating cash flows, commissions , revenues of whatsoever nature and wherever arising, present and future ,intangibles, goodwill, uncalled capital, present and future. Loans are also secured by pledge of 51% of share capital of NRSS held by Sterlite Grid 2 Limited voting rights of which do not fall below 51%. NRSS is in process of security creation against the above term loan outstanding.

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C) Odisha Generation Phase-II Transmission Limited (OGPTL)

Indian rupee term loan of Rs 3446.46 million from banks & financial institution carries interest at the rate of 11.50% p.a (Benchmark Rate +/- Spread). 58% of total loan amount is repayable in 46 structured quarterly installments post one year moratorium period in accordance with amortisation schedule. Balance 42% of the total loan amount shall be repayable as a bullet repayment as a last installment. 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 OGPTL 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 OGPTL into 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 OGPTL 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 OGPTL.

D) Khargone Transmission Limited (KTL)

Indian rupee term loan of Rs 481.08 million from financial institutions carries interest rate of 10.75% p.a (Benchmark Rate +/- Spread). 60% of total loan amount is repayable in 48 structured quarterly installments 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 installment. 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 KTL 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 KTL into 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 KTL 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 pledge of 51% of share capital of KTL held by Sterlite Grid 4 Limited voting rights of which do not fall below 51%.

Domestic bill discounting of Rs 1,125.72 million carries interest rate ranging from 8.6% to 10% p.a.This facility has been sanctioned as a sublimit of the rupee term loan and have the same securities as described above. This facility has a term of 1,080 days and gets converted into rupee term loan on maturity. Hence this has been classified as long term borrowings.

E) Gurgaon-Palwal Transmission Limited (GPTL)

Indian rupee term loan of Rs 1615.83 million from financial Institutions carries interest at the rate of 11.25% p.a (Benchmark Rate +/- Spread). 60% of total loan amount is repayable in 46 structured quarterly installments 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 installment. 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 GPTL 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 GPTL into 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 GPTL in any letter of credit, guarantee including contract guarantees and liquidated damages, consent agreements, side letters and performance bond provided

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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 GPTL.

F) NER II Transmission Limited (NER II)

(i) Indian rupee term loan of Rs.82.65 millions from banks & financial Institutions carries interest at the rate of 10.75% p.a payable monthly (PFL PLR as on date being 15.9% minus spread of 5.15% (''spread'') presently 10.75% for a period of one year from first disbursement date. Thereafter interest rate would be resat annually (1 year after the first disbursement date). Total loan amount is repayable in 47 structured quarterly instalments post 6 months moratorium period in accordance with amortisation schedule (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 NER II 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 NER II into 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 NER II 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 NER II.

(ii) Domestic bill discounting Rs.3,087.70 millions carries interest rate 7.85% p.a. This facility has been sanctioned as a sublimit of the rupee term loan and carries same terms, conditions and securities as described above. The bills are due for maturity within 90 days and upon maturity gets automatically converted in into rupee term loan hence this has been classified under long-term borrowings.

Loan Convenants

Bank loans contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, net Borrowings to EBITDA ratio and debt service coverage ratio. The limitation on indebtedness covenant gets suspended if the Company meets certain prescribed criteria. The debt covenant related to limitation on indebtedness remained suspended as of the date of the authorisation of the financial statements. The Company has also satisfied all other debt covenants prescribed in the terms of bank loan.

III.Redeemable Preference Shares

(₹ in million)

Particulars	31 March 2018	31 March 2017
Authorised shares (nos. million)		
36.40 (31 March 2017: 36.40) redeemable preference shares of ₹ 2 each	72.80	72.80
Issued, subscribed and fully paid-up shares (nos. million)		
Nil (31 March 2017: 17.90) non cumulative redeemable preference shares of ₹ 2 each		
- Nominal Value	-	35.80
- Securities Premium	-	1,969.02
Issued, subscribed and fully paid-up shares (nos. million)		
18.00 (31 March 2017: Nil) cumulative redeemable preference shares of ₹ 2 each		
- Nominal Value	36.00	-
- Securities Premium	-	-

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Terms/rights attached to equity shares

#The cumulative redeemable preference shares carry preference dividend at 8% per annum. Holders of preference shares have a preferential right to receive their redemption value in precedence to holders' of equity shares in the event at liquidation. These shares of face value of Rs.2 per share were issued at a premium of Rs. 110.00 per share and will be redeemed at a premium of Rs. 123.55 per share after 18 months from the date of the allotment i.e. 22/08/2016.

*The cumulative redeemable preference shares carry preference dividend at 0.01% per annum. Holders of preference shares have a preferential right to receive their redemption value in precedence to holders' of equity shares in the event at liquidation. These shares of face value of Rs.2 per share were issued at par and will be redeemed on 28 December 2020 at a premium of 8% compounded annually.

Reconciliation of the preference shares outstanding at the beginning and at the end of the reporting period

Particulars	Nos. in million	₹ in million
At 31 March 2016	-	-
Add: Issued during the year	17.90	35.80
At 31 March 2017	**17.90**	**35.80**
Less: Redeemed during the year	(17.90)	(35.80)
Add: Issued during the year	18.00	36.00
At 31 March 2018	**18.00**	**36.00**

Detail of preference shareholders holding more than 5 % of shares in the company

Particulars	31 March 2018		31 March 2017	
	No. in million	% holding	No. in million	% holding
Yes Bank Limited	-	-	16.81	93.93%
Clix Finance India Private Limited	18.00	100.00%	-	-

IV. Optionally Convertible Redeemable Preference Shares ('OCRPS') (issued by subsidiary company i.e. SPGVL)

(₹ in million)

Optionally Convertible Redeemable Preference Shares ('OCRPS')	31 March 2018	31 March 2017
i. Authorised Optionally Convertible Redeemable Preference Share Capital ('OCRPS')		
Nil (31 March 2017: 470,000,000) Optionally Convertible Redeemable Preference Shares ('OCRPS')	-	4,700.00
ii. Issued subscribed and fully paid up OCRPS		
Nil (31 March 2017: 454,552,553) Optionally Convertible Redeemable Preference Shares of Rs 10 each.	-	4,545.53

iii. Reconciliation of the OCRPS outstanding at the beginning and at the end of the reporting period

	31 March 2018		31 March 2017	
	No. in million	(Rs. in million)	No. in million	(Rs. in million)
At the beginning of the period	454.55	4,545.53	454.55	4,545.53
Add: Converted into preference shares	(454.55)	(4,545.53)	-	-
Outstanding at the end of the year			**454.55**	**4,545.53**

iv. Detail of shareholders holding of OCRPS

	31 March 2018		31 March 2017	
	No. in million	% holding	No. in million	% holding
Standard Chartered Financial Holdings, Mauritius	-	-	79.38	17%
Marina Hari (IV) Pte Ltd	-	-	141.11	31%
Standard Chartered Pvt. Equity Korea III Holdings Ltd.	-	-	234.06	51%

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Loan covenants

Bank loans and non convertible debentures contain certain debt covenants relating to limitation on interest service coverage ratio, debt service coverage ratio, total debt gearing, maintenance of specified security margin etc. The financial covenants are reviewed on availability of audited accounts of the respective borrower annually. For the financial year ended 31 March 2018, the Group has satisfied all debt covenants prescribed in the terms of loan from banks and financial institutions, where applicable.

NOTE 18 : SHORT TERM BORROWINGS

(₹ in million)

Particulars	31 March 2018	31 March 2017
Cash credit from banks (secured)	1,954.73	2,084.47
Working capital demand loans from banks (secured)	2,988.09	3,200.00
Packing credit (Secured)	1,272.06	2,422.77
Suppliers credit (secured)	282.61	30.24
Receivables discounted (secured)	897.24	-
Other loan from banks (secured)	764.14	112.75
Total	**8,158.87**	**7,850.23**

Note:

A) Sterlite Power Transmission Ltd (SPTL)

(i) Cash credit is secured by hypothecation of raw materials , work in progress, finished goods and trade receivables.The cash credit is repayable on demand and carries interest @ 9.35% -12.50 %

(ii) Working capital demand loans from banks are secured by hypothecation of raw materials , work in progress, finished goods and trade receivables.Working Capital Demand Loan is generally taken for a period of 30-180 days and carries interest @ 9.55%-9.75%. p.a.

(iii) Export packing credits are secured by hypothecation of raw materials , work in progress, finished goods and trade receivables and is generally taken for a period of 180 days. It carries interest @ 8.85-9.70% p.a.

(iv) Trade receivables are generally discounted for a period of 180 days and carries interest @ 8.10% to 9.50% p.a.

(v) Buyer's credit arrangements are secured by hypothecation of raw materials , work in progress,finished goods and trade receivables.Buyer's credit is repaid / rolled over after a period of six months and carry interest '@ 1.51-1.91% p.a.(excluding hedging premium).

(vi) Suppliers' credit arrangements are secured by hypothecation of raw materials , work in progress,finished goods and trade receivables.Suppliers' credit is repaid after a period of six months where foreign currency suppliers credit carry interest @ 1.50-2.50% p.a. in (excluding hedging premium) and domestic suppliers credit carry interest '@8.00-9.5%

(vii) Other loans from banks mainly include L.C. dislcounting are secured by hypothecation of raw materials , work in progress,finished goods and trade receivables. Other loans are repaid after a period of six months and carry interest @ 8.10 - 9.50% p.a.

B) Sterlite Power Grid Ventures Limited ('SPGVL')

(i) Cash credit is secured by hypothecation of entrie current assets and receivables both present and future. The cash credit is repayable on demand and carries interest @ 9.20% - 10.65% p.a.

(ii) Working capital demand loans from banks are secured by hypothecation of entire current assets and

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receivables both present and future of SPGVL. Working Capital Demand Loan is generally taken for a period of 30-180 days and carries interest @ 8.1%. P.a.

NOTE 19 : TRADE PAYABLES

(₹ in million)

Particulars	31 March 2018	31 March 2017
Current		
Trade payables (including acceptances) (refer note 46 for details of dues to Micro, small and medium enterprises)	3,568.56	3,702.94
Bills payables	2.76	-
Trade payables to related parties (refer note 56)	3,994.63	152.29
Total	**7,565.95**	**3,855.22**

Trade payables are non-interest bearing and are normally settled on 60-90 days terms. However, there were some creditors who have given a credit period of 180 days

NOTE 20 : OTHER FINANCIAL LIABILITIES

(₹ in million)

Particulars	31 March 2018	31 March 2017
Non Current		
Other financial liabilities at amortised cost		
Payable for employee stock appreciation rights	19.25	-
Payables for property, plant and equipment	194.04	205.96
Total non-current financial liabilities	**213.29**	**205.96**
Current		
Derivative instruments		
Commodity futures	583.76	-
Forward contracts	294.62	408.18
	878.38	**408.18**
Other financial liabilities at amortised cost		
Current maturities of long-term borrowings (refer note 17)	4,113.79	5,324.08
Current maturities of finance lease obligations (refer note 17)	2.92	-
Interest accrued on borrowings	6.34	
Interest free deposit from customers	1.00	1.17
Employee benefit payable	53.98	-
Earnest money deposit from vendors	7.85	6.87
Payables for Employee Stock Appreciation Rights (refer note 48)	101.48	35.70
Payables for property plant & equipment*		
- Payable to others	4,112.43	4,602.55
Others	352.48	502.52
Total	**9,630.65**	**10,881.06**

* Payables for purchase of property, plant and equipment are non-interest bearing and are normally settled on 30-120 days terms. It also includes the current maturities of long term payables for purchase of property, plant and equipment which have been valued at amortised cost. Payables with period allowed by the vendors are beyond normal credit terms have been measured at cash price equivalent and the differential amount is recognised as interest expense over the period of credit

Derivative instruments at fair value through OCI reflect the change in fair value of foreign exchange forward contracts designated as cash flow hedges to hedge highly probable forecasts/firm commitments for sales and purchases in

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US Dollars (USD) and Euros (EUR). Derivative instruments at fair value through OCI also include the change in fair value of commodity forward contracts. The group is exposed to changes in the price of aluminium and copper on its forecast aluminium and copper purchases. The forward contracts do not result in physical delivery of aluminium and copper, but are designated as cash flow hedges to offset the effect of price changes. The group hedges 100% of its expected aluminium and copper purchases.

Interest free deposits from customer and earnest money deposits to vendor are non interest bearing.

Other payables are non-interest bearing and have an average term of 30 -60 days

Interest payable is normally settled within 30 days throughout the financial year.

For explanations on the group's credit risk management processes, refer to Note 52 B

NOTE 21 : EMPLOYEE BENEFIT OBLIGATIONS

(₹ in million)

Particulars	31 March 2018	31 March 2017
Non-current		
Provision for leave benefit	-	3.79
Provision for gratuity (refer Note 39)	52.95	40.12
Total	**52.95**	**43.91**
Current		
Provision for gratuity (refer note 39)	4.78	10.06
Provision for leave benefit	42.21	37.69
Total	**46.99**	**47.74**

NOTE 22: DEFERRED TAX LIABILITIES (NET)

(₹ in million)

Particulars	31 March 2018	31 March 2017
I. Deferred tax liability		
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/amortisation for financial reporting	613.22	790.63
Fair valuation of Land on transition date	38.86	38.86
MTM of forward contracts and commodity future contracts	-	124.61
Others	51.22	2.53
Gross deferred tax liability	**703.30**	**956.63**
Less: Netted off against deferred tax assets	463.71	956.63
Net deferred tax liability	**239.59**	**-**
II. Deferred tax assets		
Impact of Business Loss incurred during current year and previous years	330.86	224.05
Unabsorbed tax depreciation	1228.30	1,458.54
Business loss	312.69	-
Provision for doubtful debts and advances	112.55	-
MAT Credit entitlement	269.17	52.66
Deferred tax assets created on Elimination of assets and revenue	451.74	-
Others	176.10	4.84
Gross deferred tax assets	**2,881.41**	**1,740.09**
Less: Netted off against deferred tax liabilities	463.71	956.63
Net deferred tax Asset	**2,417.70**	**783.46**

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FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

Reconciliation of deferred tax asset

(₹ in million)

Particulars	31 March 2018	31 March 2017
Opening deferred tax asset, net	783.46	363.40
Deferred tax credit recorded in statement of profit and loss (including MAT credit availed)	1,191.88	546.68
Net deferred tax credit recorded in OCI	145.09	(124.18)
Deferred tax credit recorded in cash flow hedge reserve	124.61	-
Others	172.66	(2.44)
Closing deferred tax liability, net	**2,417.70**	**783.46**

The major components of income tax expense for the years ended 31 March 2018 and 31 March 2017 are:

(₹ in million)

Particulars	31 March 2018	31 March 2017
Profit or loss section		
Current Income Tax	1,270.03	469.02
MAT Credit entitlement	(216.54)	(52.66)
Adjustment of tax relating to earlier periods	5.49	-
Deferred Tax		
Relating to origination and reversal of temporary differences	(975.37)	(494.02)
Income tax expenses reported in the statement of profit or loss	**83.61**	**(546.68)**
OCI Section		
Deferred tax related to items recognised in OCI during in the year:		
Net (gain)/loss on revaluation of cash flow hedges	146.13	(124.08)
Re-measurement loss on defined benefit plans	(1.04)	(0.11)
Income tax charged through OCI	**145.09**	**(124.18)**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2018 and 31 March 2017:

(₹ in million)

Particulars	31 March 2018	31 March 2017
Accounting profit before income tax	**2,370.60**	**(3,687.89)**
At India's statutory income tax rate of 34.94% (31 March 2017: 34.61%)	828.29	(1,276.38)
Adjustments in respect of deferred tax of previous years	-	57.50
Deferred tax asset not recognised on fair valuation loss of OCRPS	52.41	661.24
Effect of income chargeable at different rate of tax	(434.66)	-
Deferred tax asset recognised on capital losses	(330.86)	-
Deferred tax asset not recognised on impairment loss	-	521.87
Deferred tax not recognised on income not chargeable to tax	(71.98)	-
MAT expense	(18.50)	52.06
Brought forward tax losses utilised on which deferred tax was not recognised in earlier period	-	(55.69)
Deferred tax asset not recognised on loss for the year	22.99	69.33
Other non-deductible expenses	95.58	(107.60)
At the effective income tax rate of 3.80% (31 March 2017: 2.05%)	**143.27**	**(77.66)**
Income tax expense/(credit) reported in the statement of profit and loss	**83.61**	**(77.66)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 23: OTHER CURRENT LIABILITIES

(₹ in million)

Particulars	31 March 2018	31 March 2017
Advance from customers	1,053.70	702.70
Service tax payable	1.66	13.17
TDS payable	140.74	103.88
Value added tax payable	-	46.63
Central sales tax payable	-	6.63
Gross amount due to customers for contract work as a Liability (refer note 47)	97.18	26.06
General Sales Tax (J&K) payable	-	282.39
GST payables	932.15	-
Other statutory dues payable to central/state government	9.40	-
Others	350.98	304.62
Total	**2,585.81**	**1,486.08**

NOTE 24: REVENUE FROM OPERATIONS

(₹ in million)

Particulars	31 March 2018	31 March 2017
Sale of products		
Finished goods(including excise duty)*	17,444.11	16,423.34
Traded goods	316.83	265.02
Sale of services		
Revenue from power transmission	4,376.89	7,522.29
Revenue from conversion charges	131.90	605.93
Project Revenue		
Contract revenue (refer note 47)**	2,862.42	1,731.26
Other operating revenue		
Scrap sales	96.93	107.66
Export incentive#	60.56	56.39
Management Fees (Refer note 56)	135.27	-
Revenue from operations	**25,424.91**	**26,711.89**

* Sale of finished goods includes excise duty collected from customers of Rs. 218.88 million (31 March 2017: Rs. 1,863.26 million). Sale of finished goods net of excise duty is Rs. 20,243.23 million (31 March 2017: INR 18,445.10 million). Revenue from operations for periods up to 30 June 2017 includes excise duty. From 1 July 2017 onwards the excise duty and most indirect taxes in India have been replaced by Goods and Service Tax (GST). The company collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations. In view of the aforesaid change in indirect taxes, Revenue from operations year ended 31 March 2018 is not comparable with 31 March 2017.

Export incentive are subject to realisation of proceeds of exports from customers

** Includes Rs. 230.29 million towards revenue against service concession arrangements and Rs. 91.73 million against other construction contracts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 25: FINANCE INCOME

(₹ in million)

Particulars	31 March 2018	31 March 2017
Interest income on		
Bank deposits	49.83	16.99
Loan to related parties (refer note 56)	20.77	4.46
Dividend/Fair value gain on mutual fund investments measured at fair value through profit or loss	73.72	79.29
Gain on sale of mutual funds	1.28	-
Dividend on Current investments	2.16	-
Interest on income tax refund	-	5.39
Government grant/Interest subvention	-	3.40
Others	25.17	12.80
Total	**172.93**	**122.33**

NOTE 26: OTHER INCOME

(₹ in million)

Particulars	31 March 2018	31 March 2017
Insurance claim received	-	10.03
Net gain on sale of power transmission assets (refer note 56)#	4,250.16	-
Lease rental income	-	2.57
Profit on sale of property, plant and equipment (net)	43.42	4.74
Miscellaneous income	5.81	2.97
Total	**4,299.39**	**20.31**

During the year ended March 31, 2018, investment of the Group in net assets of subsidiaries, Bhopal Dhule Transmission Company Limited ('BDTCL'), Jabalpur Transmission Company Limited ('JTCL') and Sterlite Grid 1 Limited ('SGL') has been transferred to India Grid Trust (a trust set up as an infrastructure investment trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014) on 30 May 2017. Further, investment of the Group in net assets of the subsidiaries, RAPP Transmission Company Limited ('RTCL'), Purulia & Kharagpur Transmission Company Limited ('PKTCL') and Maheshwaram Transmission Limited ('MTL') has also been transferred to India Grid Trust on 15 February 2018. The amount of ₹ 4,250.16 million represents the gain on transfer of such net investments by the Group. (also refer note 37 (iv)

NOTE 27: COST OF RAW MATERIAL AND COMPONENTS CONSUMED

(₹ in million)

Particulars	31 March 2018	31 March 2017
Inventory at the beginning of the year	794.58	1,002.17
Add: Purchases	14,769.85	11,751.69
	15,564.43	12,753.86
Less: Inventory at the end of the year	1,486.02	794.58
Cost of raw material and components consumed	**14,078.41**	**11,959.28**

NOTE 28: CONTRACT EXPENSES

(₹ in million)

Particulars	31 March 2018	31 March 2017
Construction Material Consumed:		
Inventory at the beginning of the year	-	-
Add: Purchases	223.71	-
Less: Inventory at the end of the year	-	-
Total	**223.71**	**-**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 29: PURCHASE OF TRADED GOODS AND SUBCONTRACTING EXPENSES

(₹ in million)

Particulars	31 March 2018	31 March 2017
Traded goods purchased	1,071.56	467.10
Subcontracting charges*	442.56	376.76
	1,514.12	**843.86**

*These charges pertains to services rendered in relation to construction contracts

NOTE 30: (INCREASE) / DECREASE IN INVENTORIES

(₹ in million)

Particulars	31 March 2018	31 March 2017
Opening inventories:		
Traded goods	14.69	50.31
Work-in-progress	482.68	455.87
Finished goods	373.27	562.38
	870.64	**1,068.55**
Closing inventories:		
Traded goods	38.50	14.69
Work-in-progress	287.67	482.68
Finished goods	201.07	373.27
	527.24	**870.64**
(Increase) / decrease in inventories	**343.40**	**197.91**

NOTE 31: EMPLOYEE BENEFIT EXPENSES

(₹ in million)

Particulars	31 March 2018	31 March 2017
Salaries, wages and bonus	723.53	488.81
Contribution to provident fund	39.78	28.90
Employees stock option expenses	-	8.01
Employees stock appreciation rights (refer note 48)	63.62	(6.25)
Gratuity expenses (refer note 39)	15.47	11.18
Staff welfare expenses	43.32	58.62
Total	**885.72**	**589.27**

Employee benefit expense above is net of the amounts capitalised to property, plant and equipment. Refer note 40 for details.

NOTE 32: OTHER EXPENSES

(₹ in million)

Particulars	31 March 2018	31 March 2017
Increase / (decrease) of excise duty on inventory	21.81	28.77
Consumption of stores and spares	104.51	106.32
Power, fuel and water	250.76	279.45
Repairs and maintenance		
- Building	12.97	5.02
- Machinery	88.66	109.98
Service expenses and labour charges	294.62	-
Business promotion	55.31	-
Transmission infrastructure maintenace charges	84.12	168.50
Carriage inwards	-	28.25
Consumption of packing materials	527.25	555.88
Sales commission (other than sole selling agent)	96.91	110.06
Sales promotion	24.91	29.13
Carriage outwards	516.54	390.59
Rent	63.71	37.49

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

Particulars	31 March 2018	31 March 2017
Insurance	102.17	138.77
Rates and taxes	93.31	122.01
Travelling and conveyance	234.44	144.56
Bad debts / advances written off	4.61	6.87
Legal and professional fees	679.97	147.57
Provision for doubtful debts and advances (refer note 8)	-	86.93
Directors sitting fee and commission	9.66	1.29
Foreign exchange difference	1.46	9.03
Miscellaneous expenses	695.99	759.42
	3,963.69	**3,265.89**

Other expenses above are net of the amounts capitalised to property, plant and equipment. Refer note 40 for details.

NOTE 33: DEPRECIATION AND AMORTISATION EXPENSE

(₹ in million)

Particulars	31 March 2018	31 March 2017
Depreciation of tangible assets*	1,352.67	2,357.79
Amortisation of intangible assets	6.93	2.95
Amortisation of goodwill (refer Note 51)	596.27	735.10
Total	**1,955.87**	**3,095.84**

* Includes depreciation amounting to Rs 211.87 million pertaining to disposal group classified as held for sale (refer note 11).

NOTE 34: IMPAIRMENT EXPENSES

(₹ in million)

Particulars	31 March 2018	31 March 2017
Impairment of assets held for sale (refer Note 11)	-	912.49
Impairment of goodwill (refer Note 11)	-	355.16
Total	**-**	**1,267.65**

NOTE 35: FINANCE COST

(₹ in million)

Particulars	31 March 2018	31 March 2017
Interest on financial liabilities measured at amortised cost	3,943.85	5,697.42
Bill discounting / Factoring charges	106.47	39.36
Loss on fair valuation of OCRPS measured at fair value through profit and loss	150.00	1,910.54
Finance charges payable under finance leases	0.42	1.14
Bank charges	132.89	130.34
Exchange difference to the extent considered as an adjustment to borrowing costs	9.20	110.78
Total	**4,342.83**	**7,889.57**

Finance cost above is net of the amounts capitalised to property, plant and equipment. Refer note 40 for details.

NOTE 36: EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the profit/ (loss) and share data used in the basic and diluted EPS computation

(₹ in million)

Particulars	31 March 2018	31 March 2017
Profit/ (Loss) for the year attributable to equity holders for basic EPS	2,722.84	(3,610.23)
Weighted average number of equity shares in calculating basic EPS (No.s Million)	61.18	61.18
Earnings per share		
Basic and Diluted (on nominal value of Rs.2 per share) Rupees/share	44.50	(59.01)

NOTE 37: SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, 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.

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. The Group 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 group. Such changes are reflected in the assumptions when they occur.

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.

Revenue recognition for construction contracts

As described in Note 2.3, revenue and costs in respect of construction contracts are recognised by reference to stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Group estimates the total cost of the project at each period end. These estimates are based on the rates agreed with vendors/sub contractors and management's best estimates of the costs that would be incurred for the completion of project based on past experience and/or industry data. These estimates are re-assessed at each period end. Variations in contract works, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. When it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Revenue recognition on projects

For the purpose of revenue recognition on fixed price projects based on percentage of completion method, the group determines the stage of completion of the project as proportion of actual cost incurred to total estimated cost of the project. The group estimates the total cost of the project at each period end (including the estimates of liquidated

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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damages). These estimates are based on the rates agreed with vendors/sub contractors and management's best estimates of the costs that would be incurred for the completion of project based on past experience and/or industry data. These estimates are re-assessed at each period end.

Impairment of non-financial assets including investment in associate and goodwill

Non-financial assets of the Group primarily comprise of transmission assets (property, plant and equipment), investment in associate and goodwill. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amounts for the transmission assets are based on the fair values less costs of disposal/value in use of the projects. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budgets/forecasts over the life of the projects. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash flows.

In respect of the investment in associate (i.e. India Grid Trust), management has considered the net assets at fair value ('NAFV') of the Trust as published by the Trust as the trading volumes of India Grid Trust on stock exchanges is low and hence the trading prices on stock exchanges is not considered to be representative of the fair value of such investment as at 31 March 2018 by the management."

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in Note 39.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these 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 liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 54 and 55 for further disclosures.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The company has recognised deferred tax assets of Rs. 312.69 million (31 March 2017: Nil) on tax losses and unabsorbed depreciation carried forward considering the proposed merger with effect from 1 April 2017 of it's subsidiary SPGVL which had adequate taxable income against which the DTA can be utilised. Further details on taxes are disclosed in Note 22.

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- 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 consolidated financial statements:

Disposal group classified as held for sale

As at 31 March 2017, the investment of the Group in net assets of Sterlite Grid 1 Limited, Bhopal Dhule Transmission Company Limited and Jabalpur Transmission Company Limited (together referred as 'disposal group') were proposed to be transferred to India Grid Trust (a trust set up as an infrastructure investment trust under the SEBI (Infrastructure Investment Trusts) Regulations, 2014) in exchange of which the Group will receive units of the Trust and certain amount in cash. The management had classified these assets and associated liabilities as held for sale since the carrying amounts of such assets and liabilities will be recovered principally through sale transaction rather than through continuing use. Management had concluded that these assets and liabilities were available for immediate sale and the sale was highly probable considering the fact that India Grid Trust was in the process of IPO as part of which the assets will be transferred to it.

Further, Sterlite Power Grid Ventures Limited (SPGVL), being the sponsor of India Grid Trust, will have restrictions on transfer of the units within 1 year of allotment of such units. Therefore, the assets held for sale to the extent of consideration to be received in units of India Grid Trust had been disclosed as non-current. For details of assets held for sale, refer note 11.

Disposal of subsidiaries

The group entered into share purchase agreements and shareholders' agreements dated February 14, 2018 ("the Agreements") with Sterlite Grid 1 Limited ("the buying shareholder") for sale of equity stake in RAPP Transmission Company Limited and Maheshwaram Transmission Company Limited. (together referred as "the SPVs"). Pursuant to the Agreements, the Group has sold 49% of equity in the SPVs and for acquisition of the remaining 51% equity stake, the Group has received full consideration in advance on a non-refundable basis. The remaining stake will be transferred to the Buying Shareholder on expiry of the respective mandatory shareholding periods in the SPVs. Under the Agreements, the buying shareholder has the following rights:

a. Right to nominate all directors on the Board of directors of the SPVs;

b. Right to direct the Group to vote according to its instructions in the AGM/EGM or any other meeting of shareholders of the SPVs;

c. Irrevocable and unconditional call option to acquire the remaining 51% equity stake in the SPVs at later dates;

d. Pledge on the remaining 51% equity stake in the SPVs;

e. Non-disposal undertaking from the Group for the remaining 51% equity stake in the SPVs.

Basis the above rights and the fact that full non-refundable consideration has been received by the Group in advance, the Group has considered the above transaction as sale of entire 100% stake in the SPVs and accordingly the entire gain on sale of the SPVs has been recognised in the statement of profit and loss.

Applicability of Appendix A-Service Concession Arrangements of Ind AS 11 Construction Contracts in case of transmission services agreements in India

The Group through its subsidiaries is a transmission licensee under the Electricity Act, 2003 holding valid licenses for 25 years. It has also entered into a Transmission Services Agreements (""TSA"") with Long Term Transmission Customers (""LTTC"") in India through a tariff based bidding process and is required 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 A of Ind AS 11 (""Appendix A"") requires transmission licensee to obtain various approvals under the regulatory framework to conduct its operations both during the period of the license as well as at the end of the license period. However, in the view of management, the grantor's involvement and approvals are to protect public interest and are not intended to control, through ownership, beneficial entitlement or otherwise, any significant residual interest in the transmission infrastructure at the end of the term of the arrangement. Accordingly, management is of the view that Appendix A is not applicable to the Group in respect of BOOM projects undertaken in India.

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NOTE 38: LIST OF SUBSIDIARIES WHICH ARE INCLUDED IN THE CONSOLIDATION AND THE COMPANY'S EFFECTIVE EQUITY SHAREHOLDINGS THEREIN ARE AS UNDER:

Name of the Entity	Effective equity shareholding as on 31 March 2018	Effective equity shareholding as on 31 March 2017	Country of incorporation
List of subsidiaries			
-Indian			
Sterlite Power Grid Ventures Limited	99.99%	96.15%	India
Sterlite Investment Managers Limited (erstwhile Sterlite Infraventures Limited)	100.00%	100.00%	India
Sterlite Convergence Limited	100.00%	-	India
Sterlite Grid 1 Limited (SGL) (upto 30 May 2017)*	96.15%	96.15%	India
Sterlite Grid 2 Limited (SG2L)	99.99%	96.15%	India
Sterlite Grid 3 Limited (SG3L)	99.99%	96.15%	India
Sterlite Grid 4 Limited (SG4L)	99.99%	96.15%	India
Sterlite Grid 5 Limited (SG5L)	99.99%	96.15%	India
Sterlite Grid 6 Limited (SG6L)**	99.99%	-	India
Sterlite Grid 7 Limited (SG7L)**	99.99%	-	India
Sterlite Grid 8 Limited (SG8L)**	99.99%	-	India
Sterlite Grid 9 Limited (SG9L)**	99.99%	-	India
Sterlite Grid 10 Limited (SG10L)**	99.99%	-	India
Sterlite Grid 11 Limited (SG11L)**	99.99%	-	India
Sterlite Grid 12 Limited (SG12L)**	99.99%	-	India
East-North Interconnection Company Limited (ENICL)^	99.99%	98.11%	India
Bhopal Dhule Transmission Company Limited (BDTCL) (upto 30 May 2017)	96.15%	96.15%	India
Jabalpur Transmission Company Limited (JTCL) (upto 30 May 2017)	96.15%	96.15%	India
Purulia & Kharagpur Transmission Company Limited (PKTCL) (upto 14 Feb 2018)	96.15%	96.15%	India
RAPP Transmission Company Limited (RTCL) (upto 14 Feb 2018)	96.15%	96.15%	India
NRSS XXIX Transmission Limited (NRSS)	99.99%	96.15%	India
NRSS XXIX (JS) Transmission Limited (NRSS-JS)**	99.99%	-	India
Maheshwaram Transmission Limited (MTL) (upto 14 Feb 2018)	96.15%	96.15%	India
Odisha Generation Phase-II Transmission Limited (OGPTL)	99.99%	96.15%	India
Gurgaon-Palwal Transmission Limited (GPTL)	99.99%	96.15%	India
Khargone Transmission Limited (KTL)	99.99%	96.15%	India
NER-II Transmission Limited (NER-II)	99.99%	96.15%	India
Goa-Tamnar Transmission Project Limited**	99.99%	-	India
-Foreign			
Se Vineyards Power Transmission S.A.**	99.99%	-	Brazil
Arcoverde Transmissão De Energia S.A. **	99.99%	-	Brazil
Sterlite Novo Estado Energia S.A, Brazil**	99.99%	-	Brazil
Sterlite Brazil Participacoes S.A**	99.99%	-	Brazil
List of associate			
India Grid Trust	20.72%	-	India

* Transferred to India Grid Trust during the year.

** Subsidiary incorporated/acquired during the year.

^ ENICL has been considered as subsidiary for the purpose of preparation of these consolidated financial statements.

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NOTE 39: EMPLOYEE BENEFIT OBLIGATION

The group has a defined benefit gratuity plan. 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:

(₹ in million)

Particulars	31 March 2018	31 March 2017
Defined benefit obligation at the beginning of the year	50.18	38.91
Current service cost	11.56	8.09
Interest cost	3.60	3.08
Benefit Paid directly by the employer	(3.28)	(0.99)
Actuarial (gain)/loss due to change in financial Assumption	(2.59)	2.71
Actuarial (gain)/loss on obligation due to experience	(2.04)	(1.62)
Past service cost	0.31	-
Present Value of Benefit Obligation at the end of the period	**57.73**	**50.18**

Changes in the fair value of plan assets are as follows:

(₹ in million)

Particulars	31 March 2018	31 March 2017
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution by employer	-	-
Benefits paid	-	-
Actuarial gain / (loss) *	-	-
Fair value of plan assets at the end of the year	**-**	**-**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	31 March 2018 %	31 March 2017 %
	100	100

Details of defined benefit obligation

(₹ in million)

Particulars	31 March 2018	31 March 2017
Present value of defined benefit obligation	57.73	50.18
Fair value of plan assets	-	-
Defined benefit liability	**57.73**	**50.18**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

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

(₹ in million)

Particulars	31 March 2018	31 March 2017
Current service cost	11.56	8.09
Interest cost on benefit obligation	3.60	3.08
Past service cost	0.31	-
Net benefit expense	**15.47**	**11.17**

Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period

(₹ in million)

Particulars	31 March 2018	31 March 2017
Acturial Gains/(Losses) on Obligation for the period	(4.63)	1.09
Net (Income)/Expense for the period recognized in OCI	(4.63)	1.09

Amounts for the current and previous periods are as follows:

(₹ in million)

Particulars	31 March 2018	31 March 2017
Defined benefit obligation	57.73	50.18
Surplus / (deficit)	57.73	50.18
Experience adjustments on plan liabilities	(2.04)	(1.62)

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

(₹ in million)

Particulars	31 March 2018	31 March 2017
Discount rate	7.70% - 7.80%	7.10% - 7.22%
Expected rate of return on plan asset	NA	NA
Employee turnover	10.00%	10.00%
Expected rate of salary increase	8.00%	8.00%
Actual rate of return on plan assets	NA	NA

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. The overall expected rate of return on plan assets is determined based on the market prices prevailing as on balance sheet date, applicable to the period over which the obligation is to be settled.

Sensitivity Anaysis

(₹ in million)

Particulars	31 March 2018	31 March 2017
Projected Benefit obligation on Current Assumptions	57.73	50.18
Delta Effect of +1% Change in Rate of Discounting	(4.23)	(3.58)
Delta Effect of -1% Change in Rate of Discounting	4.24	4.09
Delta Effect of +1% Change in Rate of Salary Increase	3.86	4.02
Delta Effect of -1% Change in Rate of Salary Increase	(3.85)	(3.58)
Delta Effect of +1% Change in Rate of Employee Turnover	(0.93)	(1.19)
Delta Effect of -1% Change in Rate of Employee Turnover	0.91	1.58

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(All amounts in ₹ million unless otherwise stated)

Maturity Analysis of Projected Benefit Obligation: From the Employer

(₹ in million)

Particulars	31 March 2018	31 March 2017
Projected Benefit Payable in Future Years from the date of Reporting		
1st year	4.79	4.06
2-5 years	24.18	16.01
6-10 years	27.59	18.83
More than 10 years	61.59	11.27

NOTE 40: CAPITALISATION OF EXPENDITURE

During the year, the Group has capitalised the following expenses to the cost of fixed assets/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group.

(₹ in million)

Particulars	31 March 2018	31 March 2017
A. Opening balance of expenditure included in CWIP	2,852.58	1,154.11
B. Additions to CWIP during the year		
Employee benefits expense (including gratuity)	681.77	342.79
Finance costs	3,529.18	1,474.64
Travelling and conveyance	167.50	95.29
Professional and consultancy fee	377.56	874.87
Other expenses	364.59	142.31
Total (B)	**5,120.60**	**2,929.91**
C. Transferred to property, plant and equipment during the year	525.71	1,231.43
D. Closing balance of expenditure in CWIP (A+B-C)	**7,447.47**	**2,852.58**

NOTE 41: LEASES

Operating lease

Group as lessee :

The Group has taken office buildings on operating lease. The lease term is for periods of three to nine years and renewable at the option of the Group.

(a) Lease payments recognised in the statement of profit and loss for the year is Rs. 63.19 million (net of amount capitalised to property plant and equipment of Rs. 110.50 million) [31 March 2017: Rs. 37.48 million (net of amount capitalised to property plant and equipment of Rs 48.65 million)].

(b) The future minimum lease payments payable under non-cancellable operating lease over the next one year is Rs. 86.91 million (31 March 2017: Rs. 77.46 million).

(c) The future minimum lease payments payable under non-cancellable operating lease later than one year but not later than five year is Rs. 133.24 million (31 March 2017: Rs. 188.98 million).

Group as lessor:

The Group has given equipments on operating lease. The Lease term varies from 4 months to 6 months and renewable with mutual consent of both the parties. Disclosures in respect of operating leases of equipments are as under:

(a) Lease income recognised in the Statement of Profit and Loss for the year is Nil (31 March 2017: 2.57).

(b) The future minimum lease payments receivable over the next one year is Nil (31 March 2017: Nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(All amounts in ₹ million unless otherwise stated)

Finance lease

Group as lessee :

The Group has taken laptops on finance lease. The lease term is for periods of three years. Future minimum lease payments under finance lease with the present value of the net minimum lease payments are as follows:

(₹ in million)

Particulars	31 March 2018		31 March 2017	
	Minimum payment	Present value of MLP	Minimum payment	Present value of MLP
Within one year	6.15	4.90	6.92	6.08
After one year but not more than five years	1.60	1.68	7.65	6.23
Total minimum lease payments	7.75	6.59	14.58	12.31
Less: amounts representing finance charges	1.16	-	2.27	-
Present value of minimum lease payments	6.59	6.59	12.31	12.31

NOTE 42: CAPITAL AND OTHER COMMITMENTS

a] Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) are Rs 53,522.91 million (31 March 2017: Rs. Rs. 34,497.72 million).

b] Entities in power transmission grid business have entered into transmission service agreements (TSAs) with long term transmission customers pursuant to which these entities have committed to transmit power of contracted capacity and have also committed minimum availability of transmission line over the period of respective TSAs. The TSAs contain provision for disincentives and penalties in case of certain defaults.

c] The Group has entered into agreements with the lenders of following subsidiaries wherein it has committed to hold directly or indirectly at all times at least 51% of equity share capital of below mentioned subsidiaries and not to sell, transfer, assign, pledge or create any security interest except pledge of shares to the respective lenders as covered in respective agreements with lenders.

1. NRSS XXIX Transmission Company Limited
2. Odisha Generation Phase-II Transmission Limited (OGPTL)
3. Gurgaon-Palwal Transmission Limited (GPTL)
4. Khargone Transmission Limited (KTL)

d] For commitments relating to lease arrangements, refer note 41.

f] For Group's share of capital commitments of associate, refer note 6A

NOTE 43: CONTINGENT LIABILITIES

(₹ in million)

Particulars	31 March 2018	31 March 2017
1. Disputed liabilities in appeal		
a) Entry tax demand	13.30	373.84
b) Excise duty	123.45	419.00
c) VAT demand	129.94	977.05
d) Service tax	3.03	-
e) Customs duty	60.34	-
2. Outstanding amount of export obligation against advance license	-	60.68

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

The Group has not provided for disputed service tax, excise duty and customs duty arising from disallowances made in assessments which are pending with appellate authorities for its decision. The Group is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Group financial position and results of operations.

Sterlite Power Grid Ventures Limited

Value added tax and Central Sales Tax demand of Rs 6.5 million pertains to demands under West Bengal Vat Act, 2003 for payment of VAT upon completion of assessment by tax authorities for the year 2014-15. The Company has preferred an appeal against the demand before Jt. Commissioner Appeal, Medinipur (WB). The Company is contesting the demand and the management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demands raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of the operations. The Company has deposited Rs. 0.60 million with the tax authorities against the said demands to comply the order of Jt. Commissioner Appeal, Medinipur (WB).

Value added tax and Central Sales tax demand of Rs 19.10 million pertains to demands under Madhya Pradesh VAT Act, 2002 for payment of VAT upon completion of assessment by tax authorities for the year 2015-16. The Company has preferred an appeal against the demand before Jt. Commissioner Appeal, Bhopal(MP). The Company is contesting the demand and the management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demands raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of the operations. The Company has deposited Rs. 4.80 million with the tax authorities against the said demands to comply the order of Jt. Commissioner Appeal, Bhopal (MP).

It is not practicable to indicate the uncertainties which may affect the future outcome and estimate the financial effect of the above liabilities.

Demands for which the group is contingently liable as per the share purchase agreements entered into for sale of RAPP Transmission Company Limited and Purulia & Kharagpur Transmission Company Limited:

RAPP Transmission Company Limited

Entry tax demand of Rs.13.3 Million (31 March 2017: 6.20 Million) pertains to demands under the Entry Tax Act read with Madhya Pradesh Vat Act, 2002 for payment of entry tax upon completion of assessment by tax authorities for the year 2014-15 and 2015-16. The Company has appealed against the demand before High Court, Jabalpur (Madhya Pradesh). The management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demands raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the financial position and results of the operations of the Company. The Company has deposited Rs 4.7 million (31 March 2017: 2.20 million) with the tax authorities against the said demands to comply the order of hon'ble High court of the Madhya pradesh. The High Court has granted the stay and matter will be listed for hearing.

Purulia & Kharagpur Transmission Company Limited

VAT demand of Rs.104.34 Million (31 March 2017: 104.34 Million) pertains to demand under Jharkhand Value Added Tax (Amendment) Act, 2005 for payment of VAT for the year 2015-16. The Company has preferred an appeal against the demand before Joint commissioner of commercial tax, Ranchi. The management, including its tax advisors, believe that it's position will likely be upheld in the appellate process. No expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of the operations. The company has deposited Rs 26.09 (31 March 2017: 26.09) Million with the tax authorities against the said demand.

For Group's share of contingent liabilities of associate, refer note 6A

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 44: HEDGING ACTIVITIES AND DERIVATIVES

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of highly probable forecast transactions/firm commitments for sales and purchases in USD and EUR. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates. The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions/firm commitments. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss.

Commodity futures entered in London Metal Exchange (LME) measured at fair value through OCI are designated as hedging instruments in cash flow hedges of highly probable forecast transactions/firm commitments for purchases of Aluminium and copper. The futures contract balances vary with the level of expected quantity of purchases of aluminium and copper. The terms of the future contracts match the terms of the expected highly probable forecast transactions/firm commitments. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss.

The cash flow hedges during the year ended 31 March 2018 were assessed to be highly effective and a net unrealised loss of Rs. 374.30 million relating to the hedging instruments, is included in OCI. Comparatively, the cash flow hedges during the year ended 31 March 2017 were assessed to be highly effective and an unrealised gain of Rs. 236.41 million was included in OCI in respect of these contracts. The amounts retained in OCI at 31 March 2018 are expected to mature and affect the statement of profit and loss during the year ended 31 March 2019.

NOTE 45: DERIVATIVE INSTRUMENTS

(a) The following are the outstanding forward exchange contracts entered into by the group, for hedge purpose, as on March 31, 2018:

Purpose	Foreign currency (in million)	Amount (₹ in million)	Buy/Sell	No. of contracts (Quantity)
March 31, 2018				
Hedge of payables, buyers credit and highly probable foreign currency purchases	US $ 246.69	16045.71	Buy	414
Hedge of trade receivables and highly probable foreign Currency Sale	US $ 77.54	5,043.06	Sell	189
Hedge of payables, buyers credit and highly probable foreign currency purchases	EUR 3.07	247.11	Buy	2
Hedge of trade receivables and highly probable foreign Currency Sale	EUR 1.41	113.81	Sell	9
March 31, 2017				
Hedge of payables, buyers credit and highly probable foreign currency purchases	US $ 160.23	11,022.65	Buy	189
Hedge of trade receivables and highly probable foreign Currency Sale	US $ 30.7	2,024.80	Sell	51
Hedge of payables, buyers credit and highly probable foreign currency purchases	EUR 4.0	335.50	Buy	4
Hedge of trade receivables and highly probable foreign Currency Sale	EUR 2.10	146.34	Sell	2

* Out of above, derivative instruments worth USD 42.67 million (Rs. 2,604.14 million) pertain to liabilities associated with assets classified as held for sale.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

(b) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

(i) There are no unhedged items.

(ii) Amounts payable in foreign currency on account of the following:

(₹ in million)

Category	Currency type	31 March 2018		31 March 2017	
		Foreign currency	Amount	Foreign currency	Amount
Import of goods and services	EUR	-	-	0.22	15.58
Import of goods and services	US $	0.74	48.12	-	-
Import of capital goods	EUR	-	-	0.01	0.79
Other financials liabilities	EUR	-	-	0.05	2.78

(c) Commodity future contracts to hedge against fluctuation in commodity prices:

The following are the outstanding future contracts entered into by the group as on 31 March 2017:

Year	Commodity type	No. of contracts	Contracted quantity (MT)	Buy/Sell
31 March 2018	Aluminium	372	93,795	Buy
31 March 2018	Aluminium	120	15,002	Sell
31 March 2018	Copper	10	586	Buy
31 March 2018	Copper	4	100	Sell
31 March 2017	Aluminium	200	57,762	Buy
31 March 2017	Aluminium	30	4,030	Sell
31 March 2017	Copper	5	183	Buy
31 March 2017	MJP	16	18,000	Buy

(d) Interest rate/Cross currency interest rate swap contracts outstanding as at year end to hedge against exposure to variable interest outflow on loans/foreign currency fluctuations:

Year	Currency type	No. of contracts	Foreign currency In million (Nominal amount)	Period of Contract	Floating rate	Fixed rate
March 31, 2018	US $	-	-	-	-	-
March 31, 2018	US $	-	-	-	-	-
31 March 2017	US $	1	9.49	31 Dec 2015 to 31 Mar 2021	1.95% (fixed LIBOR) + spread of 3.8% on USD principal	6.71% on INR principal
31 March 2017	US $	1	41.40	31 Dec 2015 to 27 Dec 2017	USD 6 Month Libor on USD principal	1.95% on USD principal

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NOTE 46: DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MSMED ACT, 2006

(₹ in million)

Description	31 March 2018	31 March 2017
(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	22.17	53.46
Interest due on above	1.35	1.04
(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.	1.35	1.04
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006		

Interest payable as per section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 is Rs. 1.35 million (31 March 2017: Rs. 1.04 million) and same is not accrued in the books of accounts. Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of intimation received from the "suppliers" / informations available with the Group regarding their status under the Micro, Small and Medium Enterprises Development Act , 2006

NOTE 47: DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (Ind AS) 11 "CONSTRUCTION CONTRACTS"

(₹ in million)

Particulars	31 March 2018	31 March 2017
Amount of contract revenue recognised during the year*	2,862.42	1,731.26
The aggregate amount of costs incurred and recognised profits (less recognised losses) for all contracts in progress upto the reporting date	4,403.71	1,868.12
Amount of customer advances outstanding for contracts in progress upto the reporting date	-	4.81
Retention amount due from customers for contracts in progress upto the reporting date	-	-
Gross amount due from customers for contract work as an asset#	620.80	3.38
Gross amount due to customers for contract work as a liability	(97.18)	(26.06)

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Note:

* Out of above, amount of Rs. 230.29 million pertain to revenue from service concession arrangements of Se Vineyards Power Transmission S.A. And Arcoverde Transmissão De Energia S.A. (Brazilian subsidiaries of the Group) under Appendix A-Service Concession Arrangements of Ind AS 11 Construction Contracts.

Out of above, amount of Rs. 247.83 million on account of service concession arrangements of Se Vineyards Power Transmission S.A. And Arcoverde Transmissão De Energia S.A. (Brazilian subsidiaries of the Group) under Appendix A-Service Concession Arrangements of Ind AS 11 Construction Contracts.

Revenue from infrastructure implementation for provision of electric power transmission services under a service concession arrangement is recognized according to costs incurred. When the Group provides more than one service under a service concession agreement, the consideration received is allocated by reference to the fair value of the services delivered.

Interest income is recognized at the effective interest rate on the outstanding principal amount, and the effective interest rate is the one that exactly equals the estimated future cash receipts determined over the estimated life of the financial asset to the initial book value of such asset.

In accordance with the concession agreement every five years after the date of signing the contracts, Brazilian Electricity Regulatory Agency ('ANEEL') will periodically tariff review of RAP of electricity transmission, in order to promote efficiency and low tariffs.

The periodic rate revision recipe comprises repositioning by determining:

a) the change of third-party capital costs in the concession agreement;

b) receipts from reinforcements and improvements;

c) identifying the amount to be considered as reducing rate - Other Income

NOTE 48: EMPLOYEE STOCK APPRECIATION RIGHTS (ESAR)

ESAR scheme 2015

During the year ended March 31, 2016, Sterlite Power Grid Ventures Limited ('SPGVL') granted 12.78 million Employee Stock Appreciation Rights (ESARs) to eligible employees under the Employee Stock Appreciation Rights 2015 ("ESAR 2015") Scheme ("Scheme") as approved by the Committee formed under the Scheme vide Board Resolution dated 16 May 2015. Following is the reconciliation of provision for ESAR outstanding -

Particulars	31 March 2018		31 March 2017	
	Numbers (in million)	Amount (in million)	Numbers (in million)	Amount (in million)
Opening balance as at the beginning of the year	**3.25**	**35.70**	**12.78**	**76.68**
ESAR granted during the period	4.94	54.32	0.16	0.96
ESAR Cancelled	(0.02)	(0.27)	(7.25)	(43.50)
Payment towards ESARs vested	(3.22)	(35.43)	(2.45)	(14.67)
Balance	**4.94**	**54.32**	**3.25**	**19.47**
Provision for increase in FMV of equity share		47.16		16.23
Closing balance as at the end of the year	**4.94**	**101.48**	**3.25**	**35.70**

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ESAR scheme 2017

During the year ended 31 March 2018, Sterlite Power Transmission Limited granted 297,900 Employee Stock Appreciation Rights (ESARs) to eligible employees under the Employee Stock Appreciation Rights 2017 ("ESAR 2017") Plan ("Plan") as approved by the Committee formed under the Plan vide Board Resolution dated 8 October 2017. Following is the reconciliation of provision for ESAR outstanding -

Particulars	31 March 2018		31 March 2017	
	Numbers	Amount (Rs. in million)	Numbers	Amount (Rs. in million)
Opening balance as at the beginning of the year	-	-	-	-
ESAR granted during the period	0.30	-	-	-
ESAR Cancelled	-	-	-	-
Payment towards ESARs vested	-	-	-	-
Balance	0.30	-	-	-
Impact of increase in FMV of equity share	-	0.00	-	-
Closing balance as at the end of the year	**0.30**	**0.00**	**-**	**-**

Vesting of ESARs is subject to continued employment with the Company. The ESARs shall be cash settled based on the excess of fair market value (FMV) of equity share of the Company as on the date of vesting over the SAR price (i.e the base price defined on the grant date of SAR) specified in the Scheme. The FMV is determined by the Committee based on the discounted cash flow valuation and other relevant factors. As at 31 March 2018, excess of FMV over SAR price specified in the ESAR Scheme 2017 is Rs. 59.15 million (31 March 2017: Nil) and accordingly an expense of Rs. 9.86 million (31 March 2017: Rs Nil) has been recorded in the statement of profit and loss.

Particulars	31 March 2018		31 March 2017	
	Number (in million)	Amount (in million)	Number (in million)	Amount (in million)
Opening balance as at the beginning of the year	**-**	**-**	**-**	**-**
ESAR granted during the period	0.28	-	-	-
ESAR Cancelled	-	-	-	-
Payment towards ESARs vested	-	-	-	-
Balance	0.28	-	-	-
Provision for increase in FMV of equity share		9.39	-	-
Closing balance as at the end of the year	**0.28**	**9.39**	**-**	**-**

Vesting of ESARs is subject to continued employment with the SPGVL. The ESARs shall be cash settled based on the excess of fair market value (FMV) of equity share of the SPGVL as on the date of vesting over the SAR price (i.e the base price defined on the grant date of SAR) specified in the Scheme. During the year, under ESAR scheme 2015, 0.02 Million (previous year: 9.69 Million) SARs have been cancelled and hence provision amounting to Rs 0.27 Million (previous year Rs.43.50 Million) has been reversed. The FMV is determined by the Committee based on the discounted cash flow valuation and other relevant factors. As at March 31, 2018, excess of FMV over SAR price specified in the ESAR Scheme 2015 is Rs. 20.55 (31 March 2017: Rs. 11) and in ESAR scheme 2018 it is Rs. 33.09 (31 March 2017: NA) and accordingly an expense of Rs 110.87 Million (31 March 2017: Rs 16.23 Million) has been recorded in the statement of profit and loss.

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NOTE 49 (A) : STATUTORY GROUP INFORMATION (SHARE IN NET ASSETS)

Name of entity	Net assets, i.e., total assets minus total liabilities (31 March 2018)		Net assets, i.e., total assets minus total liabilities (31 March 2017)	
	As % of consolidated net assets	(Rs. in million)	As % of consolidated net assets	(Rs. in million)
Parent				
Sterlite Power Transmission Limited	7771.29%	(16,938.30)	321.92%	(7,516.28)
Subsidiaries				
- Indian				
Sterlite Investment Managers Limited	-74.10%	161.52	-3.94%	91.91
Sterlite Convergence Limited	-0.15%	0.32		
Sterlite Power Grid Ventures Limited	-296.81%	646.94	723.32%	(16,888.32)
Sterlite Grid 1 Limited		-	-2.95%	68.92
Sterlite Grid 2 Limited	-12.17%	26.53	-4.26%	99.47
Sterlite Grid 3 Limited	0.09%	(0.19)	0.00%	0.00
Sterlite Grid 4 Limited	-0.19%	0.41	0.00%	(0.06)
Sterlite Grid 5 Limited	-8.40%	18.32	0.01%	(0.14)
Sterlite Grid 6 Limited	-0.17%	0.38	-	-
Sterlite Grid 7 Limited	-0.08%	0.17	-	-
Sterlite Grid 8 Limited	-0.08%	0.17	-	-
Sterlite Grid 9 Limited	-0.08%	0.17	-	-
Sterlite Grid 10 Limited	-0.08%	0.17	-	-
Sterlite Grid 11 Limited	-0.12%	0.27	-	-
Sterlite Grid 12 Limited	-0.12%	0.27	-	-
East North Interconnection Company Limited	-1035.86%	2,257.76	-89.77%	2,095.93
Bhopal Dhule Transmission Company Limited	-	-	-179.17%	4,183.35
Jabalpur Transmission Company Limited	-	-	-355.53%	8,300.99
Purulia & Kharagpur Transmission Company Limited	-	-	-26.14%	610.27
RAPP Transmission Company Limited	-	-	-13.44%	313.91
NRSS XXIX Transmission Limited	-689.87%	1,503.65	-248.01%	5,790.68
NRSS XXIX (JS) Transmission Limited	-0.23%	0.50		
Maheshwaram Transmission Limited		-	-21.87%	510.72
Odisha Generation Phase-II Transmission Limited (OGPTL)	-1700.02%	3,705.37	-90.11%	2,103.93
Gurgaon-Palwal Transmission Limited	-208.68%	454.85	50.07%	(1,168.99)
Khargone Transmission Limited	-1065.15%	2,321.61	49.34%	(1,151.94)
NER-II Transmission Limited	606.95%	(1,322.90)	-9.46%	220.83
Goa-Tamnar Transmission Project Limited	-113.48%	247.33		-
- Foreign				
Se Vineyards Power Transmission S.A.	-155.60%	339.15	-	-
Arcoverde Transmissão De Energia S.A.	-119.08%	259.54	-	-
Sterlite Novo Estado Energia S.A, Brazil	0.00%	0.00	-	-
Sterlite Brazil Participacoes S.A	-75.88%	165.38	-	-
Associates				
- Indian				
India Grid Trust	-2721.90%	5,932.66	-	-
Total	**100.00%**	**(217.96)**	**100.00%**	**(2,334.83)**

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NOTE 49 (B): STATUTORY GROUP INFORMATION (SHARE IN PROFIT OR LOSS)

Name of entity	Share in profit or loss (Year ended 31 March 2018)		Share in profit or loss (Year ended 31 March 2017)	
	As % of profit/loss for the year	(Rs. in million)	As % of profit/loss for the year	(Rs. in million)
Parent				
Sterlite Power Transmission Limited	-20.72%	-564.29	-58.83%	1,142.06
Subsidiaries				
- Indian				
Sterlite Investment Managers Limited	0.01%	0.31	0.10%	(1.85)
Sterlite Convergence Limited	-0.01%	-0.18	-	-
Sterlite Power Grid Ventures Limited	6.47%	176.28	102.84%	(1,996.29)
Sterlite Grid 1 Limited	-0.07%	(1.90)	1.22%	(23.64)
Sterlite Grid 2 Limited	60.54%	1,648.41	0.02%	(0.48)
Sterlite Grid 3 Limited	18.46%	502.63	0.01%	(0.20)
Sterlite Grid 4 Limited	-0.01%	(0.33)	0.20%	(3.91)
Sterlite Grid 5 Limited	-0.07%	(1.79)	0.08%	(1.64)
Sterlite Grid 6 Limited	0.00%	(0.12)	-	-
Sterlite Grid 7 Limited	-0.01%	(0.33)	-	-
Sterlite Grid 8 Limited	-0.01%	(0.33)	-	-
Sterlite Grid 9 Limited	-0.01%	(0.33)	-	-
Sterlite Grid 10 Limited	-0.01%	(0.33)	-	-
Sterlite Grid 11 Limited	-0.01%	(0.23)	-	-
Sterlite Grid 12 Limited	-0.01%	(0.23)	-	-
East North Interconnection Company Limited	4.87%	132.71	-2.48%	48.24
Bhopal Dhule Transmission Company Limited	2.56%	69.63	-42.71%	829.08
Jabalpur Transmission Company Limited	-2.22%	(60.54)	115.77%	(2,247.29)
Purulia & Kharagpur Transmission Company Limited	-2.85%	(77.66)	0.44%	(8.63)
RAPP Transmission Company Limited	-1.85%	(50.41)	1.23%	(23.84)
NRSS XXIX transmission Limited	20.93%	569.89	-18.00%	349.42
Maheshwaram Transmission Limited	0.22%	6.04	0.02%	(0.35)
Odisha Generation Phase-II Transmission Limited (OGPTL)	-2.32%	(63.11)	0.03%	(0.58)
Gurgaon-Palwal Transmission Limited	-0.02%	(0.59)	0.03%	(0.58)
Khargone Transmission Limited	-0.03%	(0.81)	0.03%	(0.58)
NER-II Transmission Limited	-0.01%	(0.18)	0.01%	(0.16)
Goa-Tamnar Transmission Project Limited		-	-	-
- Foreign				
Se Vineyards Power Transmission S.A.	0.13%	3.42	-	-
Arcoverde Transmissão De Energia S.A.	0.13%	3.61	-	-
Sterlite Novo Estado Energia S.A, Brazil	-	-	-	-
Sterlite Brazil Participacoes S.A	-0.08%	(2.26)	-	-
Associates				
- Indian				
India Grid Trust	16.01%	435.85		
Total	100.00%	2,722.84	100.00%	(1,941.21)

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NOTE 49(C): STATUTORY GROUP INFORMATION (SHARE IN OTHER COMPREHENSIVE INCOME)

Name of entity	"Share in other comprehensive income (Year ended 31 March 2018)"		"Share in other comprehensive income (Year ended 31 March 2017)"	
	As % of OCI for the year	(Rs. in million)	As % of OCI for the year	(Rs. in million)
Parent				
Sterlite Power Transmission Limited	23.56%	(87.35)	100.33%	234.04
Subsidiaries				
- Indian				
Sterlite Power Grid Ventures Limited	-11.33%	42.01	-0.33%	(0.77)
- Foreign				
Arcoverde Transmissão De Energia S.A.	-0.01%	0.02	-	-
Sterlite Brazil Participacoes S.A	87.78%	(325.40)	-	-
Total	**100.00%**	**(370.71)**	**100.00%**	**233.27**

NOTE 50: ENICL TRANSMISSION LINE RENDERED INOPERABLE DUE TO FLOOD

On August 23, 2016, the Purnia – Biharsharif 400kv DC transmission line ('PB Line') of ENICL was rendered inoperable due to unprecedented flood in the Ganga river. Due to severe flood situation and reported abnormal flow of flood water certain towers of the transmission line were damaged. The restoration work for the same was completed on June 23, 2017. ENICL had claimed this event as a force majeure event under the Transmission Services Agreement ('TSA'). The Eastern Regional Power Committee ('ERPC') accepted the event as force majeure and accordingly ENICL received availability certificates considering deemed availability of PB line which recognise the incident as force majeure. Further, ENICL received transmission charges post the incident based on the availability certificates considering deemed availability of PB Line.

The carrying amounts of assets destroyed of Rs. 94.64 Million has been derecognised and charged to the statement of profit and loss. ENICL has a valid insurance policy which covers the reinstatement cost for the above loss and accordingly it has filed an insurance claim with the insurer. Pending final approval of claim by the insurers, management expects to recover an amount of Rs.250 million and recognised as receivable from the insurer. (refer note 9).

NOTE 51 : DEMERGER OF POWER BUSINESS FROM STERLITE TECHNOLOGIES LIMITED

A. The Board of directors of the Sterlite Technologies Limited on May 18, 2015 approved the Scheme of Arrangement under Sections 391 – 394 of the Companies Act, 1956 ('the Scheme') between Sterlite Technologies Limited ('STL' or 'Demerged company'), Sterlite Power Transmission Limited ('SPTL' or 'Resulting company' or 'Company') & their respective shareholders & creditors for the demerger of power products and solutions business (including the investments of STL in power transmission infrastructure subsidiaries i.e. Sterlite Power Grid Ventures Limited and East North Interconnection Company Limited) into the Company with the appointed date of 1 April, 2015. The Scheme was approved by the Hon'ble Bombay High Court vide Order dated 22 April 2016 and it became effective from 23 May 2016 (being the date of filing with Registrar of Companies).

B. As per the Scheme, an amount of Rs. 2,379.79 million being the difference between total consideration paid to equity shareholders of Sterlite Technologies Limited and net assets transferred from Sterlite Technologies Limited was recognised as Goodwill as at the appointed date i.e. 1 April 2015. This goodwill is being amortised over a period of five years as required under the Scheme. The amortisation charge for the current year is Rs. 475.96 million (31 March 2017: Rs. 475.96 million). Under Ind AS, the differential amount of Rs. 2,379.79 would have been adjusted to reserves and no goodwill would have been recognised since the business combination was a common control transaction.

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NOTE 52: 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 Investments, loans, trade and other receivables, cash and short-term deposits and other financial assets that derive directly from its operations. The group also holds FVTOCI investments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The group's senior management oversees the management of these risks. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the group's policy that no trading in derivatives for speculative purposes may be undertaken. The group 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. In performing its operating, investing and financing activities, the group is exposed to the Credit Risk, Liquidity Risk and Market risk.

(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 and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2018 and 31 March 2017.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at 31 March 2018.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and provisions.

The following assumption has been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31,2017.

Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The 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.

The Group is exposed to the interest rate fluctuation in both domestic and foreign currency borrowing. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. 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. At 31 March 2018, after taking into account the effect of interest rate swaps, approximately 66.38% of the Group's borrowings are at a fixed rate of interest (31 March 2017: 23%).

Further, Nil (31 March 2017: 19%) of the Group's borrowings are valued at fair value through profit and loss. The sensitivity with respect to changes in fair value assumptions has been given in Note 54.

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Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of loans and borrowings affected. With all the other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in million)

Particulars	Increase/ Decrease in Basis Points	Effect on profit before tax / pre-tax equity *
March 31, 2018		
Base Rate	+50	(138.86)
Base Rate	-50	138.86
March 31, 2017		
Base Rate	+50	(233.46)
Base Rate	-50	233.46

*Part of the interest costs pertaining to under construction projects get capitalised. The figures for sensitivity in the above table are before considering the capitalisation of interest costs.

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 operating activities (when revenue or expense is denominated in a foreign currency), foreign currency borrowings and payable for property, plant and equipment in foreign currency.

The Group has a policy to keep minimum forex exposure on the books that are likely to occur within a maximum 12-month period for hedges of forecasted sales and purchases.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

Out of total foreign currency exposure the Company has hedged the exposure of 99.66% as at March 31, 2018 and 99.82% as at March 31, 2017.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Group's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Group's exposure to foreign currency changes for all other currencies is not material. With all the other variable held constant, the Group's profit before tax is affected through the impact on change of foreign currency rate as follows:

(₹ in million)

	Change in USD rate	Effect on profit before tax / pre-tax equity	Change in Euro rate	Effect on profit before tax / pre-tax equity
March 31, 2018*	+5%	2.40/98.45	5%	0.00#/7.10
	-5%	(2.40)/ (98.45)	-5%	0.00#/(7.10)
March 31, 2017	+5%	0.00/114.73	5%	0.96/3.20
	-5%	0.00/(114.73)	-5%	(0.96)/(3.20)

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*Does not include sensitivity with respect to interest on borrowings associated with assets classified as held for sale. Refer note 11.

Amount below Rs. 0.01 million

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of aluminium and copper for manufacture of conductor and OPGW, power cables and therefore require a continuous supply of aluminium and copper. Due to the volatility of the price of aluminium and copper, the group enters into various purchase contracts for aluminium and copper on London Metal Exchange. The prices in these purchase contracts are linked to the price on London Metal Exchange.

The Group's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

Based on a 1 month forecast of the required copper, and aluminium supply, the group hedges the purchase price using future commodity purchase contracts. The forecast is deemed to be highly probable.

Commodity price sensitivity

As per the Group's policy for commodity price hedging, all the commodity price exposures as on reporting dates are fully hedged. Thus, there are no open unhedged exposures on the reporting dates.

Equity price risk

he Group's listed securities (investment in associate) are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to non-listed equity shares at fair value was Rs. 112.45 million (31 March 2017: Rs 112.45 million).

At the reporting date, the exposure to listed equity securities of India Grid Trust ('IndiGrid') (investment in associate) was Rs.5,932.66.36 million. The trading volumes of IndiGrid on stock exchanges is low and hence the trading price on stock exchanges is not considered to be representative of the fair value of such investment as at 31 March 2018 by the management. Hence the management has considered the net assets at fair value ('NAFV') of IndiGrid as published in the consolidated financial statements of IndiGrid. As at 31 March 2018, the fair value of the investment in associate was Rs.5,990.33 million (considering the NAFV of IndiGrid unit at Rs.101.87 per unit). Following table represents sensitivity analysis with respect to change in the fair value of the investment in associate:

Significant unobservable inputs	Range	Sensitivity of the input to fair value	Increase/(decrease) in Fair Value	
			31 March 2018	31 March 2017
Net Assets at fair value of India Grid Trust	101.87 per unit	0.50%	29.95	-
		-0.50%	(29.95)	-

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.

Trade receivables

Customer credit risk is managed by each business unit subject to the group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding

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customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The group does not hold collateral as security. The group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The Group is also engaged in transmission infrastructure development business under BOOM (Build, Own, Operate and Maintain) and currently derive its revenue primarily from BOOM contracts with long term transmission customers (‘LTTC’). The Group being transmission licensee 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 of transmission business. During the various periods presented, there has been no change in the credit risk of trade receivables of transmission business. However, this assessment may need a review if there is any change in the Pooling Regulations.

Factoring

The group has entered into an arrangement with HDFC Bank for non recourse factoring pursuant to which the group has derecognised trade receivables of Rs. Rs. 1,043.09 million (31 March 2017:1,275.51 million)

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions 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 credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Board of Directors on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through 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 at 31 March 2018 and 31 March 2017 is the carrying amounts of each class of financial assets except for financial guarantees and derivative financial instruments. The group’s maximum exposure relating to financial guarantees and financial derivative instruments is noted in note 45 and the liquidity table below:

(c) 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 growth 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.

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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 60 - 90 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:

(₹ in million)

Particulars	Payable on demand	Less than 3 months	3 months to 12 months	1 year to 5 years	> 5 years	Total
As at March 31, 2018						
Borrowings	3,704.70	2,237.12	2,217.04	20,739.91	32,532.20	61,430.97
Other financial liabilities	-	2,505.09	2,134.74	19.25	-	4,659.08
Trade payables	-	7,565.96	-	-	-	7,565.96
Payables for Property, plant and equipment	-	81.05	4,031.38	194.04	-	4,306.47
Derivatives	-	-	878.38	-	-	878.38
	3,704.70	**12,389.22**	**9,261.54**	**20,953.20**	**32,532.20**	**78,840.86**
As at March 31, 2017						
Borrowings	3,000.57	1,084.34	3,765.32	28,308.33	18,669.54	54,828.09
Other financial liabilities	8.04	1,517.24	4,345.05	-	-	5,870.34
Trade payables	-	3,855.22	-	-	-	3,855.22
Payables for Property, plant and equipment	-	-	4,602.55	205.96	-	4,808.53
Derivatives	-	-	408.18	-	-	408.19
Financial guarantee contracts*	1,250.23	0.00	0.00	0.00	0.00	1,250.24
	3,008.60	**6,456.81**	**13,121.10**	**28,514.29**	**18,669.54**	**69,770.36**

Note 53: Capital management

For the purpose of the group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the group. The primary objective of the group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. 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 excluding discontinued operations.

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(₹ in million)

Particulars	As at March 31, 2018	As at March 31, 2017*
Interest Bearing Loans and borrowings	61,430.97	54,828.10
Trade Payables	7,565.95	3,855.22
Other Financial Liabilities	9,843.94	11,087.02
Less: cash and short-term deposits and current Investments	(1,884.21)	(2,237.96)
Net debt (A)	**76,956.65**	**67,532.38**
Equity share capital	122.36	122.36
Share suspense account	-	-
Other equity	(340.11)	(2,457.19)
Total capital (B)	**(217.75)**	**-2,334.82**
Capital and net debt [C = (A+B)]	**76,738.90**	**65,197.56**
Gearing ratio	100.28%	103.58%

* Does not include liabilities associated with disposal group classified as held for sale. (refer note 11)

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. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. 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 March 31, 2018 and March 31, 2017.

NOTE 54: FAIR VALUES

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(₹ in million)

Particulars	Carrying Value		Fair Value	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Financial assets				
Investments	668.26	907.65	668.26	907.65
Derivative instruments	-	655.13	-	655.13
Total	**668.26**	**1,562.78**	**668.26**	**1,562.78**
Financial liabilities				
Optionally convertible redeemable preference shares	-	9,948.55	-	9,949
Derivative instruments	878.38	408.18	878.38	408.18
Total	**878.38**	**10,356.73**	**878.38**	**10,356.73**

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The management assessed that cash and cash equivalents, trade receivables, trade payables, other current assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management has further assessed that borrowings availed and loans given approximate their carrying amounts largely due to the interest rates being variable or in case of fixed rate borrowings/loans, movements in interest rates from the recognition of such financial instrument till period end not being material.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of the quoted mutual funds are based on price quotations at the reporting date.
- The fair values of the unquoted equity instruments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Foreign exchange forward contracts 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 fair values of commodity futures contracts are based on price quotations on LME at the reporting date. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.
- The fair values of the Optionally Convertible Redeemable Preference shares (OCRPS) have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these OCRPS.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2018, 31 March 2017 are as shown below:

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Description of significant unobservable inputs to valuation:

A- Liability measured at fair value through profit and loss - (OCRPS)

Management has measured the fair value of Optionally Convertible Redeemable Preference Shares (OCRPS) taking into account the fair valuation of SPGVL.

- Valuation technique: DCF Method

(₹ in million)

S.N.	Significant unobservable inputs	Range	Sensitivity of the input to fair value	Increase/(decrease) in Fair Value	
				31 March 2018	31 March 2017
(i)	Cost of Equity	(i)Operational Projects - 31 March 2018 - - 31 March 2017 - 11.70% to 13.78% (ii) New/under construction project - 31 March 2018 - - 31 March 2017 - 13.76% - 14.48% (iii) EPC Business 31 March 2018 - - 31 March 2017 - 13.45%	0.5% increase		(832.21)
			0.5% decrease		917.06
(ii)	Cost of Debt	(i) Transmission Business 31 March 2018 - - 31 March 2017 - 8.20% to 9.10%	0.5% increase		(877.68)
		(ii) EPC Business 31 March 2018 - - 31 March 2017 - 9.35%	0.5% decrease		891.42
(iii)	Incremental tariff expected to be approved by CERC in respect of cost overruns due to force majeure/change in law (as % of non-escalable tariff)	Bhopal Dhule Transmission Company Limited 31 March 2018 - NA 31 March 2017 - 7%	Increase by 5% (of non-escalable tariff)		230.44
		Jabalpur Transmission Company Limited 31 March 2018 - NA 31 March 2017 - Nil	Decrease by 5% (of non-escalable tariff)		(230.28)
(iv)	Debt refinancing after completion of the project	Refer note below	10% increase		90.27
			10% decrease		(92.60)
(v)	Project cost	Refer note below	5% increase		(847.82)
			5% decrease		843.43

* CERC vide order dated 8 May 2017 approved an incremental tariff of 9.89% which has been considered for calculation of fair value and hence the same has not been included for sensitivity analysis in the above table.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

Project	Debt Refinancing after completion of project		Project cost	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Goa-Tamnar Transmission Project Company Limited	1,470.00	-	10,000.00	-
NRSS XXIX Transmission Limited	9,000.00	5,000.00	22,740.00	25,000.00
Maheshwaram Transmission Limited	-	550.00	-	3,450.00
Khargone Transmission Limited	930.00	1,500.00	11,850.00	11,840.00
Odisha Generation Phase-II Power Transmission Limited	610.00	1,250.00	10,430.00	10,430.00
Gurgaon-Palwal Transmission Limited	900.00	-	8,260.00	8,820.00
NER-II Transmission Limited	7,650.00	5,000.00	22,120.00	18,190.00

B. FVTOCI assets - Unquoted equity instruments of Sharper Shape Group Inc.

Valuation technique: Discounted Cash Flow (DCF) method

S.N.	Significant unobservable inputs	Range	Sensitivity of the input to fair value	Increase/(decrease) in Fair Value as of 31 March 2018/31 March 2017
(i)	Long-term growth rate for cash flows for subsequent years	31 March 2018: 3% 31 March 2017: 3%	2% increase 2% decrease	2% increase in the growth rate would result in increase in fair value by Rs. 8.39 million and 2% decrease would result decrease in fair value by Rs. 6.86 million
(ii)	Long-term operating margin	31 March 2018: 10.48% 31 March 2017: 10.48%	1% increase 1% decrease	1% increase would result in increase in fair value by Rs. 7.14 million and 1% decrease would result decrease in fair value by Rs. 7.14 million
(iii)	WACC (pre-tax)	31 March 2018: 22.92% 31 March 2017: 22.92%	1% increase 1% decrease	1% increase in the WACC would result in decrease in fair value by INR 10.13 million and 1% decrease in fair value would result in increase in fair value by INR 9.10 million
(iv)	Discount for lack of marketability	31 March 2018: 10% 31 March 2017: 10%	5% increase 5% decrease	Increase in the discount by 5% would result in decrease in fair value by INR 6.26 million and decrease in dicount by 5% would result in increase in the fair value by INR 6.26 million

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

NOTE 55: FAIR VALUES HIERACHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2018 and March 31, 2017

	Fair value measurement using			
	Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets/(liabilities) measured at fair value through profit and loss				
Mutual fund investments				
As at 31 March, 2018	555.81	555.81	-	-
As at 31 March, 2017	795.20	795.20	-	-
Optionally convertible redeemable preference shares				
As at 31 March 2018	-	-	-	-
As at 31 March 2017	(9,948.55)	-	-	(9,948.55)
Assets/(liabilities) measured at fair value through other comprehensive income				
Investment in equity instruments				
As at 31 March, 2018	112.45	-	-	112.45
As at 31 March, 2017	-	-	-	-
Derivative assets				
As at 31 March, 2018	-	-	-	-
As at 31 March, 2017	655.13	-	655.13	-
Derivative liabilities				
As at 31 March, 2018	(878.38)	-	(878.38)	-
As at 31 March, 2017	(408.18)	-	(408.18)	-

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

NOTE 56: RELATED PARTY DISCLOSURES

(A) Name of related party and nature of its relationship:

(a) Related parties where control exists

(i) Holding company

Twin Star Overseas Limited, Mauritius (Immediate holding company)

Volcan Investments Limited, Bahamas (Ultimate holding company)

(b) Other related parties under IND AS-24 "Related party disclosures" with whom transactions have taken place during the year

(i) Associates from 30 May 2018

India Grid Trust

Sterlite Grid 1 Limited

Bhopal Dhule Transmission Company Limited

Jabalpur Transmission Company Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

(ii) Associates from 15 February 2018

Maheshwaram Transmission Limited

RAPP Transmission Company Limited

Purulia & Kharagpur Transmission Company Limited

(iii) Fellow subsidiaries

Vedanta Limited

Bharat Aluminium Company Limited

Hindustan Zinc Limited

Twinstar Technologies Limited

Sterlite Technologies Limited

Sterlite Power Technologies Private Limited

Maharashtra Transmission Communication Infrastructure Limited

(iV) Key Management Personnel (KMP)

Mr. Pratik Agarwal (CEO & Managing Director)

Mr. Arun Todarwal (Non executive & Independent Director)

Ms. Avaantika Kakkar (Non executive & Independent Director)

Mr. Lalit Tondon (Non executive & Independent Director)

(c) Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year

(i) Key Management Personnel (KMP)

Mr. Ashok Ganesan (Company Secretary)

Mr. Swapnil Patil (Company Secretary) with effect from 1 June 2016 till 29 May 2017

Mr. Harsh Shah (Chief Financial Officer)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

(B) The transactions with related parties during the year and their outstanding balances are as follows:

(₹ in million)

S. No.	Particulars	Holding Company		Associates		KMP		Fellow subsidiaries		Entity exercising significant influence		Relatives of KMP	
	Transactions	**2017-18**	**2016-17**	**2017-18**	**2016-17**	**2017-18**	**2016-17**	**2017-18**	**2016-17**	**2017-18**	**2016-17**	**2017-18**	**2016-17**
1	Purchase of equity shares of Sterlite Investment Managers Limited	-	-	-		-	-	-	2.00			-	-
2	Loans and advances given	-	-	-		-	-	-	162.50			-	-
3	Repayment of advances received	-	-	-	-	-	-	-	273.28	-	-	-	-
4	Purchase of goods	-	-	-	-	-	-	11,755.41	8,466.92	-	-	-	-
5	Sale of services	-	-	-	-	-	-	23.72	128.94	-	-	-	-
6	Sale of goods (net of excise duty)	-	-	-	-	-	-	185.73	197.59	-	-	-	-
7	Interest paid	-	-	-	-	-	-	2.25	-	-	-	-	-
8	Interest income	-	-	-	-	-	-	10.97	9.40	-	-	-	-
10	ESOP expenses paid	-	-	-	-		-		7.44	-	-	-	-
11	Management fees received	-	-	101.27	-	-	-	34.00	-	-	-	-	
13	Reimbursement of expenses to related parties	-	-	-	-		-	22.39	-	-	-	-	-
14	Purchase of power	-	-	-	-		-	18.10	21.80	-	-	-	-
15	Remuneration	-	-	-	-	53.81	69.34	-	-	-	-	-	-
16	Sitting fees	-	-	-	-	1.03	0.53	-	-	-	-	-	-
17	Issue of equity share capital	-	4,904.19	-	-	-	25.60	-	107.01	-	-	-	21.89
18	ESAR expense	-	-		-	18.11		-	-	-	-		
19	Dividend income from investment in associate	-	-	373.46	-	-	-	-	-	-	-	-	-
20	Subscription to units of associate ^	-	-	5,880.36	-	-	-	-	-	-	-	-	-
21	Sale of Non-Convertible debentures of Sterlite Grid 1 Limited ^	-	-	5,880.36	-	-	-	-	-	-	-	-	-
22	Sale of equity shares of RAPP Transmission Company Limited and Purulia & Kharagpur Transmission Company Limited	-	-	2,870.52	-	-	-	-	-	-	-	-	-
23	Sale of equity shares of Maheshwaram Transmission Limited	-	-	961.84	-	-	-	-	-	-	-	-	-
24	Reimbursement of Expenses (Received or Receivable)	-	-	18.32	-	-	-	-	-	-	-	-	-
25	Redemption of NCDs / loans in the SPVs sold	-	-	8,702.14	-	-	-	-	-	-	-	-	-
27	Repayment of dues paid	-	-	15.56	-	-	-	-	-	-	-	-	-
	Outstanding Balances	**31 March 2018**	**31 March 2017**	**31 March 2018**	**31 March 2017**	**31 March 2018**	**31 March 2017**	**31 March 2018**	**31 March 2017**	**31 March 2018**	**31 March 2017**	**31 March 2018**	**31 March 2017**
1	Loans/advance receivables		-	-	-	-	-	180.22	279.13	-	-	-	-
2	Trade receivables	-	-	56.40	-	-	-		-	-	-	-	-
3	Trade payables	-	-	-	-	-	-	3,994.63	152.29	-	-	-	-
4	Investment in Associates	-	-	5,932.66	-	-	-	-	-	-	-	-	-
5	Optionally Convertible Redeemable Preference Shares (OCRPS)	-	-	-	-	-	-	-	-	-	4,545.53	-	-
6	Management Fees Recevables	-	-	-	-	-	-	30.36		-	-	-	-
7	Corporate and bank guarantees given and outstanding	-	-	293.80	-	-	-	-	-	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

(C) Disclosure in respect of material related party transactions during the year:

	Particulars	Relationship	31 March 2018	31 March 2017
1	**Purchase of equity shares of Sterlite Investment Managers Limited**			
	Vedanta Limited	Fellow subsidiary	-	2.00
2	**Loans and advances given**			
	Sterlite Power Technologies Private Limited	Fellow subsidiary	-	162.50
3	**Repayment of advances received**			
	Sterlite Technologies Limited	Fellow subsidiary	-	193.17
	Twinstar Display Technologies Limited	Fellow subsidiary	-	80.11
4	**Purchase of goods**			
	Vedanta Limited	Fellow subsidiary	9,932.28	7,708.67
	Bharat Aluminium Company Limited	Fellow subsidiary	1,518.64	432.89
	Hindustan Zinc Limited	Fellow subsidiary	5.24	124.27
	Sterlite Technologies Limited	Fellow subsidiary	299.26	201.08
5	**Sale of services**			
	Vedanta Limited	Fellow subsidiary	23.72	128.94
6	**Sale of goods (net of exicse duty)**			
	Maharashtra Transmission Communication Infrastructure Limited	Fellow subsidiary	83.07	117.53
	Vedanta Limited	Fellow subsidiary	10.96	0.07
	Hindustan Zinc Limited	Fellow subsidiary	86.36	79.99
	Sterlite Technologies Limited	Fellow subsidiary	5.34	-
7	**Interest paid**			
	Hindustan Zinc Limited	Fellow subsidiary	0.33	-
	Sterlite Technologies Limited	Fellow subsidiary	1.92	-
8	**Interest income**			
	Sterlite Power Technologies Private Limited	Fellow subsidiary	10.97	4.46
	Sterlite Investment Managers Limited	Fellow subsidiary	-	4.94
9	**ESOP expenses paid**			
	Sterlite Technologies Limited	Fellow subsidiary	-	7.44
10	**Management fees received**			
	Sterlite Technologies Limited	Fellow subsidiary	34.00	-
	Bhopal Dhule Tranmission Company Limited	Associate	14.40	-
	Jabalpur Transmission Company Limited	Associate	6.76	-
	Maheshwaram Transmission Limited	Associate	0.38	-
	RAPP Transmission Company Limited	Associate	0.29	-
	Purulia & Kharagpur Transmission Company Limited	Associate	0.84	-
	Investment Management fees received			
	Bhopal Dhule Transmission Company Limited	Associate	35.57	-
	Jabalpur Transmission Company Limited	Associate	35.78	-
	Purulia & Kharagpur Transmission Company Limited	Associate	1.00	-
	RAPP Transmission Company Limited	Associate	0.65	-
	Maheshwaram Transmission Limited	Associate	1.18	-
11	**Reimbursement of expenses**			
	Sterlite Technologies Limited	Fellow subsidiary	22.39	-
12	**Purchase of power**			
	Vedanta Limited	Fellow subsidiary	18.10	21.80

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

	Particulars	Relationship	31 March 2018	31 March 2017
13	**Remuneration**			
	Mr. Harsh Shah	KMP	12.10	6.95
	Mr. Swapnil Patil	KMP	0.38	0.56
	Mr. Pratik Agarwal	KMP	35.99	19.23
	Mr. Ashok Ganesan	KMP	5.34	-
	Mr. Ajay Bhardwaj	KMP	-	29.15
14	**Sitting fees**			
	Mr. Arun Todarwal	KMP	0.51	0.14
	Mr. Lalit Tondon	KMP	0.52	0.10
15	**Issue of equity share capital**			
	Twin Star Overseas Limited, Mauritius	Immediate Holding company	-	4,904.19
	Vedanta Limited	Fellow subsidiary	-	107.01
16	**ESAR expense**			
	Mr. Pratik Agarwal	KMP	18.11	-
17	**Dividend income from investment in associate**			
	India Grid Trust	Associate	373.46	-
18	**Subscription to units of associate**			
	IndiGrid Trust	Associate	5880.36	-
19	**Sale of Non-Convertible debentures of Sterlite Grid 1 Limited ^**			
	India Grid Trust	Associate	5880.36	-
20	**Sale of equity shares of RAPP Transmission Company Limited and Purulia & Kharagpur Transmission Company Limited**			
	Sterlite Grid 1 Limited #	Associate	2870.52	-
21	**Sale of equity shares of Maheshwaram Transmission Limited**			
	Sterlite Grid 1 Limited #	Associate	961.84	-
22	**Reimbursement of expenses (Received or Receivable)**			
	Maheshwaram Transmission Limited'	Associate	18.32	-
23	**Redemption of NCDs / loans in the SPVs sold**			
	Sterlite Grid 1 Limited	Associate	7121.03	-
24	**Repayment received of dues**			
	India Grid Trust	Associate	15.56	-

(D) Compensation of Key mangement personnel of the company:

Particulars	31 March 2018	31 March 2017
Short term employee benefits	53.81	55.89
Post employment benefits#	-	-
Share based payment transaction	18.11	-

As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the Key Management Personnel are not included above.

Key Management Personnel are not included above.

The Company has given loan of 162.50 million to Sterlite Power Technologies Private Limited which carries an interest at the rate of 8.00% to 8.50%. The balance outstanding as on 31 March 2018 includes interest accrued of Rs. 15.43 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

^ During the year, the Group sold investment in equity share capital of Sterlite Grid 1 Limited of Rs. 573.86 million and part of the Non-Convertible Debentures of Sterlite Grid 1 Limited of Rs. 6,658.24 million to India Grid Trust in exchange of units of India Grid Trust of Rs.5,880 million.

Note

All the related party transactions disclosed above have been shown at their nominal values without giving effect to the impact of reclassification into equity and liability and adjustment arising on account of effective interest rate method under Ind AS.

NOTE 57: SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has two reportable segments, as follows:

-Power product and solutions

-Power Transmission Grid Business

-Others

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Transfer prices between operating segments are mutually agreed between the segments taking into account the market prices and other relevant factors.

Particulars	31 March 2018					
	Power product and solutions	Power transmission grid	Others	Unallocable	Eliminations	Total
Segment revenue (Gross)						
External Customer	20,624.72	4,720.43	79.75	-		25,424.91
Inter-segment	3,421.62	-	-	-	(3,421.62)	-
Total Revenue	**24,046.34**	**4,720.43**	**79.75**	**-**	**(3,421.62)**	**25,424.91**
Segment results (PBIT)	**614.30**	**6,583.94**	**9.60**	**-**	**-231.50**	**6,976.33**
Less: Finance cost (net)	1,937.41	2,294.02		5.88	(67.43)	4,169.88
Profit(Loss)before tax	**(1,323.11)**	**4,289.92**	**9.60**	**(5.88)**	**(164.07)**	**2,806.45**
Less: Tax expense	(260.58)	743.60		(2.75)	(396.66)	83.61
Minority interest	-	-	-	-	-	-
Profit(Loss) for the year	**(1,062.53)**	**3,546.32**	**9.60**	**(3.13)**	**232.59**	**2,722.84**
Segment assets	28,813.13	70,512.31	177.51	-	(20,257.96)	79,245.00
Common assets	-	-	-	2,311.02		2,311.02
Total assets	**28,813.13**	**70,512.31**	**177.51**	**2,311.02**	**(20,257.96)**	**81,556.02**
Segment liabilities	37,264.90	64,438.80	156.19	-	(20,333.45)	81,526.44
Common liabilities	-	-	-	247.16	-	247.16
Total liabilities	**37,264.90**	**64,438.80**	**156.19**	**247.16**	**(20,333.45)**	**81,773.60**
Additions to non-current assets*	249.74	12,420.26	-	-	-	12,670.00
Depreciation and Amortization	766.24	1,070.02	-	-	119.59	1,955.85
Goodwill Impairment	-	-	-	-	-	-
Impairment of other non current assets	-	-	-	-	-	-

*Non-current assets for this purpose consist of property, plant and equipment, capital work in progress and intangible assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

Particulars	31 March 2017					
	Power product and solutions	Power transmission grid	Others	Unallocable	Eliminations	Total
Segment revenue						
External Customer	19,189.60	7,522.29	-	-	-	26,711.89
Inter-segment	3,885.03	-	-	-	(3,885.03)	-
Total Revenue	**23,074.63**	**7,522.29**	**-**	**-**	**(3,885.03)**	**26,711.89**
Segment results (PBIT)	**1,112.17**	**3,187.85**	**-**	**(2.09)**	**(14.70)**	**4,283.23**
Less: Finance cost (net)	1,695.19	6,133.99	-	5.23	(61.95)	7,772.46
Loss before tax	**(583.02)**	**(2,946.14)**		**(7.32)**	**47.25**	**(3,489.24)**
Less: Tax expense	(182.11)	140.37	-	(1.71)		(43.45)
Loss for the year	**(400.91)**	**(3,086.51)**		**(5.61)**	**47.25**	**(3,445.79)**
Segment assets	11,588.56	82,465.64	-	-	(1,523.56)	92,530.63
Common assets	-	-	-	2,624.06	-	2,624.06
Total assets	**11,588.56**	**82,465.64**		**2,624.06**	**(1,523.56)**	**95,154.69**
Segment liabilities	20,480.85	78,159.53	-	-	(1,221.89)	97,418.49
Common liabilities	-	-	-	73.05	-	73.05
Total liabilities	**20,480.85**	**78,159.53**		**73.05**	**(1,221.89)**	**97,491.54**
Additions to non-current assets*	585.49	17,323.55	-		-	17,909.03
Depreciation and Amortization	1,047.74	2,054.35	-	-	(6.27)	3,095.82
Goodwill Impairment	-	357.23	-	-	-	357.23
Impairment of other non current assets	-	912.49	-	-	-	912.49

*Non-current assets for this purpose consist of property, plant and equipment, capital work in progress and intangible assets.

Geographical Information

the Group, directly or indirectly through its subsidiaries, acts as a developer for designing, financing, construction and maintenance of power transmission systems on Build Own Operate andMaintain ("BOOM") basis in India and Build Operate and Transfer ("BOT") basis in Brazil and also undertakes Engineering, Procurement and Construction contracts for its subsidiaries in respect of the power transmission projects. Hence it is the only reportable segment as per the requirements of Indian Accounting Standard 108 - Operating Segments.

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 in India. Hence trade receivables of Rs. 343.48 million pertaining to transmission charges is receivable from PGCIL. Trade receivables of Rs. 247.83 million pertain to projects in Brazil accounted for under Appendix A to Ind AS 11. These are receivable in the form of transmission charges from Brazilian Electricity Regulatory Agency ('ANEEL').

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in ₹ million unless otherwise stated)

The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below :

(₹ in million)

Particulars	31 March 2018	31 March 2017
(1) Segment revenue - external turnover		
- Within India	21,831.06	23,389.98
- Outside India#	3,593.85	3,321.91
Total	**25,424.91**	**26,711.89**
The revenue information above is based on the locations of the customers		
(2) Non-current assets*		
- Within India	52,778.85	42,389.98
- Outside India	328.41	-
Total	**53,107.26**	**42,389.98**

*Non-current assets for this purpose consist of property, plant and equipment, capital work in progress and intangible assets.

#Segment revenue from outside India pertains only to Power product and solutions segment.

Information about major customers

For Power product and solutions segment, there one customer in respect of which the revenues recognised during the year was Rs 5,822.43 million (31 March 2017: Rs.7,919.8 million).

For Power trsnamission grid segment, 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 revenue from power transmission and the corresponding trade receivables pertain to PGCIL.

NOTE 58: EVENTS AFTER THE REPORTING PERIOD

The Board of directors in it's meeting held on 30 May 2018 approved a Scheme of amalgamation of the Company with its subsidiary company - Sterlite Power Grid VenturesLimited under the Companies Act, 2013 with the appointed date of 1 April 2017 subject to the requisite consents/approvals from shareholders/creditors and relevant regulatory authorities. The Scheme would become effective upon receipt of all requisite approvals and filing of the certified copy of NCLT order with the Registrar ofCompanies.

As per our report of even date

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

Sd/-
per Paul Alvares
Partner
Membership Number : 105754

Place: Bangkok
Date : 30 May 2018

For and on behalf of the board of directors of
Sterlite Power Transmission Limited

Sd/-
Pravin Agarwal
Chairman
DIN : 00022096
Place: London

Sd/-
Pratik Agarwal
CEO & Managing Director
DIN : 03040062
Place: São Paulo

Sd/-
Harsh Shah
Chief Financial Officer
Place: Mumbai
Date : 30 May 2018

Sd/-
Ashok Ganesan
Company Secretary
Place: Mumbai