



**POWER GRID CORPORATION OF INDIA LTD**  
**(A Government of India Enterprise)**

**Registered Office:** B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi- 110 016.

**Corporate Office:** “Saudamini”, Plot No.2, Sector 29, Gurgaon (Haryana) – 122 001.

**EPABX:** 0124-2822000, 2823000 Fax: 0124-2571762, **LEI No:** 33580095SHWZ3DZEQ4Z56

**Website:** www.powergridindia.com, **CIN No:** L40101DL1989GOI038121

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**PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER**

This is a Private Placement Offer Letter issued in conformity with Companies Act, 2013, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular No. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations 2014 issued vide circular no. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014 and notification dated March 24, 2015 and as amended (to the extent applicable), Form PAS-4 prescribed under Section 42 and Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules 2014 as amended, the Companies (Share Capital and Debenture) Rules 2014 as amended.

This issuance would be under the Electronic Book Provider (EBP) platform provided by an recognised Stock Exchange (s) for issuance of debt securities on private placement basis as per SEBI circular dated January 05, 2018 bearing reference no. SEBI/HO/DDHS/CIR/P/2018/05 and SEBI circular dated August 16, 2018 bearing reference number SEBI/HO/DDHS/CIR/P/2018/122, each as amended (“SEBI EBP Circulars”). The Offer Letter is also in accordance with the SEBI Letter No. SEBI/DDHS/TD/OW/P/2019/32928/1 dated December 11, 2019 received vide DIPAM OM No.3/2/2018-DIPAM-II (Vol.V) dated December 18, 2019.

**PRIVATE PLACEMENT OF TAXABLE UNSECURED REDEEMABLE NON-CONVERTIBLE BONDS OF FACE VALUE OF RS.10,00,000.00 EACH IN THE NATURE OF DEBENTURES (POWERGRID BOND LXV ISSUE [65<sup>TH</sup> Issue]) (COLLECTIVELY REFERRED TO AS THE “BONDS”) AT PAR AGGREGATING TO TOTAL SIZE NOT EXCEEDING RS.200 CRORE WITH A BASE ISSUE SIZE OF RS.100 CRORE AND GREEN SHOE OPTION TO RETAIN OVERSUBSCRIPTION UPTO RS.100 CRORE (GREEN SHOE OPTION IS RESERVED FOR BHARAT BOND ETF BY POWER GRID CORPORATION OF INDIA LIMITED “POWERGRID” OR THE “ISSUER” OR THE “COMPANY”).**

**AUTHORITY TO THE ISSUE**

The present issue of bonds is being made pursuant to the resolutions passed in 28th Annual General Meeting held on 18<sup>th</sup> September, 2018 under Section 180(1)(a) & 180(1)(c) of the Companies Act, 2013 and other applicable provisions, if any, wherein, by the consent of Shareholders of the Company the overall borrowing limits of POWERGRID was enhanced to ₹1,80,000 Crore and pursuant to the resolutions passed under Sections 23(1)(b), 42 and 71 of Companies Act, 2013 read with Rule 14(2) of Companies (Prospectus and Allotment of Securities) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 as amended, Securities and Exchange Board of India, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended, or provisions of any other applicable law, and the Memorandum and Articles of Association of the Company, Shareholders has consented to raise up to ₹20000 Crore in domestic market for financing of capital expenditure, providing Inter Corporate Loan(s) to wholly owned subsidiaries and for general corporate purposes, in one or more tranches but not exceeding twenty tranches / offers through issue of unsecured, non-convertible, cumulative/non-cumulative, redeemable, taxable / tax-free debentures (“Bonds”) under Private Placement.

**NOTE: FURTHER ISSUANCES MAY BE MADE BY POWERGRID UNDER THE ISIN ALLOTTED FOR THE SAID ISSUE**

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## **DEFINITIONS/ABBREVIATIONS**

<b>Term</b>	<b>Description</b>
<b>“POWERGRID” / “Company” / “Corporation” / “Issuer”</b>	<b>“Power Grid Corporation of India Limited, a public limited company incorporated under Companies Act, 1956,</b>
APDRP	Accelerated Power Development and Reform Programme
Articles of Association or Articles	The articles of association of the Company, as amended from time to time
Board or Board of Directors	The board of directors of the Company
Bondholder / Debenture holder	The holder of the Bonds
Bonds	Unsecured, Non Convertible, Non Cumulative, Redeemable, Taxable Bonds in the nature of Debentures
BOOM	Built, Own, Operate and Maintain
BRR/DRR	Bond Redemption Reserve/ Debenture Redemption Reserve
CDSL	Central Depository Services (India) Limited
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
Companies Act	The Companies Act, 1956, as amended and/or the Companies Act, 2013, to the extent notified by the Ministry of Corporate Affairs, Government of India as applicable.
CTU	Central Transmission Utility
DDUGJY	Deen Dayal Upadhyaya Gram Jyoti Yojana
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository/ies	National Securities Depository Limited (NSDL); and Central Depository Services (India) Limited (CDSL)
Directors	The directors of the Company
Disclosure Document	This Disclosure Document through which the Bonds are being offered for private placement
DP	Depository Participant
Electricity Act	Electricity Act, 2003 as amended from time to time
GoI or Government	Government of India
Green shoe Option	Right to retain over subscription
HVDC	High Voltage Direct Current
I.T. Act	The Income-tax Act, 1961 as amended from time to time.
Issue	Private Placement of POWERGRID Bonds
ISTS	Inter State & regional electric power transmission system
Memorandum of Association or Memorandum	The memorandum of association of the Company, as amended from time to time
MoP	Ministry of Power, Government of India
MoU	Memorandum of Understanding

<b>Term</b>	<b>Description</b>
NLDC	National Load Dispatch Centre
NSDL	National Securities Depository Limited
BSE	Bombay Stock Exchange
NSE	The National Stock Exchange of India Limited
PAN	Permanent Account Number allotted under the I.T. Act
Promoter	The President of India, acting through the Ministry of Power, Government of India
RBI	The Reserve Bank of India
REC	Rural Electrification Corporation
Registered Office	The registered office of the Company, which, is B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi 110 016, India
RGGVY	Rajiv Gandhi Grameen Vidyutikaran Yojana
RLDC	Regional Load Dispatch Centre
SEB	State Electricity Board
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Guidelines	SEBI (Issue and Listing of Debt Securities ) Regulations, 2008 & 2012, as amended from time to time
STRPPs	Separately Transferable Redeemable Principal Parts
SPUs	State Power Utilities
TBCB	Tariff Based Competitive Bidding
Trustees	Trustees for the Bondholders
ULDC	Unified Load Dispatch Centre
WDM	Wholesale Debt Market

## **DISCLAIMER CLAUSE**

This disclosure of Private Placement (“Private Placement Offer letter”) is neither a Prospectus nor a Statement in Lieu of Prospectus. The proposed resource raising through unsecured, non-convertible, non-cumulative, redeemable, Taxable Bonds to be listed on the Wholesale Debt Market (“WDM”) segment of Bombay Stock exchange (“BSE”)and or National Stock Exchange (“NSE”) (hereinafter referred to as “Bonds”) is being made strictly on a Private Placement basis. It is not, and should not be deemed to constitute an offer or an invitation to subscribe to Bonds issued by Power Grid Corporation of India Limited. (“the Company”/ ”the Issuer”/ ”Corporation”/ “POWERGRID”) by or on behalf of the Company to subscribe for or purchase, any of the Bonds in any jurisdiction or under any circumstances in which such offer or invitation is unauthorized or unlawful. The contents of this disclosure document are intended to be used by the person to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced. Potential investors are required to make their independent evaluation and judgment before making the investment.

This Private Placement Offer Letter has not been submitted, cleared or approved by SEBI and has been prepared to facilitate investors to take a well informed decision for making investment in the proposed issue. It should be clearly understood that the Company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in this document.

No person is authorized in connection with the issuance and sale of the Bonds, to give any information or to make any representation not contained in this Private Placement Offer Letter, and, if given or made, any information or representation not contained herein must not be relied upon as having been authorized by the Company.

The Bonds will be issued solely and sold on a private placement basis. This Private Placement Offer Letter cannot be acted upon by any person other than to whom it has been specifically addressed. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. This Private Placement Offer Letter has been prepared by the Company solely for use in connection with the issue and sale of the Bonds. Each prospective purchaser, by accepting delivery of this Private Placement Offer Letter, agrees to the foregoing and to make no copies of this Private Placement Offer Letter.

The Company believes that the information contained in this Private Placement Offer Letter is accurate in all respects as of the date hereof.

This Private Placement Offer Letter should not be construed as a recommendation by the Company to any person to subscribe /purchase the Bonds. Potential investors should make their own independent investigation of the financial condition or otherwise of the Company and the terms of this private placement and the Bonds, including the merits and risks involved.

This Private Placement Offer Letter is issued by the Company and signed by its authorized signatories.

### **Disclaimer Statement from the Issuer**

POWERGRID accepts no responsibility for statements made otherwise than in the Private Placement Offer Letter or any other material issued by or at the instance of POWERGRID and anyone placing reliance on any other source of information would be doing so at his own risk.

### Disclaimer of the Stock Exchange

As required, a copy of this Private Placement Offer Letter has been submitted to the National Stock Exchange of India Ltd. (hereinafter referred to as “NSE”) and or Bombay Stock exchange (“BSE”) for hosting the same on its website. It is to be distinctly understood that such submission of the document with NSE and or BSE or hosting the same on its website should not in any way be deemed or construed that the document has been cleared or approved by NSE and or BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this document; nor does it warrant that this Issuer's securities will be listed or continue to be listed on the Exchange; nor does it take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the POWERGRID. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to Independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

## 1. **GENERAL INFORMATION**

### **1.(i).(ii). ISSUE INFORMATION:**

<b>Particulars</b>	<b>Details</b>
<b>Name of the Company</b>	Power Grid Corporation of India Limited
<b>CIN No.</b>	L40101DL1989GOI038121
<b>LEI No.</b>	33580095SHWZ3DZEQ4Z56
<b>Website</b>	www.powergridindia.com
<b>Email</b>	<a href="mailto:pgbonds@powergrid.co.in">pgbonds@powergrid.co.in</a> <a href="mailto:dtandon@powergridindia.com">dtandon@powergridindia.com</a>
<b>Registered Office</b>	B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi – 110 016
<b>Corporate Office</b>	‘Saudamini’ Plot No.2, Sector 29, Gurgaon – 122 001
<b>Telephone Nos.</b>	R.O. 011-26560112, 26560121, 26564892 Corp. Office : (0124) 2822484, 2822485, 2422433 (Gurgaon) Fax. (0124) 2571896, 2571891 (Gurgaon)
<b>Date of Incorporation</b>	23 <sup>rd</sup> October, 1989
<b>Compliance Officer of the Issue</b>	Ms. Divya Tandon Executive Director – (Company Secretary & Compliance Officer) Power Grid Corporation of India Ltd., Email - dtandon@powergridindia.com
<b>CFO of the Issuer</b>	Director (Finance) Power Grid Corporation of India Ltd.,
<b>Arranger to the Issue</b>	
<b>Trustees of the Issue</b>	IDBI Trusteeship Services Limited, Asian Building, Ground Floor 17, R. Kamani Marg, Ballard Estate Mumbai 400 001 Ph : 022-40807000; Fax : 022-66311776 Email : itsl@idbitrustee.co.in

<b>Particulars</b>	<b>Details</b>
<b>Registrars of the Issue</b>	M/s MCS Share Transfer Agent Limited F- 65, Okhla Industrial Area, Phase-I, New Delhi-110020 Ph : 011-41406148, 41406149, 41406151, 41709884 Fax : 011-41406148, 41709881 Email : admin@mcsindia.com
<b>Banker of the Issue</b>	Indian Overseas Bank 10,Parliament Street, Jeevan Deep Building, New Delhi 110 001 Tel:011-23341421,23742559, 23742830 Fax: 011-23348928 Email : parlibr@delirc01.iobnet.co.in
<b>Credit Rating Agencies of the Issue</b>	i) ICRA Limited Building no.8, 2nd floor Tower A, DLF cyber city Phase II Gurgaon 122002  ii) CRISIL Limited Plot No. 46, sector 44 Opposite PF Office, Gurgaon-122003  iii) CARE Ratings Limited 13 <sup>th</sup> Floor, E-1 Block, Videocon Tower, Jhandewalan Extension, New Delhi- 110055

### **DETAILS OF STATUTORY AUDITORS OF THE COMPANY**

<b>Name</b>	<b>Address</b>	<b>Auditor since</b>
T R Chadha & Co. Chartered Accountants	B-30, Kuthiala Building, Connaught Circus, New Delhi-110001	2019-20
Umamaheshwara Rao & Co. Chartered Accountants	Flat No.5-H, D Block, 8-3-324, Yellareddyguda Lane, Ameerpet X Roads, Hyderabad, Telangana-500073	2019-20
B M Chartrath & Co. Chartered Accountants	#Centre Point# ,4th floor, Room No-440, 21, Hemanta Basu Sarani, Kolkata, West Bengal-700001	2019-20
PSD & Associates Chartered Accountants	808, Tower – A, Omkar Alta Monte, Pathanwadi Malad East, Mumbai-400097	2019-20

Being a Government Company, the statutory auditors of the Issuer are appointed by the Comptroller and Auditor General of India (“CAG”). The annual accounts of the issuer are reviewed by CAG and a report is published.

### **DETAILS OF CHANGES IN AUDITOR SINCE LAST THREE YEARS**

<b>Name</b>	<b>Address</b>	<b>Date of Appointment</b>	<b>Auditor of the Company since(in case of resignation)</b>	<b>Remarks</b>
S.K. Mittal & Co Chartered Accountants	Mittal house E-29 South Ext. Part-II, New Delhi –110049	FY 2015-16 to FY 2018-19	NA	Appointed by C&AG of India
RGN Price & Co Chartered Accountants	Simpson Buildings, 861, Anna Salai, Chennai– 600002	FY 2015-16 to FY 2018-19	NA	
Kothari & Co Chartered Accountants	I E Neelkanth 26-B, Camac Street Kolkata– 700016	FY 2015-16 to FY 2018-19	NA	
Parakh & Co Chartered Accountants	A-101 Pratik Apartment Ramchandra Nagar 3, Near Cadbury Signal, Thane West Mumbai– 400604	FY 2015-16 to FY 2018-19	NA	

## **1.(iii) BRIEF SUMMARY OF BUSINESS/ACTIVITIES OF ISSUER AND ITS LINE OF BUSINESS**

### **Overview of Our Business/activities:**

We are India's principal Electric Power Transmission Company. As on September 30, 2019, we own and operate about 161,490 **circuit kilometers of extra high voltage transmission lines and 248 extra high voltage AC & HVDC substations with a total transformation capacity of about 393,800 MVA**. By the end of September 2019, the Inter-Regional capacity of about 87,090 MW has been achieved, which primarily includes our transmission system.

We were entrusted with the statutory role of CTU in 1998 by the GOI and continued as CTU under Section 38 of the Electricity Act as amended in 2003. As the CTU, we are responsible for the planning and development of the country's ISTS network. We are also required to facilitate non-discriminatory open access to available capacity in the ISTS.

**We were conferred the status of “Maharatna” by the GoI on October 23, 2019, POWERGRID becomes a Maharatna Company.**

We commenced our operations in Fiscal 1991 as National Power Transmission Corporation Limited and changed our name to Power Grid Corporation of India Limited in Fiscal 1993 as part of an initiative of the GoI to consolidate all the ISTS assets of the country in a single entity. Accordingly, from Fiscal 1992 to Fiscal 1994 the transmission assets, including transmission lines and substations, of all central electricity generation utilities that operated on an inter-State or inter-regional basis were transferred to us in a phased manner. Our Equity Shares are currently listed on the BSE and the NSE. We have been receiving the highest annual performance rating of “Excellent” from the GoI in each year since signing MOU Fiscal 1994.

The tariff for all our transmission projects assigned to us by the GoI shall be based on cost-plus-tariff structure. The tariff based on a cost-plus-tariff structure, is determined by the CERC, in accordance with the CERC (terms and conditions of tariff) Regulations 2019, return on equity of 15.5%, to be grossed up by effective tax rate as applicable for the respective year. Under our tariffs on a cost-plus basis, we receive reimbursements for our operating and maintenance expenses at normative rates escalated for each FY in a five year tariff block rather than actual expenses incurred. Pursuant to the Tariff Policy, 2006 notified on January 6, 2006, and the revised Tariff Policy, notified in January, 2016, all future inter-State transmission projects shall, ordinarily, be developed through competitive bidding process except for some specifically identified projects exempted by the MoP, on a case-to-case basis, from such competitive bidding process. Under TBCB, tariff for projects is not on cost-plus basis and bidders are required to quote tariff for a period of 35 years for establishing transmission projects on BOOM (Build, Own, Operate and Maintain) basis. The successful bidder would be the one which had quoted the lowest levelized tariff. In the period from January 6, 2011 to March 31, 2019, in addition to specifically assigned projects by the GoI under cost-plus tariff structure, we have secured twelve inter-State transmission projects and one intra-state transmission projects through TBCB each of which are executed by our wholly owned subsidiaries, each of which were acquired by us as part of the TBCB process. As of 31.03.2019, seven have been completed, one cancelled and the rest are scheduled to be completed by 2021. We also won our first intra-state transmission project through TBCB in the state of Uttar Pradesh.

We seek to operate our transmission system at high levels of efficiency. In Fiscal 2019, for the period Apr'18-Mar'19, we have maintained system availability of our transmission system at 99.71%.

The following table presents certain company - wide operating parameters for the periods indicated:

	As of March 31					
Particulars	2015	2016	2017	2018	2019	September 2019
Transmission Network (circuit kilometers)	115,637	129,354	139,077	148,149	153,127	161,490
Substations (number)	192	207	219	234	242	248
Transformation Capacity (MVA)	231,709	254,848	289,543	331,163	366,096	393,800
	For Fiscal					
Particulars	2015	2016	2017	2018	2019	Q2 2019-20
Transmission System Availability (%)	99.78%	99.72%	99.79%	99.81%	99.71%	99.82%
No of Trippings per line per year (unplanned)	0.53	0.66	0.68	0.60	0.46	0.25

Leveraging on our strength as India's principal power transmission company, we have entered into the consultancy business. In our consultancy role, we have been facilitating the implementation of the GoI-funded projects for the distribution of electricity to endusers through "Rural Electrification Schemes" in rural areas in the past; and have recently taken up other projects funded by GoI in J&K, North-Eastern States and Sikkim.

We have also entered into the telecommunications bandwidth business since 2001. We have been utilized our nationwide transmission system to create an overhead fibreoptic telecommunication cable network using OPGW on power transmission lines. We believe we are one of the few providers of telecommunications infrastructure with a significant presence in remote and rural areas. We have also facilitated telecom connectivity to our neighboring country Bhutan & Nepal through our OPGW links and by providing domestic bandwidth to International Long Distance ("ILD") operators. We are also one of the implementing agencies for the National Knowledge Network ("NKN") and National Optical Fibre Network ("NOFN"), each a project of GoI. We are certified for PAS 99:2012, which integrates the requirements of ISO 9001 for quality management, ISO 14001 for environment management and OHSAS 18001 for occupational health and safety management systems. We are also accredited with SA 8000 certificate for social accountability system and certified for information security management system as per ISO 27001 which is implemented for all our facilities. Our Corporate Office building is also certified for energy management system as per ISO50001 requirements.

## **Our main objects as contained in our Memorandum of Association are:**

1. To plan, promote and develop an integrated and efficient power transmission system network in all its aspects including planning, investigation, research, design and engineering, preparation of preliminary, feasibility and details project reports, construction, operation and maintenance of transmission lines, sub-stations, load dispatch stations and communication facilities and appurtenant works, coordination of integrated operation of regional and national grid system, providing consultancy services in power systems field, execution of turnkey jobs for other utilities/organizations, wheeling of power, purchase and sale of power in accordance with the policies, guidelines and objectives laid down by the Central Government from time to time.
2. To act as an agent of Government/Public Sector Financial institutions, to exercise all the rights and powers exercisable at any meeting of any company engaged in the planning, investigation, research, design and preparations of preliminary, feasibility and details project reports, manufacture of power plant and equipment, construction, generation, operation and maintenance of power transmission system from power generating stations and projects, transmission, distribution and sale of power in respect of any shares held by the Government, public financial institutions, nationalized banks, nationalized insurance companies with a view to secure the most effective utilization of the financial investments and loans in such companies and the most efficient development of the concerned industries.
3. To carry on the business of purchasing, manufacturing, selling, importing, exporting, producing, trading, manufacturing plant, equipment and otherwise dealing in all aspects of planning, investigation, research, design, engineering and construction and establishment, operation and maintenance of power transmission systems, distribution systems, generating stations, consultancy and execution of turnkey jobs for other utilities/ organizations and purchase and sale of power, power system development, ancillary and other allied industries and for that purpose to install, operate and manage generating stations and all necessary transmission & distribution lines, sub-stations, switchyards, load dispatch stations and communication facilities, establishments and allied works.
4. To plan, promote, develop, erect and maintain, operate and otherwise deal in telecommunications networks and services in all its aspects including planning, investigation, research, design and engineering, preparation of preliminary, feasibility and definite project reports; to purchase, sell, import, export, assemble, manufacture, install, commission, maintain, operate commercially whether on own or with others, on lease or otherwise, these networks and for such purposes to set up and/or install all requisite communications facilities and other facilities including fibre optic link, digital microwave links, communication cables, other telecommunication means, telephone and other exchanges, coaxial stations, microwave stations, repeater stations, security system databases, billing systems, subscriber management systems and other communication systems whether consisting of sound, visual impulse, or otherwise, existing or that may be developed or invented in the future and to manufacture, purchase, sell, import, export, assemble, take or give on lease/rental/subscription basis or by similar means or otherwise deal in components and other support and ancillary hardware and software systems, accessories, parts and equipment, etc. used in or in connection with the operation of the above communication systems and networks including to deal with telecommunication operators or directly with the general public, commercial companies or otherwise, to obtain the Unified License with National Long Distance (NLD)& Internet Service Provider – Category “A” (ISP-A) service authorization and acknowledge compliance with the terms and conditions of the License Agreement entered into with the Department of Telecommunications (DOT).

## **DETAILS OF BRANCHES**

Power Grid has a gigantic transmission network, spread over the length and breadth of the country. Our network can be assessed at our website:

[http://www.powergridindia.com/sites/default/files/All-India-Map\\_SR\\_WR\\_ER\\_NER\\_NR\\_UPDATED-Apr%2717.pdf](http://www.powergridindia.com/sites/default/files/All-India-Map_SR_WR_ER_NER_NR_UPDATED-Apr%2717.pdf)

## **BUSINESS CARRIED OUT BY SUBSIDIARIES**

Our Company has eleven subsidiaries none of which are listed on any stock exchange in India or overseas. Our subsidiaries have not been declared as sick companies under the Sick Industrial Companies (Special Provisions) Act, 1985, as amended.

### **1. POWERGRID NM TRANSMISSION LIMITED (“PNMTL”)**

POWERGRID NM Transmission Company Limited (PNMTL), formerly known as Nagapattinam-Madhugiri Transmission Company Limited was acquired by POWERGRID on March 29, 2012 under Tariff Based Competitive Bidding for establishing Transmission System associated with IPPs of Nagapattinam / Cuddalore Area (Package A) from PFC Consulting Ltd (the Bid Process Co-coordinator). Consequent to such acquisition, PNMTL became the wholly owned subsidiary of POWERGRID. PNMTL was granted transmission license by CERC in June, 2013. The transmission system comprising 765kV D/C and 765kV S/C traverses the States of Tamil Nadu and Karnataka. As on 30.09.2019, PNMTL has an Authorized capital of 307.43 crore and Paid up share capital of ₹ 273.85 Crore. Nagapattinam-Salem 765 kV D/C line is commissioned on 23<sup>rd</sup> October, 2016 and Salem Madhugiri 765 kV S/C line is commissioned on 26<sup>th</sup> January, 2019.

### **2. POWERGRID VIZAG TRANSMISSION LIMITED (“PVTL”)**

POWERGRID VIZAG Transmission Limited (PVTL) was acquired by POWERGRID on August 30, 2013 under Tariff Based Competitive bidding for establishing Transmission system for ‘System Strengthening in Southern Region for import of power from Eastern Region’ from REC Transmission Projects Company Limited (the Bid Process Co-ordinator).. The Project is under commercial operation. As on 30.09.2019, PVTL has authorized share capital of Rs.220 crore and paid-up share capital of Rs.209.73 crore.

### **3. POWERGRID UNCHAHAR TRANSMISSION LIMITED (“PUTL”)**

POWERGRID Unchahar Transmission System Limited (PUTL) was acquired by POWERGRID on March 24, 2014 under Tariff Based Competitive bidding from REC Transmission Projects Company Limited (the Bid Process Co-ordinator) for establishment of Transmission System for ATS of Unchahar TPS on build, own, operate and maintain (BOOM) basis. Consequent to such acquisition, PUTL became wholly owned subsidiary of POWERGRID. The transmission system comprising 400 kV D/C traverses the state of Uttar Pradesh. As on 30.09.2019, PUTL has an Authorized Share Capital of Rs.14 crore and Paid-up share capital of Rs.12.96 crore. The Company has been granted transmission license by CERC in July, 2014. The Project is declared commissioned on 01.10.2016.

#### **4. POWERGRID KALA AMB TRANSMISSION LIMITED (“PKATL”)**

POWERGRID Kala Amb Transmission Limited (PKATL) (formerly NRSS XXXI (A) Transmission Limited) was acquired by POWERGRID on May 12, 2014 under Tariff Based Competitive bidding from REC Transmission Projects Company Limited (the Bid Process Co-ordinator) for establishment of Transmission System for Northern Region system Strengthening Scheme, NRSS-XXXI (Part-A). Consequent to such acquisition, PKATL became wholly owned subsidiary of POWERGRID. The transmission system comprising 400/220 kV GIS substation, 400 kV D/C LILO and Series Compensation is situated in the state of Himachal Pradesh. As on 30.09.2019, PKATL has an Authorized and Paid-up share capital of Rs. 61.00 crore. The Company has been granted transmission license by CERC in September, 2014. The project is commissioned on 12.07.2017.

#### **5. POWERGRID JABALPUR TRANSMISSION LTD(“PJTL”)**

POWERGRID Jabalpur Transmission Limited (PJTL) (formerly Vindhyachal Jabalpur Transmission Limited) was acquired by POWERGRID on February 26, 2015 under Tariff Based Competitive bidding from REC Transmission Projects Company Limited (the Bid Process Co-ordinator) for establishment of Transmission System Strengthening associated with Vindhyachal-V. Consequent to such acquisition, PJTL became wholly owned subsidiary of POWERGRID. The transmission system comprising 765kV D/C transmission line traverses the State of Madhya Pradesh. As on 30.09.2019, PJTL has an Authorized Share capital of Rs.300 Crore, Paid-up share capital of Rs.180.15Crore and Share Application money of Rs. 2Crore. The Company has been granted transmission license by CERC in June, 2015. The Project is commissioned on 01.01.2019.

#### **6. POWERGRID WARORA TRANSMISSION LIMITED (“PWTL”)**

POWERGRID Warora Transmission Limited (formerly Gadarwara (A) Transco Limited) was acquired by POWERGRID on April 24, 2015 under Tariff Based Competitive bidding from REC Transmission Projects Company Limited (the Bid Process Co-ordinator) for establishment of Transmission System Associated with Gadarwara STPS (2 x 800 MW) of NTPC (Part-A). Consequent to such acquisition, PWTL became wholly owned subsidiary of POWERGRID. The transmission system is situated in the States of Maharashtra and Madhya Pradesh and comprises 765kV D/C, 400kV D/C transmission lines and establishment of 2X1500 MVA 765/400 kV new substation in Warora. As on 30.09.2019, PWTL has an Authorized share capital of Rs.425.00 Crore, Paid up share capital of Rs.355.30Crore and Share Application money of Rs. 7 Crore. The Company has been granted transmission license by CERC in August, 2015. The project is commissioned on 10.07.2018.

#### **7. POWERGRID PARLI TRANSMISSION LIMITED (“PPTL”)**

POWERGRID Parli Transmission Limited {formerly Gadarwara (B) Transmission Limited} was acquired by POWERGRID on April 24, 2015 under Tariff Based Competitive bidding from REC Transmission Projects Company Limited (the Bid Process Co-ordinator) for establishment of Transmission System Associated with Gadarwara STPS (2 x 800 MW) of NTPC (Part-B). Consequent to such acquisition, PPTL became wholly owned subsidiary of POWERGRID. The transmission system is situated in the State of Maharashtra and comprises 765kV D/C, 400kV D/C transmission lines and establishment of 2X1500 MVA 765/400 kV new substation in Parli. The Company has been granted transmission license by CERC in July, 2015. As on 30.09.2019,

PPTL has an Authorized share capital of Rs.350 Crore, Paid-up share capital of Rs.272.50Crore and Share Application money of Rs. 13 Crore. The Project is commissioned on 04.06.2018.

#### **8. POWERGRID SOUTHERN INTERCONNECTOR TRANSMISSION SYSTEM LIMITED (“PSITSL”)**

POWERGRID Southern Interconnector Transmission System Limited (PSITSL) (formerly Vemagiri II Transmission Limited) was acquired by POWERGRID on 4th December,2015 under Tarrif based Competitive bidding from REC Transmission Projects Company Limited (the Bid Process Co-ordinator) for “Strengthening of Transmission System Beyond Vemagiri’ Project on build, own operate and maintain (BOOM) basis. Consequent to such acquisition, PSITSL became wholly owned subsidiary of POWERGRID. The transmission project comprising of 765 kV & 400 kV, D/C transmission lines traverses the states of Andhra Pradesh, Telangana & Karnataka and include establishment of one 765/400 kV Substation as well as 400kV bay extension at two existing sub-stations in the state of Andhra Pradesh. As on 30.09.2019, PSITSL has an Authorized share capital of Rs. 731 Crore, Paid-up Share Capital of Rs. 670.004 Crore and Share Application money of Rs. 15 Crore. The Company has been granted transmission license by CERC in March, 2016. Two elements of the project have been commissioned on 06.08.2018 and 28.02.2019 respectively. The remaining elements of the project are under implementation.

#### **9. POWERGRID MEDINIPUR-JEERAT TRANSMISSION LIMITED**

POWERGRID Medinipur-Jeerat Transmission Limited (PMJTL) (Formerly known as Medinipur – Jeerat Transmission Limited) was acquired by POWERGRID on 28th March, 2017 under Tariff based competitive bidding from PFC Consulting Limited (the Bid Process Coordinator) for Transmission System associated with “765kV Strengthening in Eastern Region (ERSS-XVIII). Consequent to such acquisition, PMJTL became wholly owned subsidiary of POWERGRID. The transmission system includes establishment of 765kV and 400kV Transmission lines which traverses the states of West Bengal and Jharkhand including establishment of two new 765/400kV Substations in West Bengal. As on 30.09.2019, PMJTL has an Authorised capital of Rs. 300.00 crore, paid up share capital of Rs.173.05Crore and Share Application money of Rs. 33.04 Crore. The Company has been granted transmission license by CERC in June, 2017. The Project is under implementation.

#### **10. POWERGRID VEMAGIRI TRANSMISSION LIMITED (“PVeTL”)**

POWERGRID Vemagiri Transmission Limited, formerly known as Vemagiri Transmission System Limited was acquired by POWERGRID on April 18, 2012 under Tariff Based Competitive bidding for establishing Transmission system associated with IPPs of Vemagiri Area (Package A) from REC Transmission Projects Company Limited (the Bid Process Co-ordinator). Consequent to such acquisition, POWERGRID Vemagiri Transmission Ltd. became wholly owned subsidiary of POWERGRID. The transmission system comprising 765kV D/C is to traverse the state of Andhra Pradesh and Telangana. As on 30.09.2019, POWERGRID Vemagiri Transmission Ltd. has an Authorized and Paid-up share capital of Rs.5 Lacs. CERC vide Order dated 06.04.2015 stated that Vemagiri-Khammam-Hyderabad 765 kV D/C lines under the project is neither required as an evacuation line nor as a system strengthening line, no useful purpose will be served by adopting the transmission charges and granting license to the petitioner for the said transmission line and has withdrawn the regulatory approval for the Transmission project.

## **11. POWERGRID MITHILANCHAL TRANSMISSION LTD.**

POWERGRID Mithilanchal Transmission Limited (PMTL) (formerly known as ERSS XXI Transmission Limited) was acquired by POWERGRID on 12th January, 2018 under Tariff based competitive bidding from REC Transmission Projects Company Limited (the Bid Process Coordinator) for Transmission System associated with “Establish Transmission System for Eastern Region Strengthening Scheme – XXI (ERSS-XXI)”. Consequent to such acquisition, PMTL became wholly owned Subsidiary of POWERGRID. The transmission system includes establishment of 400kV Transmission lines in the state of Bihar including establishment of three new 400/220/132 kV Substations in Bihar. As on 30.09.2019, PMTL has an authorised capital of Rs. 100 crore, Paid up Share Capital of Rs 40.05 Crore and Share Application money of Rs. 10 Crore. The Company has been granted transmission license by CERC on 24th April, 2018. The Project is under implementation.

## **12. POWERGRID VARANASI TRANSMISSION SYSTEM LTD (PVTSL).**

POWERGRID Varanasi Transmission System Limited (PVTSL), formerly known as WR-NR Power Transmission Limited was acquired by POWERGRID on 27th March, 2018 under Tariff Based Competitive Bidding for establishing 765kV D/C power transmission system for new Western Region – Northern Region Inter Regional Corridor. The transmission Line traverses the states of Madhya Pradesh and Uttar Pradesh (Northern Region). Consequent to such acquisition, PVTSL became wholly owned subsidiary of POWERGRID. As on 30.09.2019 PVTSL has Authorized capital of Rs. 189.00 Crore, Paid Up Share Capital of Rs. 0.05 Crore and Share Application money of Rs. 40Crore. The Project is under implementation.

## **13. POWERGRID Jawaharpur Firozabad Transmission Limited.**

**POWERGRID Jawaharpur Firozabad Transmission Limited (PJFTL)**(formerly known as Jawaharpur Firozabad Transmission Limited) was acquired by POWERGRID on 21<sup>st</sup>December, 2018 under Tariff based competitive bidding from REC Transmission Project Company Limited (the Bid Process Coordinator) for establishing transmission System for Evacuation of Power from 2 X 660 MV Jawaharpur Thermal Power Project and construction of 400 kV Substation at Firozabad along with associated Transmission Lines. **An Intra-State project of Uttar Pradesh.** Consequent to such acquisition, PJFTL become wholly owned subsidiary of POWERGRID. As on 30.09.2019, PJFTL has an Authorized and Paid-up Share Capital of Rs.5 Lakh. The project is under implementation. This project is an interstate project of Uttar Pradesh.

## **14. Khetri Transco Limited.**

**Khetri Transco Limited (KTL)** was acquired by POWERGRID on 29<sup>th</sup> August, 2019 under Tariff based competitive bidding from REC Transmission Project Company Limited (the Bid Process Coordinator) to establish transmission system for Transmission system associated with LTA application from Rajasthan SEZ (Part -C). Consequent to such acquisition, KTL become wholly owned subsidiary of POWERGRID. As on 30.09.2019, KTL has an Authorized and Paid-up Share Capital of Rs.5 Lakh. The project is under implementation.

## **15. Bhind Guna Transmission Limited.**

**Bhind Guna Transmission Limited (BGTL)** was acquired by POWERGRID on 11<sup>th</sup> September, 2019 under Tariff based competitive bidding from REC Transmission Project Company Limited (the Bid Process Coordinator) to establish transmission system for Intra-State Transmission Work associated with construction of 400 kV Substation near Guna (Distt.-Guna) & Intra-State Transmission Work associated with construction of 220 kV S/s near Bhind (Distt.-Bhind). It is an Intra-State project of Madhya Pradesh. Consequent to such acquisition, BGTL become wholly owned subsidiary of POWERGRID. As on 30.09.2019, BGTL has an Authorized and Paid-up Share Capital of Rs.5 Lakh. The project is under implementation.

## **1.(iv).(v) MANAGEMENT OF THE COMPANY**

Under our Articles of Association, we are required to have not less than four directors and not more than 18 Directors. Our Board presently comprises 10 Directors out of which four are whole-time Directors, one Director is nominee of the GoI and five are independent Directors. Director (Finance) assumed the charge of CMD (Chairman & Managing Director) w.e.f. 05.08.2019. The following table sets out the details regarding our Board of Directors.

<b>S No</b>	<b>Name / Designation / DIN</b>	<b>Age</b>	<b>Address</b>	<b>Director of the Company since</b>	<b>Other Directorships</b>
1.	Shri. K. Sreekant, Chairman & Managing Director  <b>Occupation:</b> Service  <b>DIN:</b> 06615674	55	Bungalow No. GG -4, Power Grid Residential Township Complex, Sector -43, Gurgaon, Haryana-122002	01.09.2016 (Appointed as CMD w.e.f 05.08.2019)	a) North East Transmission Company Limited b) Cross Border Power Transmission Company Limited c) Torrent Power Grid Limited d) Powerlinks Transmission Limited e) Teestavalley Power Transmission Limited f) Bihar Grid Company Limited g) Jaypee Powergrid Limited h) Parbati Koldam Transmission Company Limited
2.	Shri Ravi P. Singh, Director (Personnel)  <b>Occupation:</b> Service  <b>DIN:</b> 05240974	59	Bungalow No. GG -2, Power Grid Residential Township Complex, Sector -43, Gurgaon, Haryana-122002	01.04.2012	Nil
3.	Mrs. Seema Gupta, Director (Operations) (Additional charge of Director (Finance) w.e.f. 30.09.2019)# <b>Occupation:</b> Service  <b>DIN:</b> 06636330	57	Plot No 627, Sector 10-A, Gurgaon, Haryana-122002	01.03.2018	1. POWERGRID NM Transmission Ltd. 2. POWERGRID Warora Transmission Limited 3. POWERGRID Parli Transmission Limited 4. POWERGRID Vizag Transmission Ltd 5. POWERGRID Jabalpur Transmission Limited 6. Delhi Transco Limited 7. Cross Border Power Transmission Company Limited.

					8. Bihar Grid Company Limited. 9. POWERGRID Mithilanchal Transmission Limited
4.	Shri Rajeev Kumar Chauhan Director (Project) <b>Occupation:</b> Service  <b>DIN:</b> 02018931	58	Flat No. B-1/601, PWO Housing Complex, Plot No. GH-1A, Sector 43 Gurgaon 122009	23.08.2018	1. RINL POWERGRID TLT Private Limited 2. POWERGRID Varanasi Transmission System Ltd 3. POWERGRID Jawaharpur Firozabad Transmission Ltd 4. POWERGRID Khetri Transmission System Limited 5. Ajmer Phagi Transco Limited 6. POWERGRID Southern Interconnector Transmission System Limited 7. POWERGRID Medinipur-Jeerat Transmission Limited 8. Bhind Guna Transmission Limited 9. PTC India Limited
5.	Shri. Tse Ten Dorji Independent Director <b>Occupation:</b> Retired IAS <b>DIN:</b> 03469466	68	Samdrupling, Sonamtshering Marg Kazi Road, Gangtok, (Sikkim)	16.02.2017	Nil
6.	Shri. Manoj Kumar Mittal Independent Director <b>Occupation:</b> Consulting Engineer <b>DIN:</b> 07937052	55	A-64, Sector-35, Gautam Buddh Nagar, Noida, UP-201307	12.09.2017	Nil
7.	Shri Sunil Kumar Sharma <b>Occupation:</b> Retired <b>DIN:</b> 03614952	63	33, D-block, CQAL Layout, Sahakar Nagar, Bangalore-560092 Karnataka	23.07.2018	1. Astra Micro Wave Products Limited. 2. Smile Electronics Ltd. 3. Paras Defence and Space Technologies Ltd.
8.	Smt. Anthiya Mahalakshmi Rajaram Independent Director <b>Occupation:</b> Entrepreneur	49	15, Devarayan Street, Thirumagal Nagar, New Pankajam, Madurai-	26.07.2018	Nil

	<b>DIN:</b> 08187493		625009, Tamilnadu		
9.	Shri Manathattai Narayanan Venkatesan Independent Director <b>Occupation:</b> Chartered Accountant <b>DIN:</b> 02126022	63	New No.19, Vyasarpadi Gangadaran Street, Nungambakkam Chennai 600034 Tamilnadu	11.07.2019	1. Svasti Microfinance Private Limited 2. Focus Credit Management India Private Limited
10.	Shri Sudhir Kumar Gangadhar Rahate Additional Secretary, MoP Nominee Director <b>Occupation:</b> Service  <b>DIN :</b> 05254178	55	D1/194, Vinay Marg, Opp. Nehru park, Chanakya Puri New Delhi - 110021	27.09.2019	Nil

# Smt. Seema Gupta, Director (Operations) assigned with the additional charge of the post of Director (Finance), POWERGRID from date of assuming charge i.e. 30.09.2019 till 05.11.2019 i.e. expiry of three months from 06.08.2019, which is the date of occurrence of vacancy of the post of Director(Finance) or till appointment of regular incumbent or until further orders, whichever is the earliest.

**1.(iv).(v) Details of change in the Directors since last three years (as on 07.10.2019)**

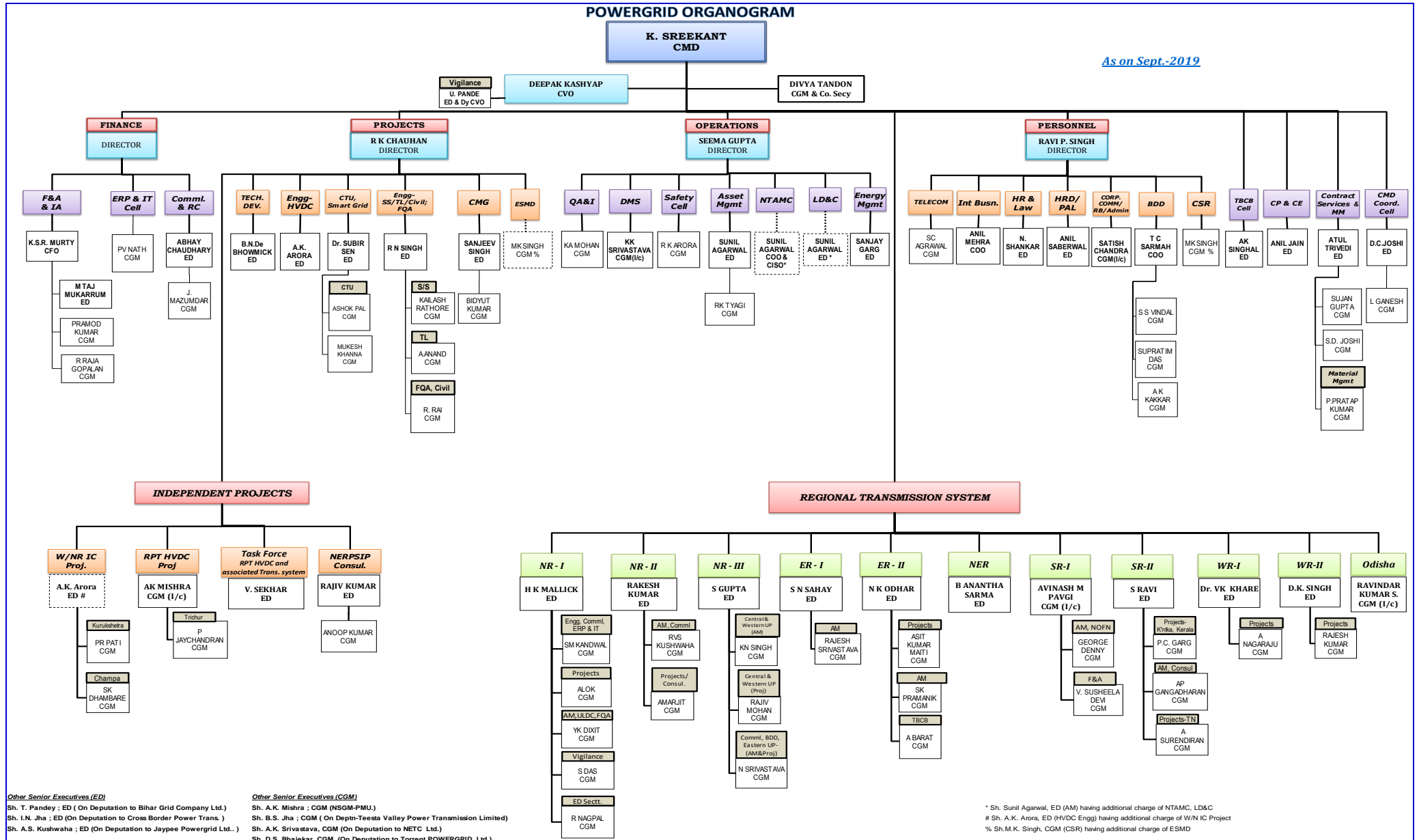
<b>Name</b>	<b>Date of Appointment</b>	<b>Date of Resignation/ Superannuation</b>	<b>Remarks</b>
Shri K. Sreekant	September 1, 2016  (appointed as Director- Finance)		Appointed as Chairman & Managing Director as per the order of the MOP dated August 05, 2019
Shri Ravi P. Singh	April 1, 2012		Appointed as Director (Personnel) as per the order of the MOP dated February 22, 2012.
Mrs. Seema Gupta#	March 1, 2018		Appointed as Director (Operations) as per the order of the MOP dated February 20, 2018 with additional charge of Director (Finance) as per the order of the MOP dated September 27, 2019
Shri Rajeev Kumar Chauhan	August 23, 2018		Appointed as Director (Operations) as per the order of the MOP dated August 23, 2018.
Shri Tse Ten Dorji	February 16, 2017		Appointed as Non-Official Part Director as per the order of the MOP dated February 16, 2017.
Shri Manoj Kumar Mittal	September 12, 2017		Appointed as Director as per the order of the MOP dated September 07, 2017.
Shri Sunil Kumar Sharma	July 23, 2018		Appointed as Director as per the order of the MOP dated July 17, 2018
Smt. A. R. Mahalakshmi	July 26, 2018		Appointed as Director as per the order of the MOP dated July 17, 2018
Shri Manathattai	July 11, 2019		Appointed as Director as per the order of the MOP dated

<b>Name</b>	<b>Date of Appointment</b>	<b>Date of Resignation/ Superannuation</b>	<b>Remarks</b>
Narayanan Venkatesan			July 11, 2019
Shri Sudhir Kumar Gangadhar Rahate	September 27, 2019		Appointed as Director as per the order of the MOP dated September 27, 2019
Shri I.S. Jha	September 1, 2009	January 21,2019	Consequent on his appointment as Member, Central Electricity Regulatory Commission (CERC), has been released by Ministry of Power w.e.f. 21.01.2019 (AN)
Shri R. P. Sasmal	August 1, 2012	February 28, 2018	Ceased to be Director (Operations) on attaining the age of Superannuation on February 28, 2018.
Dr. Pradeep Kumar	September 10, 2013	July 31, 2017	Ceased to be Director dated July 31, 2017
Mrs. Jyoti Arora	March 20, 2014	July 05, 2017	Ceased to be Director dated July 05, 2017
Shri Jagdish Ishwarbhai Patel	November 17, 2015	September 26, 2019	Ceased to be Director due to resignation dated September 26, 2019
Mrs. Shalini Prasad	August 14, 2017	August 30, 2017	Ceased to be Director dated August 30, 2017.
Shri Prabhakar Singh	February 08, 2017	June 30, 2018	Ceased to be Director (Projects) on attaining the age of Superannuation on June 30, 2018
Ms. Jyotika Kalra	February 16, 2017	April 06, 2017	Ceased to be Director due to resignation dated April 06, 2017
Ms. Bharati	August 31, 2017	February 13, 2019	Ceased to be Director on the Board on completion of tenure

<b>Name</b>	<b>Date of Appointment</b>	<b>Date of Resignation/ Superannuation</b>	<b>Remarks</b>
			on February 12, 2019 as per the order of MOP dated February 12, 2019.
Shri Vivek Kumar Dewangan	April 26, 2018	June 07, 2019	Ceased to be Director as per the order of the MOP dated June 07, 2019
Shri Ghan Shyam Prasad	March 01, 2019	September 23, 2019	Ceased to be Director as per the order of the MOP dated September 23, 2019
Shri Anurag Agarwal	June 27, 2019	July 12, 2019	Ceased to be Director as per the order of the MOP dated July 16, 2019

# The Ministry of Power, vide Office Order No. 25-11/11/2019-PG dt. 27.09.2019, has assigned the additional charge of the post of Director (Finance), POWERGRID to Smt. Seema Gupta, Director (Operations), POWERGRID with effect from date of assuming charge i.e. 30.09.2019 till 05.11.2019 i.e. expiry of three months from 06.08.2019, which is the date of occurrence of vacancy of the post of Director (Finance) or till appointment of regular incumbent or until further orders, whichever is the earliest.

### (v)(i). C CORPORATE STRUCTURE



## **1.(vi) MANAGEMENT’S PERCEPTION OF RISK FACTORS**

### **Risks Relating to the Issuer’s Business**

#### ***1. Most of the Issuer’s revenue is derived from the transmission of power to state power utilities (SPUs), and many of these entities have had weak credit histories in the past.***

In accordance with the terms of allocation letters issued by the Government, the Issuer is obliged to undertake the transmission of electricity to SPUs from central sector power generation stations and IPPs through the Issuer’s transmission system. Revenues from transmission charges accounted for 96.3 per cent. and 96.7 per cent. of the Issuer’s consolidated total revenue from operations for Fiscal 2018 and Fiscal 2019, respectively. The SPUs, which are the Issuer’s largest customers, represent substantially all of the Issuer’s sundry debtors.

The SPUs include certain SEBs, as well as the entities that have been created by the unbundling of the remaining SEBs. The SEBs had weak credit histories in the past. The financial performance of the SEBs deteriorated significantly during the decade prior to the one time settlement of their past-due amounts under a “securitisation scheme” in 2003. Under the one time settlement, the Government, on behalf of the central sector power utilities (CSPUs), including the Issuer, executed “Tripartite Agreements” with the RBI and the respective state governments, in order to effectuate a settlement of overdue payments owed to the CSPUs by the SEBs. Under the Tripartite Agreements, each SEB (and, in the case of SEBs that have been unbundled, each of their successor entities) is required to establish and maintain a letter of credit in the Issuer’s favour with a commercial bank. The letter of credit is required to cover 105 per cent. of the preceding twelve months’ average monthly billing in respect of SPU and 210 percent in respect of IPPs and is required to be updated twice every year. If the letter of credit for the required amount is not in place, the Issuer has the right to regulate the power supply to the concerned SEB in accordance with the regulatory provisions of the relevant Tripartite Agreement and the regulatory provisions set out by CERC. These Tripartite Agreements expired in October 2016 and have been extended by the Government for 10 to 15 years. As of the date of this Offering Circular, a majority of the state governments have already executed the extension agreements. . In 2015 the Government launched Ujwal DISCOM Assurance Yojana to enable the turnaround of the State Discoms and ensure their long term viability. The scheme contains measures to be taken by the State Discoms and state governments for achieving financial turnaround by restructuring their debt with support through a transitional finance mechanism provided by the Government. There can be no assurance that as a result of the one time settlement and the restructuring scheme, the creditworthiness of the SPUs will improve or remain strong. Nor can there be any assurance that the Issuer will be able to recover all the outstanding amounts due to it from SPUs if their creditworthiness were to deteriorate again. In any such case, the Issuer’s financial position could be adversely affected.

#### ***2. Transmission projects require a substantial capital outlay and time before any benefits or returns on investments are realised and the Issuer’s returns on investment in transmission projects may be reduced in the event of delays.***

As India’s principal electric power transmission company, the Issuer generates revenue primarily through tariffs charged for its transmission network implemented for transfer of electric power from power generation sources to state power utilities. The Issuer is constantly upgrading and expanding its transmission network to meet increased demand. Its transmission projects typically require substantial capital outlays and time before the commencement of commercial operation. Under CERC regulations, the Issuer generally begins generating a return on its investment in the transmission project through collecting tariffs immediately after the commencement of commercial operation, which may however be delayed due to various reasons.

In particular, the Issuer’s failure to complete a generation-linked transmission project in accordance with the project’s agreed schedule might require the Issuer to arrange alternative

mechanism for the evacuation of electric power from the generating station at its own cost or pay transmission charges to generating station until the associated transmission system is commissioned. Conversely, if a new transmission project is linked to a new generation project, and the generation project is delayed, return on the Issuer's investment in the project may be to receipt of bilateral billing dues as per CERC orders in this regards. As a result of any such delays the Issuer's return on investment on the affected transmission project may be lower than originally expected.

The time and costs required to complete a transmission project may be subject to substantial increases due to many factors, including right of way issues in the construction of transmission lines, issues relating to land acquisition for substations, shortages of materials, equipment, technical skills or labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents, changes in government priorities and policies, changes in market conditions, delays in obtaining the requisite permits and approvals from the relevant authorities and other unforeseeable problems, change in law and other circumstances etc. Any of these or other unanticipated factors may lead to delays in, or prevent the completion of, the Issuer's projects. It is possible that in certain circumstances CERC may not approve the increased capital expenditure brought about by a delay on a project when setting the tariff for that project, which would result in a reduction of the return on the Issuer's investment in that project.

CERC may, under the CERC (Terms and Conditions of Tariff) Regulations, 2019 (the **CERC 2019 Tariff Regulations**), approve the commercial operation of the Issuer's completed transmission systems prior to commissioning of associated generation or upstream/downstream to element and thereby authorise the Issuer to receive tariffs from a project from the project's intended beneficiaries/ generators irrespective of the actual transmission of power. However, there can be no assurance that the Issuer will be able to generate tariffs on these projects prior to the completion of the associated generation projects, that it will receive specified indemnity from owners of a delayed power generation project or that it will be able to demonstrate to CERC that certain delays are not attributable to the Issuer, its contractors or its suppliers. Any delays in the commissioning of a transmission project may have an adverse effect on the return on investment for such project.

### ***3. The Issuer's new projects and expansion plans are subject to a number of contingencies.***

The Issuer's new projects and expansion plans are subject to a number of contingencies, including changes in laws and regulations, governmental action or inaction, delays in obtaining permits or approvals, accidents, natural calamities and other factors beyond the Issuer's control. In addition, the Issuer must obtain right of way to construct its transmission lines and find suitable, available land to construct substations. Further, most of the Issuer's projects are dependent on the availability of competent external contractors for construction, delivery and commissioning, as well as the supply and testing of equipment. While the Issuer evaluates the capacity and capability of the existing executing agencies and assesses new agencies before awarding a contract, there can be no assurance that the performance of the Issuer's external contractors will always meet its terms and conditions or performance parameters. If the performance of contractors is inadequate for the Issuer's requirements, this could result in incremental cost and time overruns which in turn could adversely affect the Issuer's new projects and expansion plans. Although the Issuer's contractors furnish performance guarantees for contract execution, there can be no assurance that, in the event of poor execution of contracts, the Issuer would always be able to enforce the performance guarantees from these contractors. Also, in some of the cases where in transmission projects involve state-of-the-art technology, the issuer may face availability of limited vender for implementation of their projects. Further, if the Issuer is not able to award its projects to competent contractors on a timely basis, or on terms that provide for the timely and cost-effective execution of the project, the Issuer's projects may be delayed and the Issuer's returns on those projects may be affected.

In addition, as part of the Issuer's growth strategy, it may seek to acquire businesses, technologies and products. The Issuer may choose to incur additional debt to fund any such acquisition plans. Nevertheless, the Issuer may fail to complete such acquisitions, or to realise the anticipated

benefits of such acquisitions, and may incur unforeseen costs. This could negatively affect the Issuer's business.

Further, the Issuer has investments in 13 joint ventures, 11 of which have commenced operations. The Issuer also has 15 TBCB subsidiaries, seven of which are in commercial operation as on 30.09.2019. If the Issuer's joint ventures or its subsidiaries are not profitable, the Issuer's financial condition and results of operations may be adversely affected.

***4. The Issuer's expansion plans require significant capital expenditure. If the Issuer is unable to obtain the necessary funds, its growth plans could be adversely affected.***

The Issuer has had, and expects to continue to have, substantial liquidity and capital resource requirements for meeting its working capital requirements as well as capital expenditures. The Issuer will be required to supplement its cash flow from operations with external sources of financing to meet these requirements, particularly with regard to its plans for transmission infrastructure expansion. The Issuer plans aggregate capital expenditures of approximately (as per IEBC proposed BE 19-20 ₹150 billion) Fiscal 2020 to further develop the national grid, including expanding inter-regional transmission systems, system strengthening schemes, establishment of transmission systems and high capacity transmission corridors for evacuation of power from central sector generation projects, UMPPs and IPPs, fiber optic communication schemes, telecom and investments in its joint ventures and wholly owned subsidiaries. The Issuer has in the past been able to finance its projects on competitive terms due to its favourable credit rating. Nevertheless, there can be no assurance that the Issuer will obtain such financing in a timely manner and on favourable terms, or at all, or maintain a favourable credit rating. Future debt financing, if available, may result in increased finance charges, increased financial leverage, decreased income available to fund further acquisitions and expansions and the imposition of restrictive covenants on the Issuer's business and operations. In addition, future debt financing may limit the Issuer's ability to withstand competitive pressures and render the Issuer more vulnerable to economic downturns. If the Issuer fails to generate or obtain sufficient additional capital in the future, it could be forced to reduce or delay its planned expansion projects or other capital expenditures.

In addition, due to the number of large-scale infrastructure projects currently under development in India receiving financing from banks and other financial institutions, availability of domestic funds may be reduced and domestic financing terms may become less attractive. Therefore, the Issuer is seeking funding internationally, and may face increased exposure to potentially higher interest rates and foreign exchange risks. If the funding requirements of a particular expansion project increase, the Issuer will need to look for additional sources of finance, which may not be readily available, or may not be available on attractive terms, which may have an adverse effect on the profitability of that project. The Issuer's business, financial condition, results of operations and prospects may be adversely affected by any delay or failure to successfully commission these projects.

***5. If the Issuer is unable to manage its growth effectively, its business and financial results could be adversely affected.***

The Issuer intends to increase its capacity to maintain and grow its leadership position and remain the largest Indian power transmission company. As on 30<sup>th</sup> September, 2019, the Issuer is implementing transmission projects aggregating to about 13,550 circuit kilometres of transmission lines and 11 substations & 3 HVDC stations with a total power transformation capacity of approximately 46,435 MVA & 11000 MW including TBCB projects. The Issuer is also in the process of adopting a higher voltage level system for its network.

The Issuer expects that the execution of new transmission and substation projects and its growth strategy will place significant strains on its management, financial and other resources. For instance, in order to effectively manage the execution of new transmission and substation projects and business growth, the Issuer must implement and improve operational systems, procedures and internal controls on a timely basis. If the Issuer fails to do so, it may not be able to meet its

expected schedule of project implementation, hire or retain employees, pursue new business, complete future strategic agreements or operate its business effectively. There can be no assurance that the Issuer's existing or future management, operational and financial systems, procedures and controls will be adequate to support future operations or establish or develop business relationships beneficial to the Issuer's future operations. Continued expansion will also increase the challenges involved in financial and technical management, including recruiting, training and retaining skilled technical and management personnel, and improving internal administrative infrastructure. If the Issuer fails to effectively manage its expansion and other business plans and execute its growth strategy, it may not be able to meet the annual performance targets set by the Government pursuant to an annual Memorandum of Understanding that the Issuer enters into with the Government. It could also adversely affect the Issuer's business, results of operations and financial condition.

***6. The Issuer's projects acquired under tariff based competitive bidding may not yield expected results, affecting intended benefits from such projects and the Issuer's financials.***

Pursuant to the Government's Tariff Policy, all future ISTS transmission systems are ordinarily required to be developed pursuant to a competitive bidding process except for the exemption provided in the policy. Since these projects have fixed tariffs, time and cost overruns can impact the expected returns, thereby affecting the financials of the Issuer. The Issuer's desired returns from projects may also be impacted due to increasing competition. Since each project is a separate company, integration of these projects can be a cost to the Issuer, thereby impacting returns and financials. The recovery of tariff may also become uncertain in case of non-readiness of upstream and/ or downstream systems, affecting the expected returns from the project.

***7. The Issuer's flexibility in managing its operations, including determining tariffs, is limited by the regulatory environment in which it operates.***

The power industry in India is regulated by laws, rules and directives issued by governmental and regulatory authorities. These laws, rules and directives have changed significantly over the years. There are likely to be more reforms, such as reforms implemented under the Electricity Act, in the ensuing years. It is expected that many of these reforms will take time to be implemented. There can be no assurance that these reforms, including changes to the current regulatory bodies or to the existing rules and directives, will be favourable to the Issuer's business. If such changes are not favourable, the Issuer's business could be adversely affected.

For example, the Issuer currently undertakes new transmission projects with the expectation that it will be allowed to recover the tariffs from customers which cover its costs and provide an assured return on the equity. Under the tariff regulations, the recovery of certain elements of costs such as operation & maintenance expenditure, are based on normative parameters and there is no assurance that the actual costs incurred by the Issuer are less than the recovery through tariff. Any under recovery of actual costs through tariff could have a material adverse impact on the Issuer's financial condition and operations. Further, , it has been notified that except for certain schemes in line with the Tariff Policy of the Government, tariffs for all transmission projects secured after 6 January 2011 will be decided on the basis of competitive bidding. Since 6 January 2011, more than 45 projects have been awarded by the Government under tariff-based competitive bidding and the Issuer has been successful in winning 15 projects including two intra-State. These projects are being executed by Issuer through its separate wholly owned subsidiaries and the tariffs are not on a cost-plus basis. If the Issuer is unable to compete for new transmission projects floated on the basis of competitive bidding, it may not be able to secure new projects in future or operate future projects on a commercially viable basis. This could have an adverse effect on the Issuer's growth plans.

***8. The Issuer's tariffs could be modified in the future in ways that could have an adverse effect on its results of operations, including through a reduction in the Issuer's return on equity.***

Pursuant to the Electricity Act, a new tariff policy was notified by the Government on 6 January 2006 and subsequently amended on 28 January 2016. CERC follows this policy when specifying

the terms and conditions of particular tariffs. The Issuer's current tariffs norms will remain in place until 31 March 2024. The Issuer's return on equity has remained at 15.5 per cent. for the control period from 2009 to 2024. However, there can be no assurance that current tariffs or regulations will continue beyond 31 March 2024 and it is possible that changes may occur which could have the effect of, for example, reducing the return on equity currently allowed to the Issuer on its transmission projects, changing the Issuer's rate of recovery of operation and maintenance expenditure or setting additional limitations on the Issuer's ability to recover the cost of assets the Issuer develops or services it provides. In April and June 2010, CERC ordered that the actual capital expenditure the Issuer incurs in the development of a project should be benchmarked against an acceptable amount of capital expenditure in order to determine whether the actual capital expenditure incurred was reasonable.

The ceiling tariff for some products of the Issuer's telecommunications business is regulated by the TRAI through its telecommunication tariff orders which specify the ceiling tariff for various capacity levels of bandwidth. The present tariff is based on Telecommunication Tariff Order 1999 issued by the TRAI and as amended from time to time. Discounts are offered over the ceiling tariffs issued by the TRAI to match market demands. On 14 July 2014, the TRAI issued Telecommunication Tariff Order (57th Amendment) 2014, resulting in a downward revision of the ceiling rates for different capacity levels of bandwidth effective from 1 August 2014. The tariff for other products of the Issuer for which TRAI has not prescribed ceiling tariffs are controlled by internally approved rate card upon which discounts are offered to match market demands.

Any changes to the current tariff policy or modifications of the Issuer's tariffs by CERC or the TRAI could have an adverse effect on the Issuer's business, financial condition and results of operations.

***9. The Issuer has substantial borrowings. In the event it defaults in the repayment of its debt or fails to comply with the terms of its loan agreements, the Issuer's business and results of operations could be adversely affected.***

As at 30<sup>th</sup> September 2019, the Issuer's total outstanding secured borrowings were ₹112,379.39Crore, the Issuer's total outstanding unsecured borrowings were ₹29,789.94Crore and the Issuer's debt to equity ratio was 70:30, all on a standalone basis. Approximately 70 per cent. and 30 per cent. of the Issuer's outstanding debt was from domestic and international sources, respectively. The Issuer generally meets its debt service obligations and repays its outstanding borrowings. However, for various reasons, there can be no assurance that the Issuer will be able to pay its debt obligations on time. In the event that the completion of a new project were to be substantially delayed, the Issuer might have to service the debt financing for that project before generating any cash flows from that project. Further, an event of default under the Issuer's loans could occur due to factors beyond its control, such as India failing to remain a member of the Asian Development Bank or similar multilateral funding agency. If the Issuer fails to meet its debt service obligations or if a default otherwise occurs, the Issuer's lenders could declare the Issuer in default under the terms of the Issuer's borrowings and accelerate the maturity of its obligations. Any such default and acceleration could have a material adverse effect on the Issuer's cash flows, business and results of operations.

***10. The Issuer's indebtedness and the conditions and restrictions imposed by its financing arrangements could adversely affect its ability to conduct its business and operations.***

There are covenants in the agreements that the Issuer has entered into with certain banks and financial institutions for the Issuer's long-term borrowings that require the Issuer to obtain written consent from lenders for undertaking certain activities. Similarly, prior written consent of the lenders is required for Issuer undertakings such as restructuring, creating any mortgage or charge

on any secured properties or assets and for assigning or transferring any of the Issuer's rights, benefits or obligations under the loan agreements. In addition, certain covenants require the Issuer to maintain high ratings on its debt from credit rating agencies and/or to maintain specified financial ratios such as debt to equity ratio, borrowings to net worth ratio, debt service coverage ratio and self-financing ratio, number of days' receivables, among others. There can be no assurance that the Issuer will be able to comply with these financial or other covenants or that it will be able to obtain the consents necessary to take the actions it believes are required to operate and grow its business in the future. Furthermore, a default on some of the Issuer's loans may also trigger cross-defaults under some of the Issuer's other loans. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on the Issuer.

***11. The regulatory framework for sharing of transmission charges may adversely affect the Issuer's receivables.***

The CERC (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 implemented a "point of connection" (PoC) method for calculating transmission charges for the inter-State transmission system in India to be shared by the users, replacing the previous method of regional postage stamps. These regulations came into force on 1 July 2011. These regulations provide that yearly transmission charges and revenue requirements pursuant to the tariff structure will be shared amongst the users of the ISTS, including inter state generating stations, SEBs, state transmission utilities (STUs), bulk consumers connected directly to the inter-State transmission system and any designated entity representing a physically-connected entity listed above. Under these regulations, the Issuer is responsible for billing, collecting and disbursing transmission charges for the entire ISTS from all users. Upon introduction of PoC Mechanism, Five out of 120 designated ISTS customers, challenged the sharing mechanism in court and the matter is pending for adjudication in the Delhi High Court. Meanwhile, the CERC notified the third amendment to the CERC Sharing Regulations on 1 April 2015 and other subsequent amendments leading to a change in the sharing pattern. The current method of sharing of transmission charges may be amended or replaced with another method by the CERC in future. Although the method of sharing of transmission charges calculation are revenue neutral to the Issuer, the Issuer may be unable to collect the charges from all users of the ISTS, including amounts payable to other transmission utilities in the future, which could adversely affect the Issuer's results of operations.

***12. Grid disturbances or failures could adversely affect the Issuer's reputation and its relations with its regulators and stakeholders.***

Grid disturbances can arise when sufficient imbalances in the Grid exist with respect to demand and supply and / or certain network in the Grid is heavily loaded. The grid disturbance may include POWERGRID transmission lines also. The grid disturbances can be due to combination of factors, including weakened inter-regional corridors affected by multiple outages on other transmission lines, a delay or refusal by power generators to back down (i.e. reducing power generation by generators at the time of reduced demand in order to maintain pre-determined system parameters), overdraw by some of the provincial utilities from the national grid utilizing unscheduled interchange and leading to high loading of certain transmission lines and inadequate response by State Load Despatch Centres ("SLDCs") to the instructions of RLDCs with respect to managing power offtake from the national grid.

Although we employ modern methods for operation and maintenance. There can be no assurance that the grid will not experience disturbance as a result of actions taken by power generators or customers, the rapid expansion of regional electricity grids and their integration into a national grid or other reasons or that any such disturbance will be promptly addressed. Long-lasting or repeated disturbances could adversely affect our reputation as a largest transmission service provider with customers, power generators, industry regulators, stakeholders and others. Such loss of reputation could hurt our business and adversely impact our relations with regulator/ stakeholders.

***13. Reduction in availability can affect recovery of fixed charges and incentive.***

CERC 2019 Tariff Regulations provide for additional return on equity, as incentive, if the availability of the Issuer's transmission system is higher than the prescribed normative limit as set out in the regulations. The Issuer uses latest technologies for maintaining its transmission systems and has consistently maintained an average availability of over 99 per cent. for its transmission system. However, there is no assurance that the Issuer will be able to maintain similar levels of availability in future and any reduction in availability can affect recovery of fixed charges and incentive for the Issuer.

***14. The Issuer's business involves various risks, and it may not have sufficient insurance to cover the Issuer's economic losses.***

The Issuer's operations are subject to a number of risks generally associated with the transmission of electricity. These risks include explosions, fires, earthquakes and other natural disasters, breakdowns, failures or substandard performance of equipment, improper installation or operation of equipment, accidents, acts of terrorism, operational problems, transportation interruptions and labour disturbances. These risks can cause personal injury and loss of life and damage to, or the destruction of, property and equipment, and may result in the limitation or interruption of the Issuer's business operations and the imposition of civil or criminal liabilities.

The Issuer maintains a self-insurance scheme for all substations, transmission lines and other assets which are not covered under mega insurance policy of the Issuer (the **Mega Insurance Policy**). Under the self-insurance scheme, material damage or loss due to fire, machinery breakdown, natural calamity, earthquake and terrorism are covered for which an amount equal to 0.12 per cent. of the value of its gross block of these assets is contributed every year into a self-insurance reserve that it accounts for under its reserves and surplus.

As at 31<sup>st</sup> March 2019, the Issuer's self-insurance reserve stood at ₹8,933.7 million on a consolidated basis and as at 31<sup>st</sup> March 2018, the Issuer's self-insurance reserve was ₹7,376.0 million on a consolidated basis. The Issuer also maintains a Mega Insurance Policy (All risk policy) from external insurance companies in respect of (i) all HVDC systems (including back-to-back and bi-pole systems); and (ii) all office buildings and their assets. Under the Mega Insurance Policy, material damage or loss due to fire, machinery breakdown, natural calamity, earthquake, and terrorism are covered and business interruption loss is also covered for HVDC systems. Some of the Issuer's telecom assets are insured against fire damage and others are insured against burglary and certain risks of theft. However, there can be no assurance that if the Issuer suffers material losses, its self-insurance and insurance arrangements will be sufficient to cover those losses. Further, there are events that may expose the Issuer to losses or third-party liabilities, including war or nuclear events that may cause significant disruption to its operations, for which the Issuer is not insured, or not fully insured. If the Issuer's losses are more than its insurance coverage or if the Issuer is unable to successfully assert its claim, the Issuer's result of operations could be adversely affected.

***15. If the Issuer is unable to adapt to technological changes, emerging industry standards and practices or customer requirements, its business and financial performance could be adversely affected.***

The Issuer's future success depends in part on its ability to respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. The Issuer needs to continue to invest in new and advanced technologies and equipment to enable it to respond to emerging power transmission industry standards and practices in a cost-effective and timely manner. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that the Issuer will successfully implement new technologies effectively or adapt its processing systems to customer requirements or emerging industry standards. If the Issuer is unable, for technical, legal, financial or other reasons, to adapt

in a timely manner to changing market conditions, customer requirements or technological developments, the Issuer's business and financial performance could be adversely affected.

***16. The Issuer undertakes some of its projects in joint ventures with third parties, which entails certain risks.***

The Issuer has minority investments in ten joint ventures. Investments through joint ventures may, under certain circumstances, involve risks. Joint venture partners may fail to meet their financial or other obligations in respect of the joint venture. Joint venture partners may also have business interests or goals that may differ from the Issuer's business interests or goals, or those of the Issuer's shareholders. In many of its joint venture arrangements, the Issuer has a minority interest. Therefore, the Issuer's joint venture partner in each of these joint venture arrangements will have effective control with respect to shareholder actions or approvals, except where the Issuer's affirmative agreement is required under the Companies Act or the terms of the joint venture agreement. Any disputes that may arise between the Issuer and its joint venture partners may cause delays in completion or the suspension or abandonment of the project. Some of the Issuer's joint venture agreements prohibit the Issuer from acquiring or disposing its shareholding in the joint ventures among other restrictions. In all of its joint venture agreements, the Issuer has undertaken not to encumber or alienate its shareholding in the joint ventures for specified periods. In certain joint ventures, the Issuer's shareholding has been locked in for a period of five years and the Issuer has agreed that it will not transfer its shareholding to any third party nor will it have the right to increase or decrease its shareholding in the open market without the prior written consent of its joint venture partners. Therefore, if the Issuer determines that it has sought to pursue participation in a particular project with unsuitable partners, it may be unable to change partners or continue to participate in the project as it had planned. Under the terms of certain of the Issuer's joint ventures, the Issuer is required to infuse proportionate equity and its decision not to do so or inability to do so may result in losing certain affirmative rights in such joint ventures or in an obligation to pay penalties. In addition, the terms of certain joint ventures prevent the joint venture from competing with the business of the Issuer without the Issuer's prior consent. These covenants may limit the Issuer's ability to make optimum use of its investments or exit these joint ventures at its discretion, which may have an adverse impact on its financial condition. Additionally, there can be no assurance that the Issuer will be able perform or comply with its obligations under the joint venture agreements and its failure to do so may result in breach of such agreements and could adversely affect its business and results of operations.

Under the terms of the Powerlinks Transmission System joint venture arrangement, the Issuer may have to buy out the joint venture in case of a default by either party or a force majeure event, subject to CERC approval. If the Issuer were required to buy out the joint venture, its financial position may be adversely affected.

In general, the Issuer faces the risk in its joint ventures of losing all its equity in the event of a material breach of the joint venture entity's obligations, insolvency of the joint venture entity or similar developments.

***17. There is no assurance that the Issuer's contractors will not violate any applicable laws and regulations.***

The Issuer undertakes construction of its transmission and substation projects through third party contractors. The Issuer's selection criteria for contractors are primarily based on the contractor's technical qualifying experience, financial position, bid condition as well as the specific requirements of the projects. Prior to engaging any contractor, the Issuer endeavors to ensure their capacity and capability, including their quality control systems, are adequate for contract execution. Although the Issuer has established internal control procedures in the selection of contractors, there is no assurance that its contractors will not violate any applicable laws or regulations in their provision of services. In the event that the Issuer terminates the relevant contracting agreement with any of its contractors involved in any material breach of applicable laws and regulations and is unable to identify any substitute, the Issuer's business operations or planned expansion projects may be adversely affected.

***18. The Issuer requires statutory and regulatory permits and approvals to operate and expand its businesses, and the failure to obtain them in a timely manner or at all may adversely affect its operations.***

The Issuer requires regulatory approvals, sanctions, licences, registrations and permissions to operate and expand its businesses. For instance, the Issuer may be required to obtain approval of the Government's Ministry of Environment and Forests and Climate Change (MoEF & CC) under the Forest (Conservation) Act, 1980 if a transmission project involves the diversion of forest land, and the specific clearance of the National Board for Wildlife under The Wildlife (Protection) Act, 1972 if the project involves the erection of transmission lines in areas designated as wildlife sanctuaries or national parks.

There can be no assurance that the Issuer will obtain all regulatory approvals, sanctions, licences, registrations and permissions that it may require in the future, or receive renewals of existing or future approvals, sanctions, licences, registrations and permissions in the time frames required for its operations or at all, which could adversely affect its business.

***19. The Issuer's recovery of operating and maintenance expenses under the Issuer's tariffs may not compensate the Issuer for all such expenses.***

Under its tariffs on a cost-plus basis, the Issuer receives reimbursements for its operating and maintenance expenses at normative rates, rather than actual rates. As a result, if the Issuer's actual operating and maintenance expenses exceed the reimbursements it receives, the Issuer's profit will be reduced by the shortfall amount. With regard to projects secured through tariff-based competitive bidding, if the actual construction and operating expenses exceed the costs budgeted by the Issuer at the time of bidding for the project, the Issuer's income will be affected accordingly.

The salaries and allowances of the Issuer's employees have been revised from 1 January, 2017, which has resulted in increase in the employee cost. There is no assurance that the increase in employee cost will be permitted by the CERC for recovery through tariff, which could have an adverse impact on the financial condition of the Issuer.

***20. The Issuer is the central transmission utility of the country. The Government's decision to denotify the Issuer from being a CTU may affect the Issuer's business.***

The Issuer as the CTU is also responsible for carrying out the billing, collection and disbursement function on behalf of all ISTS licensees. The Issuer's share in the billing is about 85 per cent. presently. In case, the Issuer no longer remains the CTU and/ or the billing, collection and disbursement functions are taken away from it, the Issuer will be dependent on other agency for realisation of its receivables from the designated ISTS customers. If such other agency fails to carry out the functions efficiently and effectively, it may impact Issuer's cash flows.

***21. The decision of central and state governments to increase the compensation to land owners may impact project returns.***

Compensation paid to the land owners affected by the passage of transmission lines over their land is decided by the State / local authorities, which may or may not be guided by the compensation guidelines issued by central government in October, 2015. If the compensation finalized by the State / local authority happens to be significantly higher than those provided in the guidelines, may increase the project cost especially for projects under tariff based bidding impacting the Issuer's financials.

Besides, there could be variations in compensation towards temporary damages (crop/tree) due to variability in cropping pattern, rates and assessment methodology prevalent in different states. This may have a bearing on the financials of the issuer in projects under Tariff Based Competitive Bidding if the actual compensation towards temporary damages exceeds the estimated compensation.

***22. Some of the Issuer's immovable properties may have certain irregularities in title, as a result of which the Issuer's operations may be impaired.***

The Issuer possesses immovable properties at various locations for the purposes of its business, held either on a freehold or a leasehold basis. Several of the Issuer's material immovable properties for its transmission lines, infrastructure and projects, whether owned or leased, have certain irregularities in title including that the deeds for transfer of property are inadequately stamped or have not been executed or registered with the concerned authority. As a result, the Issuer may not be able to prove tenancy or ownership rights over such property. In addition, registration of land title in India is not centralised and has not been fully computerised. Land records are often hand-written in local languages and may not be legible or correctly spelt and at times may be in poor condition or untraceable, making it difficult to ascertain title. Title risks can be particularly acute where fragmented land rights are acquired from agriculturalists and small landholders. Further, title records in India presently provide only for presumptive title rather than a guaranteed title to the land. Indian law, for example, recognises the ability of persons to effect a valid mortgage on an unregistered basis by the physical delivery of original title documents to a lender. Adverse possession under Indian law also gives rise, on 12 years' occupation, to valid ownership rights as against all parties, including government entities that are landowners, without the requirement of registration of ownership rights by the adverse possessor. Title to land may be defective as a result of a failure on the Issuer's part, or on the part of a prior transferee, to obtain the consent of all relevant persons or to duly complete stamping and registration requirements. The uncertainty of title to land may impede the processes of acquisition, independent verification and transfer of title, and any disputes in respect of land title that the Issuer may become party to may take several years and considerable expense to resolve if they become the subject of court proceedings.

The Issuer's business may be affected if the Issuer is unable to continue to utilise its owned and leased properties as a result of any irregularity of title or otherwise.

***23. The Issuer currently engages in foreign currency borrowings and it is likely to continue to do so in the future, which exposes it to fluctuations in foreign exchange rates and other potential costs.***

While the Issuer's principal revenues are in Rupees, it borrows funds from outside India in foreign currencies. As at 31<sup>st</sup> March 2019, the Issuer had ₹411.07 billion on a consolidated basis, of foreign currency borrowings outstanding. These borrowings are held in currencies such as U.S. dollars, Euros, Swedish Kroner and Japanese Yen. These borrowings expose the Issuer to losses due to fluctuations in foreign currency exchange rates. Currently, any transmission-related financial expense that the Issuer incurs as a result of foreign currency borrowings is passed on to the Issuer's customers as part of the Issuer's tariff arrangements. Were this to change, volatility in foreign exchange rates could adversely affect the Issuer's business. In addition, in the event of disputes under any of the Issuer's foreign currency borrowings, the Issuer may be required by the terms of those borrowings to defend itself in foreign court or arbitration proceedings, which could result in additional costs to the Issuer.

Under the CERC 2019 Tariff Regulations, a transmission licensee may hedge its foreign exchange exposure in respect of the interest on foreign currency loans and repayment of foreign loans obtained for the transmission system, in part or full, and recover the cost of hedging of foreign exchange rate variation corresponding to the normative foreign debt, in the relevant year on year-to-year basis as expense in the period in which it arises. Additional Rupee liability corresponding to such foreign exchange rate variation shall not be allowed against the hedged foreign debt. To the extent the generating company or the transmission licensee is not able to hedge the foreign exchange exposure, the extra Rupee liability towards interest payment and loan repayment corresponding to the normative foreign currency loan in the relevant year shall be permissible provided it is not attributable to the generating company or the transmission licensee or its suppliers or contractors. The Issuer has an exchange risk management policy and intends to utilise RBI approved products for the purpose of managing currency and interest rate risks. During Fiscal 2019, the Issuer did not undertake any hedging activity in relation to its foreign

exchange exposure. If the Issuer is unable to recover the foreign exchange variation on the foreign currency loans through tariff for any reason either under the current regulations or due to a change in the tariff regulations in future, it would result in additional costs to the Issuer which could materially and adversely affect the Issuer's financial condition and prospects.

***24. A violation of health and safety requirements and the occurrence of accidents could disrupt the Issuer's operations and increase operating costs.***

A violation of health and safety laws or failure to comply with the requirements of the relevant health and safety authorities could lead to, among other things, a temporary shutdown of all or a portion of the Issuer's transmission and substation facilities and the imposition of costly compliance procedures. If health and safety authorities shut down all or a portion of its transmission and substation facilities or impose costly compliance measures, the Issuer's business, financial condition, results of operations and prospects could be materially and adversely affected.

The nature of the Issuer's operations creates a risk of accidents and fatalities among its workforce, and the Issuer may be required to pay compensation or suspend operations as a result of such accidents or fatalities, which could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

***25. Compliance with, and changes in, environmental, health and safety laws and regulations may adversely affect the Issuer's financial condition and results of operations.***

The Issuer is subject to environmental, health and safety regulations. Central and local governments may take steps towards the adoption of more stringent environmental, health and safety regulations, and there can be no assurance that the Issuer will be at all times in full compliance with these regulatory requirements. If there is any change in the environmental, health and safety regulations to which it is subject, the Issuer may need to incur substantial capital expenditures to comply with such new regulations. Its costs of complying with current and future environmental, health and safety laws and its liabilities arising from failure to comply with applicable regulatory requirements may adversely affect the Issuer's business, financial condition and results of operations.

***26. The Issuer's results of operations could be adversely affected by strikes, work stoppages or increased wage demands by its employees or other disputes with its employees.***

As on 30-09-2019, the Issuer had 9,694(including Fixed Tenure Basis employees) employees. All of the Issuer's employees at the workman level are affiliated with labour unions. The Issuer has had no instances of strikes or labour unrest since it commenced operations. The Issuer believes that it has harmonious relationships with the labour unions. Nevertheless, there can be no assurance that the Issuer will not experience disruptions in its operations due to disputes or other problems with its work force, which may adversely affect its business and results of operations.

***27. Litigation and other forms of opposition from local communities and other parties may adversely affect the Issuer's results of operations and financial condition.***

The construction and operation of the Issuer's transmission and substation projects may have significant consequences on agricultural activities and land development as well as on the ecosystem of the affected areas. The environmental impact of a particular transmission project typically depends on the location of the project and the surrounding ecosystem. Further, the construction and operation of the Issuer's transmission and substation projects may disrupt the activities and livelihoods of local communities, especially during the project construction period.

There can be no assurance that the Issuer will not be subject to litigation or other forms of opposition from public interest groups, local communities or non-governmental organisations in relation to the environmental impact of the Issuer's transmission projects. Any such claims or

opposition may delay or prevent the Issuer from implementing its projects. As a result, the Issuer's results of operations, financial condition and prospects may be adversely affected.

There are various court proceedings pending against the Issuer with respect to land acquired for its various projects under the Land Acquisition Act, 1894, the majority of which relate to demands for increased compensation by landowners.

***28. The Issuer's success depends in large part upon its management team and skilled personnel and its ability to attract and retain such persons.***

The Issuer's future performance depends on the continued performance of its management team and skilled personnel. The issuer also faces challenge to recruit and retain a sufficient number of suitably skilled personnel, particularly as it continues to grow. In particular, the Issue may be unable to compete with private companies for suitably skilled personnel due to their ability to provide more competitive compensation and benefits. Although the Issuer believes it has employee-friendly policies, including a performance related pay scheme to encourage employee retention, the challenges in recruiting skilled personnel and retention of such personnel may result in loss of key personnel which may have an adverse effect on its business and ability to grow.

***29. The Issuer is presently involved in several labour law proceedings and any adverse decision may have a significant adverse effect on the Issuer's business and results of operations.***

The Issuer is presently involved in several labour law proceedings which have been filed against the Issuer in various forums, relating to alleged violations of the Contract Labour (Regulation and Abolition) Act, 1970, various sections of the Indian Penal Code, provisions of the Industrial Disputes Act, 1947, the Code of Criminal Procedure, 1973 etc. The Issuer cannot provide any assurance that these matters will be decided in the Issuer's favour. Further, there is no assurance that similar proceedings will not be initiated against the Issuer in the future. In the event that such matters are decided against the Issuer, the Issuer may be ordered to reinstate the employment of the petitioner(s).

***30. The Issuer may be involved in litigation and arbitration which, if determined adversely, could subject the Issuer to significant liabilities.***

The Issuer is currently, and may in the future be, implicated in lawsuits in the ordinary course of its business, including lawsuits and arbitrations involving compensation for loss of trees, crops or houses, land acquisition disputes, tax matters, civil disputes, labour and service matters, statutory notices, consumer cases and other matters. Litigation or arbitration could result in substantial costs to, and a diversion of effort by, the Issuer and/or subject the Issuer to significant liabilities to third parties. There can be no assurance that the results of such legal proceedings will not materially harm the Issuer's business, reputation or standing in the marketplace or that the Issuer will be able to recover any losses incurred from third parties, regardless of whether the Issuer is at fault. There can be no assurance that losses relating to litigation or arbitration will be covered by insurance, that any such losses would not have a material adverse effect on the results of the Issuer's operations or financial condition, or that provisions made for litigation and arbitration related losses will be sufficient to cover the Issuer's ultimate loss or expenditure.

The Issuer has filed a writ petition against the East Delhi Municipal Corporation (**EDMC**) and the Government before the High Court of Delhi, challenging the assessment order issued by EDMC dated 2 February 2013 whereby the EDMC had imposed a property tax of approximately ₹388.1 million for the period from 1 April 2004 to 31 March 2013 with respect to certain towers belonging to the Issuer, on the grounds that under Rule 9(1) and 14 of the Delhi Municipal Corporation (Property Tax) Bye Laws, 2004, towers fall within the definition of property and are hence liable to be taxed. Additionally, the North Delhi Municipal Corporation (**NDMC**), New Delhi, by a notice dated 15 March 2013, has passed an assessment order for payment of property tax under Delhi Municipalities Corporation Act, 1957 and Delhi Municipal Corporation (Property Tax) Bye Laws, 2004 for towers falling within their jurisdiction. Further, the South Delhi Municipal Corporation (**SDMC**), New Delhi, also issued notice for assessment of property tax on

towers of the Issuer falling within their jurisdiction. Consequently, the Issuer has filed the writ petition. No. 7142/2013 challenging the vires of the Delhi Municipal Corporation Act, 1957, wherein the towers have been subject to assessment for municipal tax. All the three municipal corporations being EDMC, NDMC and SDMC have been impleaded as parties to the said petition. The matter has been decided by High Court of Delhi in favour of Issuer vide Judgement dated 04.04.2018. However EDMC has filed as appeal before Division Bench of High Court of Delhi

In the event the Division Bench of High Court of Delhi or other relevant authorities decide that towers fall within the definition of property and are hence liable to be taxed in New Delhi, this may have a significant effect on the business including the financial condition and results of operations of the Issuer.

***31. The Issuer is subject to inspections, which may result in investigations, proceedings and penalties.***

The Issuer is periodically subject to inspections of its work sites and certain office locations, including its finance department, by relevant authorities, including the vigilance wing of the Government. Some of these inspections have resulted in investigations and cases commenced against the Issuer or its employees. Going forward, the Issuer will remain subject to similar inspections, investigations and cases. If one or more of such inspections, investigations or cases leads to a significant award or penalty against the Issuer, its business may be adversely affected.

***32. As at 31<sup>st</sup> March 2019, the Issuer had contingent liabilities of ₹57.36billion which had not been provided for in its standalone financial statements and could adversely affect its financial condition.***

As at 31<sup>st</sup> March 2019, the Issuer had contingent liabilities of ₹57.36billion, which had not been provided for, relating primarily to arbitration and litigation, land/crop/tree compensation cases, continuity bonds with custom authorities, tax demands and other liabilities. If these contingent liabilities materialise, fully or partly, the Issuer's financial condition could be materially and adversely affected.

***33. Rights over its corporate logo.***

The Issuer has applied for modification of its corporate logo to register under TM Act, which is currently pending before the Registrar of Trademarks, New Delhi. Therefore it may enjoy the statutory protections accorded to a registered trademark. There can be no assurance that the Issuer will be able to get modification in the trademark and the logo or that third parties will not infringe on the Issuer's intellectual property, causing damage to the Issuer's business prospects, reputation and goodwill.

***34. The Issuer has entered into new businesses that may not be successful.***

The Issuer has sought to diversify its operations and take advantage of opportunities in new areas such as telecom infrastructure development and leasing, and intends to venture into new initiatives such as Smart Grid, Electric Vehicle Infrastructure and distribution, among others. The Issuer also plans to expand internationally by participating in EPC projects and projects under the BOOT/BOO/DOBPT model in the international market. The Issuer does not have operating history or significant experience in these new businesses, and they may involve risks and difficulties with which the Issuer may not be familiar. These new businesses may require capital and other resources, as well as management's attention, which could place a burden on the Issuer's resources and abilities. These new businesses are also subject to significant regulation, which may change. The early stage of these new businesses and any changes to the nature of the relevant regulations may make it difficult to predict their economic viability. There can be no assurance as to the timing and amount of any returns or benefits that the Issuer may receive from these new businesses or any other new businesses it may enter into in the future. The Issuer may

need to share a portion of the revenue generated from these new businesses as may be directed by the relevant regulatory authorities.

***35. New technologies could make the Issuer's telecom business less desirable to current and potential customers and could result in decreasing revenues, which would have a material adverse effect on the Issuer's business, results of operations and financial condition.***

The telecom industry is subject to rapid and significant changes in technology. The Issuer currently deploys dense wave division multiplexing, synchronous digital hierarchy communications technologies and multi-protocol label switching, which the Issuer believes meet the present and near future bandwidth requirements of its customers. However, new technologies, such as 5G, 4G and Internet Protocol version 6 systems for virtual private networking, and new usage patterns will eventually require equipment upgrades for the Issuer's current technology platform. The present technology deployed by the Issuer may become obsolete or subject to competition from new technologies in the future, and the technology in which the Issuer invests in the future may not perform as it expects or may be superseded by competing technologies before the Issuer's investment costs have been recouped. In addition, the cost of implementing new technologies, upgrading networks or expanding network capacity to effectively respond to technological changes may be substantial. The Issuer's ability to meet such costs will, in turn, depend upon its ability to obtain additional financing on commercially acceptable terms. Moreover, there can be no assurance that technologies will develop according to anticipated schedules, or that they will perform according to expectations or be commercially accepted. If the Issuer fails to adopt and implement successful telecom technologies, its telecom business, results of operations and financial condition could be negatively affected.

***36. The Issuer has short term contracts with customers in its telecom business.***

Majority of the orders received by the Issuer from its telecom customers and the capacity agreements entered into with its telecom customers range from a period of three months to five years. However, these agreements have provisions for earlier termination and there is no assurance that a customer will stay with the Issuer for the entire contractual period. The termination of contracts before the expiry period or non-renewal of the Issuer's existing contracts may adversely affect the Issuer's results of operations.

***37. Decrease in demand for telecom tower space could affect the Issuer's future operating results.***

Factors adversely affecting the demand for telecom tower space in India in general would be likely to adversely affect the Issuer's future operating results. Such factors could include:

- a deterioration in the financial condition of wireless communications service providers generally due to declining tariffs, media convergence or other factors;
- a decrease in the ability and willingness of wireless communications service providers to maintain or increase capital expenditures;
- a decrease in the growth rate of wireless communications generally or of a particular segment of the wireless communications sector;
- a decrease in consumer demand for wireless communications services due to adverse general economic conditions or other factors;
- adverse developments with respect to governmental licensing of spectrum and changes in telecom regulations;
- mergers or consolidations among wireless service providers;

- increased use of network sharing, roaming or resale arrangements by wireless service providers amongst themselves;
- delays or changes in the deployment of communications technologies;
- delays in regulatory changes that would permit the Issuer to use its towers as telecom or broadcasting towers or for other revenue-generating purposes;
- changing strategies of wireless service providers with respect to owning or sharing passive infrastructure;
- adverse developments with regard to zoning, environmental, health and other government regulations;
- technological changes generally; and
- general economic conditions.

The Issuer's business and proposed capital expenditure plans are based on the premise that the subscriber base for wireless telecom services in India will grow at a rapid pace and that Indian wireless service providers will, to a certain degree, adopt the passive infrastructure sharing model. If the Indian wireless telecom services market does not grow or grows at a slower rate than the Issuer expects, or the behaviours of market players do not meet the Issuer's current expectations, the demand for the Issuer's services and its growth prospects will be adversely affected, which would have a material adverse effect on the Issuer's business, results of operations and financial condition. In addition, the development and commercialisation of new technologies designed to improve and enhance the range and effectiveness of cellular telecom networks may significantly decrease demand for additional telecom infrastructure.

***38. The Issuer's consultancy business could be harmed if funding for the Issuer's consulting clients and their programmes were to be reduced by the Government or foreign governments or institutions.***

The Issuer generates a significant amount of its consultancy business from SPUs and other government-funded programmes where the Issuer is one of the agents chosen to implement some or all parts of the project. In the event that SPUs or government programmes are reduced, or if the Issuer is unable to win new assignments, the Issuer's consultancy income would be adversely affected. In addition, the international consultancy projects which the Issuer secures may be related to programmes funded by multilateral agencies such as the World Bank, or any foreign government, or funded by the Government. If such sources of funds for these programmes are reduced, the Issuer's consulting income relating to such programmes would be adversely affected.

***39. The Issuer may face increasing competition for its transmission business and it faces significant competition for its consulting business and telecom business from Indian and international companies.***

Pursuant to notification from the Government, tariff-based competitive bidding has been mandatory with effect from 6 January 2011 for developing all inter-State transmission projects except certain schemes in line with the Tariff Policy of the Government.

The Issuer may face increasing competition for its transmission business. As a consequence of reforms stipulated in the Electricity Act and other rules and regulations notified by CERC and the Central Electricity Authority (CEA), large Indian businesses and international corporations, among others, including some which already have a presence in the Indian power sector, may seek to expand their operations in the Indian transmission sector. The Indian power sector could also attract new domestic and international entrants. Significant competition from within or

outside India could adversely affect the Issuer's growth plans and might affect the Issuer's future results of operations.

The Issuer's consultancy business is subject to competition from various competitors in India and abroad. The Issuer is generally awarded its domestic consultancy projects without a competitive bidding process and the Issuer does not see significant competition in its domestic consultancy business..Most of the Issuer's international projects are awarded through a competitive bidding process. The Issuer's primary international competitors include Lahmeyer International, Fichtner, GOPA, WAPCOS, AF CONSULT, CESI, Italy and SMEC International Pty Limited.

In the Issuer's telecom business, the Issuer is subject to broad and intense competition for the provision of telecom bandwidth services, particularly from telecom companies with geographically extensive networks. Competition is expected to further intensify in the telecom services industry in India and there may also be increasing competition from global players. The Issuer's direct competitors in the telecom business include all major national long distance operators and internet service providers. The Issuer has executed agreements to provide telecom bandwidth to certain customers that are themselves telecom service providers, and therefore most of the Issuer's high value customers are also its competitors. These competitors provide similar bandwidth services to other telecom operators& enterprises.

Many of the Issuer's competitors in the telecom business are larger than the Issuer and have greater financial resources. They may also benefit from greater economies of scale and operating efficiencies. As a result, the Issuer's competitors may be able to present lower bids for contracts, causing the Issuer to win fewer tenders. There can be no assurance that the Issuer can continue to compete effectively in the future.

***40. The Issuer operates in a highly regulated environment, and the government policies, laws and regulations affecting the sectors in which it operates and related industries could adversely affect its operations and profitability.***

The Issuer's businesses are regulated by the Government and the state governments in India, as well as by the governments of the countries in which it operates. See "*Regulations and Policies in India*". The regulatory framework in India is evolving and regulatory changes could have an adverse effect on the Issuer's business, results of operations and financial condition. Non-compliance with any regulation may also lead to penalties, revocation of the Issuer's permits or licences or litigation.

Future government policies and changes in laws and regulations in India and elsewhere may adversely affect the Issuer's business and operations, and restrict its ability to do business in its existing and target markets. The timing and content of any new law or regulation is not in the Issuer's control and such new law or regulation could have an adverse effect on the Issuer's business, results of operations and financial condition.

***41. The Issuer's operations in foreign countries are subject to political, economic, regulatory and other risks of doing business in those countries.***

The Issuer has international operations, including operations in South Asia that it conducts through project-specific consortiums with foreign partners. The Issuer may, at any one time, have a substantial portion of its resources dedicated to projects located in a few countries or a specific geographical region, which expose the Issuer to risks in those jurisdictions. The Issuer is currently involved in international consultancy projects in various countries, including Bangladesh, Bhutan and Nepal.

As many of the Issuer's clients are governmental entities, the Issuer is subject to risks associated with uncertain political and economic environments and political instability, as well as legal systems, laws and regulations that are different from the legal systems, laws and regulations that the Issuer is familiar with in India, and which may be less established or predictable than those in more developed countries. In addition, the Issuer could be subject to expropriation or deprivation

of assets or contract rights, interruptions from war or civil strife, foreign currency restrictions, exchange rate fluctuations and unanticipated taxes or encounter potential incompatibility with foreign joint venture partners or consortium members.

Regulatory changes in the foreign countries in which the Issuer operates may require it to, among other things, obtain licences or permits in order to bid on contracts or conduct its operations or enter into a consortium arrangement, a joint venture, an agency agreement or similar business arrangement with local businesses in order to conduct business in those countries. These laws and regulations may also encourage or mandate the hiring of local contractors and require foreign contractors to employ citizens of, or purchase supplies from within, the relevant country. In addition, the Issuer may become involved in proceedings with regulatory authorities that may require the Issuer to pay fines, comply with more rigorous standards or other requirements or incur capital and operating expenses for compliance with such laws and regulations.

Some of the Issuer's full time and casual employees are located in other countries. In order to manage its day-to-day operations, the Issuer must overcome cultural and language barriers and assimilate different business practices. In addition, the Issuer is required to create compensation programmes, employment policies, codes of conduct and other administrative programmes that comply with the laws and customs of different jurisdictions. The Issuer's failure to successfully manage its geographically diverse operations could impair its ability to react quickly to changing business and market conditions and comply with industry standards and procedures.

***42. The Issuer may explore opportunities for asset monetization which can impact the Issuer's financials and/ or operations.***

The Issuer may explore various opportunities for asset monetisation. If asset monetisation happens, the Issuer's scale of operations can shrink which can have an impact on its financial and/or operations.

***43. Natural calamities could have a negative effect on the Indian economy and cause the Issuer business to suffer.***

In India natural calamities such as earthquakes, cyclone, floods, avalanche, landslides and droughts etc. are experienced in various parts of county, which may affect transmission network. Fani cyclone affected various parts of Odisha in May'19 causing severe damages to transmission and distribution network. In recent, Bulbul cyclone, transmission and distribution in coastal Odisha and West Bangal have been affected. Prolonged power outages, spells of below normal rainfall in county or other natural calamities could have a negative impact on the Indian economy, affecting the issuer's business and potentially causing the trading price of the notes to decrease.

***44. Demand for power in India may not increase as the Issuer anticipates.***

It is generally believed that demand for power in India will increase in conjunction with expected increases in India's GDP. However, there can be no assurance that demand for power in India will increase to the extent the Issuer expects, or at all. In the event, the demand for power in India does not increase as per the Issuer's expectations, its results of operations and expansion strategy may be materially and adversely affected.

### **1.(vii) DETAILS OF DEFAULT**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Amount Involved</b>	<b>Duration of Default</b>	<b>Present Status</b>
1	Repayment of Statutory Dues	Nil	-	-
2	Repayment of Debentures & Interest thereon	Nil	-	-
3	Repayment of Deposits & Interest thereon	Nil	-	-
4	Repayment of Loan from any bank and Financial Institution,& Interest thereon	Nil	-	-

### **1.(viii) DETAILS OF NODAL/ COMPLIANCE OFFICER OF THE COMPANY**

<b>Compliance Officer of the Company</b>	
<b>Name</b>	Ms. Divya Tandon
<b>Designation</b>	General Manager & Company Secretary
<b>Address</b>	Power Grid Corporation of India Ltd., Saudamini, Plot No. 2, Sector-29, Gurgaon 122001 (Haryana)
<b>Phone Number</b>	011-2571968
<b>Email Id</b>	dtandon@powergridindia.com

### **1.(ix) Default in Annual filing of the Company under the Companies Act, 2013 or the rules made thereunder -Nil**

## **2. PARTICULARS OF THE OFFER**

### **2.(i) Financial position of the company for the last 3 financial years;**

Refer clause 5.(d) of Private Placement Offer Cum Application Letter.

### **2. (ii to xxii)**

#### **Refer Annexure A**

(Summary term sheet for private placement issue/allotment of POWERGRID Bonds)

## **3. MODE OF PAYMENT FOR SUBSCRIPTION-**

Payments for subscription are accepted only through Other Banking Channels As per SEBI Circular dated January 05<sup>th</sup>, 2018, August 16, 2018 and operational guidelines of NSE.

#### **4. DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.**

- i. **Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.**

NIL-

- ii. **Details of litigation or legal action pending or taken by any Ministry or Department of the Govt. or statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action.**

Since “President of India” through Government of India is the promoter of the company, the litigations or legal actions or directions pending or taken by any Ministry or Department of the Government or a statutory authority against the promoter of the company during the last three years cannot be ascertained.

- iii. **Remuneration of directors**

- (a) POWERGRID, being a Government Company, the appointment, tenure and remuneration of Directors is decided by the President of India. Remuneration paid to Chairman & Managing Director and Functional Directors during the year ending 31<sup>st</sup> March 2019 (F.Y 2018-19) was as per terms and condition of the appointment. Independent Directors are paid only sitting fees for attending Meetings of Board of Directors / Committee of Board of Directors as approved by the Board of Directors within the limit prescribed under Companies Act,2013 and Rules made thereunder and in accordance with the Government Guidelines.

## 2018-2019

The remuneration paid to Whole time Directors during the year 2018-2019:

Sl	Employee Name	Designation	Salary (In ₹)	Benefit (in ₹)	Bonus/ Commission (in ₹)	Performance Linked Incentive	Total
1	Shri Ravi P. Singh	Director (Personnel) & CMD	5099150	1250721		4130310	10480181
2	Shri I. S. Jha*	Chairman & Managing Director	6591923	1319988		6392749	14304660
3	Shri K Sreekant	Director (Finance)	4574273	997838		3719872	9291983
4	Shri Prabhakar Singh**	Director (Projects)	3408664	347183		3869027	7624874
5	Ms. Seema Gupta	Director (Operations)	5622397	1100261		2706306	9428964
6	Shri R K Chauhan	Director (Projects)	2507462	899913		2363363	5770738

\* Shri I.S. Jha ceased to be CMD on 21.01.2019

\*\* Shri Prabhakar Singh ceased to be Director (Projects) on 30.06.2018

\*\*\*Shri R K Chauhan appointed as Director (Projects) on 23.08.2018

(₹ in Lakhs)

Name of non –official part time Directors	Sitting fees		Total
	Board Meeting	Committee of Board of Director's Meeting	
Shri Jagdish Ishwarbhai Patel	2.60	6.80	9.40
Shri Tse Ten Dorji	2.60	8.40	11.00
Shri Manoj K. Mittal	2.60	5.20	7.80
Shri Sunil K. Sharma	1.40	3.40	4.80
Ms. A.R. Mahalakshmi	1.40	2.80	4.20

### 2017-2018

The remuneration paid to Whole time Directors during the year 2017-2018:

Sl	Employee Name	Designation	Salary (In ₹)	Benefit (in ₹)	Bonus/ Commission (in ₹)	Performance Linked Incentive	Total
1	Shri I. S. Jha	Chairman & Managing Director	4309763	686616	-	2077000	7073379
2	Shri K Sreekant	Director (Finance)	4539704	572197	-	822222	5934123
3	Shri Ravi P. Singh	Director (Personnel)	3431098	703833	-	1368192	5503123
4	Shri R.P. Sasmal (Ceased to be Director w.e.f. 28.02.2018)	Director (Operations)	4609571	703884	-	1669023	6982478
5	Shri Prabhakar Singh	Director (Projects)	3434106	607962	-	728342	4770410
6	Ms. Seema Gupta (Appointed as Director w.e.f. 01.03.2018, was ED till 28.02.2018)	Director (Operations)	265963	45331	-	-	311294

(₹ in Lakhs)

Name of non –official part time Directors	Sitting fees		Total
	Board Meeting	Committee of Board of Director's Meeting	
Shri J.I. Patel	2.20	3.60	5.80
Ms. Jyotika Kalra	2.40	3.00	5.40
Shri Tse Ten Dorji	1.40	0.60	2.00

### 2016-2017

The remuneration paid to Whole time Directors during the year 2016-2017:

Sl	Employee Name	Designation	Salary (In ₹)	Benefit (in ₹)	Bonus/ Commission (in ₹)	Performance Linked Incentive	Total
1	Shri I. S. Jha	Chairman & Managing Director	3228296	788452	-	1875171	5891919
2	Shri R. N. Nayak (Ceased to be CMD w.e.f. 30.09.2015)	Chairman & Managing Director	-	-	-	633039	633039
3	Shri K Sreekant (Appointed as Director w.e.f. 01.09.2016)	Director (Finance)	1538553	284060	-	38357	1860970
4	Shri R T Aggarwal (ceased to be Director w.e.f. 31.08.2016)	Director (Finance)	1424663	2585109	-	726891	4736663
5	Shri Ravi P. Singh	Director (Personnel)	3100555	592692	-	1930641	5623888
6	Shri R.P. Sasmal	Director (Operations)	3072993	1144604	-	1598885	5816482
7	Shri Prabhakar Singh (Appointed as Director w.e.f. 08.02.2017, was ED till 07.02.2017)	Director (Projects)	634189	92522	-	371132	1097848

(₹ in Lakhs)

Name of non –official part time Directors	Sitting fees		Total
	Board Meeting	Committee of Board of Director's Meeting	
Shri J.I. Patel	2.80	3.00	5.80
Ms. Jyotika Kalra	0.40	-	0.40
Shri Tse Ten Dorji	0.20	-	0.20

#### **4(iv) POWERGRID: RELATED PARTY TRANSACTIONS** (FY 2018-19)

##### **(a) Subsidiaries**

Name of entity	Place of business/country of incorporation	Proportion of Ownership Interest	
		31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Powergrid Vizag Transmission Limited	India	100%	100%
Powergrid NM Transmission Limited	India	100%	100%
Powergrid Unchahar Transmission Limited	India	100%	100%
Powergrid Kala Amb Transmission Limited	India	100%	100%
Powergrid Jabalpur Transmission Limited	India	100%	100%
Powergrid Warora Transmission Limited	India	100%	100%
Powergrid Parli Transmission Limited	India	100%	100%
Powergrid Southern Interconnector Transmission System Limited	India	100%	100%
Powergrid Vemagiri Transmission Limited	India	100%	100%
Powergrid Medinipur Jeerat Transmission Limited	India	100%	100%
Powergrid Mithilanchal Transmission Limited (erstwhile ERSS XXI Transmission Limited)	India	100%	100%
Powergrid Varanasi Transmission System Limited(erstwhile WR-NR Power Transmission Limited )	India	100%	100%
Powergrid Jawaharpur Firozabad Transmission Limited Limited (erstwhile Jawaharpur Firozabad Transmission Limited) <sup>#</sup>	India	100%	Not Applicable

<sup>#</sup>100% equity in Powergrid Jawaharpur Firozabad Transmission Limited acquired from REC Transmission Projects Limited on 21<sup>st</sup> December, 2018.

**(b) Joint Ventures**

Name of entity	Place of business/country of incorporation	Proportion of Ownership Interest	
		31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Powerlinks Transmission Limited	India	49%	49%
Torrent Power Grid Limited	India	26%	26%
Jaypee Powergrid Limited	India	26%	26%
Parbati Koldam Transmission Company Limited	India	26%	26%
Teestavalley Power Transmission Limited##	India	28.23%	26%
North East Transmission Company Limited	India	26%	26%
National High Power Test Laboratory Private Limited	India	20%	20%
Bihar Grid Company Limited	India	50%	50%
Kalinga Bidyut Prasaran Nigam Private Limited###	India	50%	50%
Cross Border Power Transmission Company Limited	India	26%	26%
RINL Powergrid TLT Private Limited####	India	50%	50%
Power Transmission Company Nepal Ltd	Nepal	26%	26%

## POWERGRID & Teesta Urja Ltd are the Joint venture partners in Teestavalley Power Transmission Limited & holds 26% & 74 % equity, respectively as per Shareholding agreement. On call of additional equity by Teestavalley Power Transmission limited, POWERGRID contributed their share amounting ₹ 11.28 crore while the other JV partner has not yet contributed their share of money as on 31.03.2019. Consequently, the holding of POWERGRID increased to 28.23% as on 31.03.2019 against 26% provided in shareholding agreement.

### POWERGRID's Board of Directors in its meeting held on 16<sup>th</sup> august 2017 accorded approval for initiating procedure for winding up/removal of the name of Kalinga Bidyut Prasaran Nigam Private Ltd under fast track Exit mode of Registrar of Companies (ROC).

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

**(c) Key Managerial Personnel**

**Whole Time Directors**

<b>Name</b>	<b>Designation</b>
Shri I.S. Jha	Chairman and Managing Director(CMD) ceased to be Chairman & Managing Director w.e.f 21.01.2019
Shri Ravi P. Singh	Director (Personnel) & Additional Charge of Chairman & Managing Director w.e.f 21.01.2019 to 20.04.2019
Shri K. Sreekant	Director (Finance)
Ms. Seema Gupta	Director (Operations)
Shri. Prabhakar Singh	Director (Projects) retired on 30.06.2018
Shri Rajeev Kumar Chauhan	Director (Projects) w.e.f 23.08.2018

**Independent Directors**

<b>Name</b>	<b>Designation</b>
Shri Jagdish Ishwar Bhai Patel	Independent Director
Shri Tse Ten Dorji	Independent Director
Shri Manoj Kumar Mittal	Independent Director
Shri Sunil Kumar Sharma	Independent Director w.e.f 23.07.2018
Smt. A.R. Mahalakshmi	Independent Director w.e.f 26.07.2018

**Government Nominee Directors**

<b>Name</b>	<b>Designation</b>
Ms. Bharati	Government Nominee Director ceased to be Director w.e.f 13.02.2019
Shri Vivek Kumar Dewangan	Government Nominee Director w.e.f 26.04.2018
Shri Ghanshyam Prasad	Government Nominee Director w.e.f 01.03.2019
Smt. Divya Tandon	Company Secretary

**(d) List of Other Related Parties**

<b>Name of Entity</b>	<b>Place of business/country of incorporation</b>	<b>Nature of Relationship</b>
Powergrid Employees P.F. Trust	India	Post-employment benefit plan of Powergrid
Powergrid Self Contributory Superannuation Benefit (Pension) Fund Trust	India	Post-employment benefit plan of Powergrid
Powergrid Employees Gratuity Fund Trust	India	Post-employment benefit plan of Powergrid
Powergrid Employees Post-Retirement Medical Benefit Trust*	India	Post Retirement Benefit plan of Powergrid

\*Trust registered on 1<sup>st</sup> May 2018.

**(e) Government Related Entities**

The company is controlled by the Government of India (GOI), being a Central Public Sector Enterprise (CPSE) under the Ministry of Power, with GOI holding 55.37% of equity shares capital issued and paid up (previous year 56.91%).

The Company has business transactions with other entities controlled by the GOI for procurement of capital equipment, spares and services. Transactions with these entities are carried out at market terms on arms-length basis through a transparent price discovery process against open tenders, except in a few cases of procurement of spares/services from Original Equipment Manufacturer (OEM) for proprietary items/or on single tender basis due to urgency, compatibility or other reasons. Such single tender procurements are also done through a process of negotiation with prices benchmarked against available price data of same/similar items.

The above transactions are in the course of normal day-to-day business operations and are not considered to be significant keeping in view the size, either individually or collectively.

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

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

(₹ in crore)

<b>Particulars</b>	<b>31<sup>st</sup> March, 2019</b>	<b>31<sup>st</sup> March, 2018</b>
<b>Advances /Amount Payables</b>		
<u>Joint Ventures &amp; Subsidiary</u>		
Cross Border Power Transmission Company Limited	10.14	11.12
Teestavalley Power Transmission Limited	35.32	30.92
North East Transmission Company Limited	7.96	7.86
Powerlinks Transmission Limited	2.72	2.01
Powergrid Warora Transmission Limited	-	0.14
Bihar Grid Company Limited	1.52	-
<b>Total payables to related parties</b>	<b>57.66</b>	<b>52.05</b>

(₹ in crore)

<b>Particulars</b>	<b>31<sup>st</sup> March, 2019</b>	<b>31<sup>st</sup> March, 2018</b>
<b>Amount Receivables</b>		
<u>Subsidiaries</u>		
Powergrid Vemagiri Transmission Limited ( fully provided refer Note No 11)	19.40	19.39
Powergrid NM Transmission Limited	67.38	81.21
Powergrid Vizag Transmission Limited	-	0.16
Powergrid Unchahar Transmission Limited	0.09	-
Powergrid Kala Amb Transmission Limited	-	1.08
Powergrid Jabalpur Transmission Limited	4.43	18.27
Powergrid Warora Transmission Limited	3.18	9.32
Powergrid Parli Transmission Limited	2.62	14.61
Powergrid Southern Interconnector Transmission System Ltd.	9.21	35.73
Powergrid Medinipur Jeerat Transmission Limited.	30.48	3.47
Powergrid Mithilanchal Transmission Limited	3.22	25.02
Powergrid Varanasi Transmission System Limited	6.25	15.21

Powergrid Jawaharpur Firozabad Transmission Limited	1.58	-
<b><u>Joint Ventures</u></b>		
Parbati Koldam Transmission Company Limited	0.38	0.38
National High Power Test Laboratory Private Limited	34.02	10.99
Bihar Grid Company Limited	-	7.50
Power Transmission Company Nepal Limited	3.10	1.43
Jaypee Powergrid Limited	0.02	0.02
Torrent Powergrid Limited	0.01	0.41
<b>Total</b>	<b>185.37</b>	<b>244.20</b>
<b><u>Loans to Subsidiaries</u></b>		
Powergrid NM Transmission Limited	1085.90	924.30
Powergrid Vizag Transmission Limited	614.50	708.43
Powergrid Unchahar Transmission Limited	46.32	55.92
Powergrid Kala Amb Transmission Limited	225.28	246.84
Powergrid Jabalpur Transmission Limited	1289.58	967.00
Powergrid Warora Transmission Limited	1682.00	1657.87
Powergrid Parli Transmission Limited	1475.50	1476.58
Powergrid Southern Interconnector Transmission System Ltd.	2707.56	1823.62
Powergrid Medinipur Jeerat Transmission Limited	1269.78	252.57
Powergrid Mithilanchal Transmission Limited	203.53	-
Powergrid Varanasi Transmission System Limited	202.19	-
Powergrid Jawaharpur Firozabad Transmission Limited	4.60	-
<b>Total</b>	<b>10806.74</b>	<b>8113.13</b>
<b><u>Loans to Joint Ventures</u></b>		
National High Power Test Laboratory Private Limited	6.00	6.00
Teestavalley Power Transmission Limited	77.12	-

<b>Total</b>	<b>83.12</b>	<b>6.00</b>
<b><u>Interest Accrued on loan to Subsidiaries</u></b>		
Powergrid NM Transmission Limited	38.63	37.78
Powergrid Kala Amb Transmission Limited	-	0.10
Powergrid Jabalpur Transmission Limited	15.26	18.80
Powergrid Warora Transmission Limited	-	41.00
Powergrid Parli Transmission Limited	-	31.65
Powergrid Southern Interconnector Transmission System Ltd.	43.77	35.22
Powergrid Medinipur Jeerat Transmission Limited	8.24	3.61
Powergrid Mithilanchal Transmission Limited	0.30	-
Powergrid Varanasi Transmission System Limited	0.70	-
<b>Total</b>	<b>106.90</b>	<b>168.16</b>
<b><u>Interest Accrued on loan to Joint Ventures</u></b>		
National High Power Test Laboratory Private Limited	-	0.01
Teestavalley Power Transmission Limited	1.62	-
<b>Total</b>	<b>1.62</b>	<b>0.01</b>
<b><u>Loans to Key Managerial Personnel</u></b>	<b>0.18</b>	<b>0.11</b>

(₹ in crore)

<b>Other Related Parties</b>	<b>31<sup>st</sup> March, 2019</b>	<b>31<sup>st</sup> March, 2018</b>
<u>Outstanding balances with Employees Benefit Trust</u>		
Powergrid Employees Gratuity Fund Trust	Nil	109.59
<b>Total</b>	<b>Nil</b>	<b>109.59</b>

**(g) Transactions with related parties**

The following transactions occurred with related parties:

(₹ in crore)

<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March, 2019</b>	<b>For the year ended 31<sup>st</sup> March, 2018</b>
<b>Services provided by the Company</b>		

<b>Consultancy Income</b>		
<b><u>Joint Ventures</u></b>		
National High Power Test Laboratory Private Limited	0.54	-
Jaypee Powergrid Limited	1.12	1.01
Cross Border Power Transmission Company Limited	2.05	1.60
Bihar Grid Company Limited	16.26	13.84
Parbati Koldam Transmission Company Limited	0.01	0.05
Teestavalley Power Transmission Limited	5.80	0.17
North East Transmission Company Limited	5.22	6.53
Torrent Powergrid Ltd	1.37	2.85
Power Transmission Company Nepal Limited	1.66	-
<b>Total</b>	<b>34.03</b>	<b>26.05</b>
<b>Consultancy Income</b>		
<b><u>Subsidiaries</u></b>		
Powergrid Unchahar Transmission Limited	0.34	0.67
Powergrid Kala Amb Transmission Limited	5.83	4.19
Powergrid Jabalpur Transmission Limited	18.33	32.18
Powergrid Warora Transmission Limited	13.77	46.62
Powergrid Parli Transmission Limited	14.45	40.91
Powergrid Southern Interconnector Transmission System Ltd.	36.65	85.67
Powergrid NM Transmission Limited	7.39	7.77
Powergrid Vizag Transmission Limited	3.92	4.93
Powergrid Mithilanchal Transmission Limited	7.78	6.06
Powergrid Medinipur Jeerat Transmission Limited	51.33	21.51
Powergrid Varanasi Transmission System Limited	11.17	-
Powergrid Jawaharpur Firozabad Transmission Limited	1.45	-
<b>Total</b>	<b>172.41</b>	<b>250.51</b>
<b>Interest on Loan</b>		
<b><u>Subsidiaries</u></b>		
Powergrid NM Transmission Limited	80.32	71.48
Powergrid Vizag Transmission Limited	56.37	61.55

Powergrid Unchahar Transmission Limited	4.29	4.47
Powergrid Kala Amb Transmission Limited	18.47	17.46
Powergrid Jabalpur Transmission Limited	95.96	37.93
Powergrid Warora Transmission Limited	131.71	99.11
Powergrid Parli Transmission Limited	117.12	69.20
Powergrid Southern Interconnector Transmission System Ltd.	196.60	72.56
Powergrid Medinipur Jeerat Transmission Limited	47.06	4.97
Powergrid Mithilanchal Transmission Limited	7.88	-
Powergrid Varanasi Transmission System Limited	4.14	-
Powergrid Jawaharpur Firozabad Transmission Limited	0.01	-
<b><u>Joint Ventures</u></b>		
National High Power Test Laboratory Private Limited	0.60	0.01
Teestavalley Power Transmission Limited	1.80	-
<b>Total</b>	<b>762.33</b>	<b>438.74</b>
<b>Dividend received</b>		
<b><u>Subsidiaries</u></b>		
Powergrid Vizag Transmission Limited	29.99	20.97
Powergrid Unchahar Transmission Limited	4.02	1.95
Powergrid Kala Amb Transmission Limited	9.03	-
Powergrid Warora Transmission Limited	27.76	-
Powergrid Parli Transmission Limited	15.89	-
<b><u>Joint Ventures</u></b>		
Powerlinks Transmission Limited	25.22	38.99
Jaypee Powergrid Limited	12.09	6.63
Torrent Power Grid Limited	2.34	2.34
North East Transmission Company Limited	5.35	4.28

Cross Border Power Transmission Company Limited		4.05
Parbati Koldam Transmission Company Limited	11.35	7.80
Power Transmission Company Nepal Limited	1.32	1.46
<b>Total</b>	<b>144.36</b>	<b>88.47</b>
<b>Investments made during the year (Equity)</b>		
<b><u>Subsidiaries</u></b>		
Powergrid NM Transmission Limited	52.00	50.00
Powergrid Kala Amb Transmission Limited	5.00	54.95
Powergrid Jabalpur Transmission Limited	173.00	-
Powergrid Warora Transmission Limited	150.00	151.20
Powergrid Parli Transmission Limited	228.40	-
Powergrid Southern Interconnector Transmission Limited	515.45	-
Powergrid Mithilanchal Transmission Limited	-	0.05
Powergrid Varanasi Transmission System Limited	-	0.05
Powergrid Jawaharpur Firozabad Transmission Limited	0.05	-
<b><u>Joint Ventures</u></b>		
Teestavalley Power Transmission Limited	11.28	-
Bihar Grid Company Limited	15.45	7.74
RINL Powergrid TLT Pvt. Ltd	0.60	-
Power Transmission Company Nepal Limited	-	1.62
<b>Total</b>	<b>1151.23</b>	<b>265.61</b>
<b>Other Related Parties</b>		
<b><u>Contribution made during the year</u></b>		
Powergrid Employees P.F. Trust	131.04	93.07
Powergrid Self Contributory Superannuation Benefit (Pension) Fund Trust	102.41	108.67
Powergrid Employees Gratuity Fund Trust	29.56	4.05

<b>Total</b>	<b>263.01</b>	<b>205.79</b>
<b>Recovery for Deputation of Employees</b>		
<b><u>Joint Ventures</u></b>		
Jaypee Powergrid Limited	0.48	0.17
Cross Border Power Transmission Company Limited	1.22	0.82
North East Transmission Company Limited	0.13	0.11
Teestavalley Power Transmission Limited	0.21	-
<b>Total</b>	<b>2.04</b>	<b>1.10</b>

### Terms and Conditions

The loans to key management personnel are on the same terms and conditions as applicable to all other employees

All other transactions were made on normal commercial terms and conditions and at market rates. All outstanding balances are unsecured and are repayable in cash.

Loans to Subsidiaries are given on cost to cost basis.

### h) Transaction in the capacity of Central Transmission Utility (CTU) with the related parties

(₹ in crore)

<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March, 2019</b>	<b>For the year ended 31<sup>st</sup> March, 2018</b>
<b><u>Subsidiaries</u></b>		
Powergrid Vizag Transmission Limited	273.21	220.18
Powergrid Unchahar Transmission Limited	17.82	5.05
Powergrid Parli Transmission Limited	199.70	-
Powergrid Southern Interconnector Transmission Limited	22.30	-
Powergrid Kala Amb Transmission Limited	11.09	-
Powergrid NM Transmission Limited	6.03	-
Powergrid Jabalpur Transmission Limited	16.66	-
<b><u>Joint Ventures</u></b>		
Parbati Koldam Transmission Company Limited	155.75	178.83
Torrent Power Grid Limited	46.91	46.46

Powerlinks Transmission Limited	207.79	172.79
Jaypee Powergrid Limited	180.92	192.86
North East Transmission Company Limited	341.86	357.06
Teestavalley Power Transmission Limited	32.23	30.27
<b>Total</b>	<b>1512.27</b>	<b>1203.50</b>

• **Remuneration to Key Managerial Personnel**

(₹ in crore)

<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March, 2019</b>	<b>For the year ended 31<sup>st</sup> March, 2018</b>
<u>Short Term Employee Benefits</u>	5.16	2.78
Post-Employment Benefits	0.19	0.54
Long Term Employee Benefits	0.44	0.17
Arrears to KMPs	0.72	-
<b>Total</b>	<b>6.51</b>	<b>3.49</b>

In addition to the above remuneration, the whole time directors have been allowed to use the staff car (including for private journeys) on payment of ₹ 2000/- p.m. as contained in the Department of Public Enterprises (DPE) OM No. 2 (23)/11-DPE (WC)-GL-V/13 dated 21/01/2013.

**(FY 2017-2018)**

**(a) Subsidiaries**

Name of entity	Place of business/country of incorporation	Proportion of Ownership Interest	
		31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Powergrid Vizag Transmission Limited	India	100%	100%
Powergrid NM Transmission Limited	India	100%	100%
Powergrid Unchahar Transmission Limited	India	100%	100%
Powergrid Kala Amb Transmission Limited	India	100%	100%
Powergrid Jabalpur Transmission Limited	India	100%	100%
Powergrid Warora Transmission Limited	India	100%	100%
Powergrid Parli Transmission Limited	India	100%	100%
Powergrid Southern Interconnector Transmission Limited	India	100%	100%
Powergrid Vemagiri Transmission Limited	India	100%	100%
Grid Conductors Limited <sup>#</sup>	India	-	100%
Powergrid Medinipur Jeerat Transmission Limited (erstwhile Medinipur Jeerat Transmission Limited)	India	100%	100%
Powergrid Mithilanchal Transmission Limited (erstwhile ERSS XXI Transmission Limited) <sup>##</sup>	India	100%	Not Applicable
Powergrid Varanasi Transmission System Limited(erstwhile WR-NR Power Transmission Limited) <sup>###</sup>	India	100%	Not Applicable

<sup>#</sup>Pursuant to the application dated 13<sup>th</sup> June 2017 submitted to Ministry of Corporate Affairs for striking off the name of Grid Conductors Limited, the company ceases to be wholly owned subsidiary.

## 100% equity in Powergrid Mithilanchal Transmission Limited acquired from REC Transmission Projects Limited on 12<sup>th</sup> January, 2018.

### 100% equity in WR-NR Power Transmission Limited acquired from REC Transmission Projects Limited on 27<sup>th</sup> March, 2018. The name has been changed to Powergrid Varanasi Transmission System Limited in the FY 2018-19.

**(b) Joint Ventures**

Name of entity	Place of business/country of incorporation	Proportion of Ownership Interest	
		31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Powerlinks Transmission Limited	India	49%	49%
Torrent Power Grid Limited	India	26%	26%
Jaypee Powergrid Limited	India	26%	26%
Parbati Koldam Transmission Company Limited	India	26%	26%
Teestavalley Power Transmission Limited	India	26%	26%
North East Transmission Company Limited	India	26%	26%
National High Power Test Laboratory Private Limited	India	20%	20%
Bihar Grid Company Limited	India	50%	50%
Kalinga Bidyut Prasaran Nigam Private Limited####	India	50%	50%
Cross Border Power Transmission Company Limited	India	26%	26%
RINL Powergrid TLT Private Limited	India	50%	50%
Power Transmission Company Nepal Ltd	Nepal	26%	26%

#### POWERGRID's Board of Directors in its meeting held on 16<sup>th</sup> august 2017 accorded approval for initiating procedure for winding up/removal of the name of Kalinga Bidyut Prasaran Nigam Private Ltd under fast track Exit mode of Registrar of Companies (ROC).

**(c) Key Managerial Personnel**

<b>Name</b>	<b>Designation</b>
Shri I.S. Jha	Chairman and Managing Director
Shri Ravi P. Singh	Director (Personnel)
Shri K. Sreekant	Director (Finance)
Shri R.P. Sasmal	Director (Operations) retired on 28.02.2018
Sh. Prabhakar Singh	Director (Projects)
Ms. Seema Gupta	Director (Operations) w.e.f 01.03.2018
Dr. Pradeep Kumar	Government Nominee Director Ceased to be Director w.e.f 31.07.2017
Ms. Jyoti Arora	Government Nominee Director Ceased to be Director w.e.f 05.07.2017
Shri Jagdish Ishwar Bhai Patel	Independent Director
Shri Tse Ten Dorji	Independent Director
Ms. Shalini Prasad	Government Nominee Director w.e.f 14.08.2017 to 30.08.2017
Ms. Bharati	Government Nominee Director w.e.f 31.08.2017
Ms. Jyotika Kalra	Independent Director Ceased to be Director w.e.f 06.04.2017
Shri. Manoj Kumar Mittal	Independent Director w.e.f 12.09.2017
Smt. Divya Tandon	Company Secretary

**(d) List of Other Related Parties**

<b>Name of Entity</b>	<b>Place of business/country of incorporation</b>	<b>Nature of Relationship</b>
Powergrid Employees P.F. Trust	India	Post-employment benefit plan of Powergrid
Powergrid Self Contributory Superannuation Benefit (Pension) Fund Trust	India	Post-employment benefit plan of Powergrid
Powergrid Employees Gratuity Fund Trust	India	Post-employment benefit plan of Powergrid

**(e) Government Related Entities**

The company is controlled by the Government of India (GOI), being a Central Public Sector Enterprise (CPSE) under administrative control of the Ministry of Power, with GOI holding 56.91% of equity shares capital issued and paid up (previous year 57.90%).

The Company has business transactions with other entities controlled by the GOI for procurement of capital equipment, spares and services. Transactions with these entities are carried out at market terms on arms-length basis through a transparent price discovery process against open tenders, except in a few cases of procurement of spares/services from Original Equipment Manufacturer (OEM) for proprietary items/or on single tender basis due to urgency, compatibility or other reasons. Such single tender procurements are also done through a process of negotiation with prices benchmarked against available price data of same/similar items.

The above transactions are in the course of normal day-to-day business operations and are not considered to be significant keeping in view the size, either individually or collectively.

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

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

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
<b>Amount Payables</b>		
<b>Joint Ventures and Subsidiaries</b>		
Cross Border Power Transmission Company Limited	11.12	9.53
Teestavalley Power Transmission Limited	30.92	30.78
North East Transmission Company Limited	7.86	-
Powerlinks Transmission Limited	2.01	-
Powergrid Warora Transmission Limited (Subsidiary)	0.14	-
<b>Total payables to related parties</b>	<b>52.05</b>	<b>40.31</b>

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
<b>Amount Receivables</b>		
<b>Subsidiaries</b>		
Powergrid Vemagiri Transmission Limited	19.39	19.39
Powergrid NM Transmission Limited	81.21	31.67
Powergrid Vizag Transmission Limited	0.16	16.31
Powergrid Unchahar Transmission Limited	-	3.52
Powergrid Kala Amb Transmission Limited	1.08	9.37
Powergrid Jabalpur Transmission Limited	18.27	10.69
Powergrid Warora Transmission Limited	9.32	15.99
Powergrid Parli Transmission Limited	14.61	11.76
Powergrid Southern Interconnector Transmission System Ltd.	35.73	15.18
Powergrid Medinipur Jeerat Transmission Limited.	3.47	19.23
Powergrid Mithilanchal Transmission Limited	25.02	-
WR-NR Power Transmission Limited	15.21	-
<b>Joint Ventures</b>		
Parbati Koldam Transmission Company Limited	0.38	0.36
North East Transmission Company Limited	-	5.22
National High Power Test Laboratory Private Limited	10.99	4.67
Bihar Grid Company Limited	7.50	4.92
Kalinga Bidyut Prasaran Nigam Private Limited	-	0.85
Power Transmission Company Nepal Limited	1.43	-
RINL Powergrid TLT Pvt. Ltd	-	0.08
Powerlinks Transmission Limited	-	0.97
Jaypee Powergrid Limited	0.02	-
Torrent Powergrid Limited	0.41	-
<b>Total</b>	<b>244.20</b>	<b>170.18</b>

<b><u>Loans to Subsidiaries</u></b>		
Powergrid NM Transmission Limited	924.30	839.25
Powergrid Vizag Transmission Limited	708.43	720.33
Powergrid Unchahar Transmission Limited	55.92	54.44
Powergrid Kala Amb Transmission Limited	246.84	204.59
Powergrid Jabalpur Transmission Limited	967.00	204.06
Powergrid Warora Transmission Limited	1657.87	675.43
Powergrid Parli Transmission Limited	1476.58	445.39
Powergrid Southern Interconnector Transmission Limited	1823.62	342.56
Powergrid Medinipur Jeerat Transmission Limited	252.57	-
<b>Total</b>	<b>8113.13</b>	<b>3486.05</b>
<b><u>Loans to Joint Ventures</u></b>		
National High Power Test Laboratory Private Limited	6.00	-
<b>Total</b>	<b>6.00</b>	<b>-</b>
<b><u>Interest Accrued on loan to Subsidiaries</u></b>		
Powergrid NM Transmission Limited	37.78	33.88
Powergrid Vizag Transmission Limited	-	23.75
Powergrid Unchahar Transmission Limited	-	2.54
Powergrid Kala Amb Transmission Limited	0.10	4.72
Powergrid Jabalpur Transmission Limited	18.80	5.05
Powergrid Warora Transmission Limited	41.00	16.15
Powergrid Parli Transmission Limited	31.65	9.99
Powergrid Southern Interconnector Transmission Limited	35.22	8.76
Powergrid Medinipur Jeerat Transmission Limited	3.61	-
<b><u>Interest Accrued on loan to Joint Ventures</u></b>		
National High Power Test Laboratory Private Limited	0.01	-
<b>Total</b>	<b>168.17</b>	<b>104.84</b>
<b><u>Loans to Key Managerial Personnel</u></b>	<b>0.11</b>	<b>0.15</b>

(₹ in crore)

<b>Other Related Parties</b>	<b>31<sup>st</sup> March, 2018</b>	<b>31<sup>st</sup> March, 2017</b>
Outstanding balances with Employees Benefit Trust		
Powergrid Employees Gratuity Fund Trust	109.59	56.67
<b>Total</b>	<b>109.59</b>	<b>56.67</b>

**(g) Transactions with related parties**

The following transactions occurred with related parties:

(₹ in crore)

<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March, 2018</b>	<b>For the year ended 31<sup>st</sup> March, 2017</b>
<b>Services received by the Company</b>		
<b><u>Subsidiaries</u></b>		
Power System Operation Corporation Limited*	-	9.22
<b><u>Joint Ventures</u></b>		
Energy Efficiency Services Limited**	-	0.49
<b>Total</b>	<b>-</b>	<b>9.71</b>

<b>Services provided by the Company</b>		
<b><u>Subsidiaries</u></b>		
Power System Operation Corporation Limited##	-	5.91
Powergrid Parli Transmission Limited	-	0.10
Powergrid Vemagiri Transmission Limited	-	0.05
<b><u>Joint Ventures</u></b>		
National High Power Test Laboratory Private Limited	-	0.13
Powerlinks Transmission Limited	-	0.28
Power Transmission Company Nepal Limited	-	3.10
Jaypee Powergrid Limited	1.01	0.28
Cross Border Power Transmission Company Limited	1.60	2.96
Bihar Grid Company Limited	13.84	0.12
Parbati Koldam Transmission Company Limited	0.05	0.37
Teestavalley Power Transmission Limited	0.17	0.58
North East Transmission Company Limited	6.53	8.12
Torrent Powergrid Ltd	2.85	1.29
<b>Total</b>	<b>26.05</b>	<b>23.29</b>
<b>Consultancy Income</b>		
<b><u>Subsidiaries</u></b>		
Powergrid Unchahar Transmission Limited	0.67	2.70
Powergrid Kala Amb Transmission Limited	4.19	8.11
Powergrid Jabalpur Transmission Limited	32.18	11.39
Powergrid Warora Transmission Limited	46.62	29.92
Powergrid Parli Transmission Limited	40.91	22.68
Powergrid Southern Interconnector Transmission Limited	85.67	11.92
Powergrid NM Transmission Limited	7.77	33.95
Powergrid Vizag Transmission Limited	4.93	27.74
Powergrid Mithilanchal Transmission Limited	6.06	-
Powergrid Medinipur Jeerat Transmission Limited	21.51	-
<b>Total</b>	<b>250.51</b>	<b>148.41</b>
<b>Interest on Loan</b>		
<b><u>Subsidiaries</u></b>		
Powergrid NM Transmission Limited	71.48	62.32
Powergrid Vizag Transmission Limited	61.55	56.79
Powergrid Unchahar Transmission Limited	4.47	3.94
Powergrid Kala Amb Transmission Limited	17.46	5.93
Powergrid Jabalpur Transmission Limited	37.93	5.75
Powergrid Warora Transmission Limited	99.11	18.68
Powergrid Parli Transmission Limited	69.20	11.42
Powergrid Southern Interconnector Transmission Limited	72.56	10.67
Powergrid Medinipur Jeerat Transmission Limited	4.97	-
<b><u>Joint Ventures</u></b>		
National High Power Test Laboratory Private Limited	0.01	-

<b>Total</b>	<b>438.74</b>	<b>175.50</b>
<b>Dividend received</b>		
<b><u>Subsidiaries</u></b>		
Power System Operation Corporation Limited *	-	3.56
Powergrid Vizag Transmission Limited	20.97	
Powergrid Unchahar Transmission Limited	1.95	
<b><u>Joint Ventures</u></b>		
Powerlinks Transmission Limited	38.99	38.99
Jaypee Powergrid Limited	6.63	13.26
Torrent Power Grid Limited	2.34	1.64
North East Transmission Company Limited	4.28	-
Cross Border Power Transmission Company Limited	4.05	-
Parbati Koldam Transmission Company Limited	7.80	1.77
Power Transmission Company Nepal Limited	1.46	-
<b>Total</b>	<b>88.47</b>	<b>59.22</b>
<b>Investments made during the year (Equity)</b>		
<b><u>Subsidiaries</u></b>		
Powergrid NM Transmission Limited	50.00	138.00 <sup>@</sup>
Powergrid Vizag Transmission Limited	-	155.00
Powergrid Kala Amb Transmission Limited	54.95	1.00
Powergrid Jabalpur Transmission Limited	-	0.10
Powergrid Warora Transmission Limited	151.20	25.05
Powergrid Parli Transmission Limited	-	0.05
Powergrid Unchahar Transmission Limited	-	12.91
Powergrid Medinipur Jeerat Transmission Limited	-	0.01
Grid Conductors Limited	-	0.05
Powergrid Mithilanchal Transmission Limited	0.05	-
WR-NR Power Transmission Limited	0.05	-
<b><u>Joint Ventures</u></b>		
Teestavalley Power Transmission Limited	-	27.17
National High Power Test Laboratory Private Limited	-	6.50
Bihar Grid Company Limited	7.74	108.19
Cross Border Power Transmission Company Limited	-	2.30
RINL Powergrid TLT Pvt. Ltd	-	3.30
Power Transmission Company Nepal Limited	1.62	-
<b>Total</b>	<b>265.61</b>	<b>479.63</b>
<sup>@</sup> includes share application amounting to ₹ 28 Crore allotted on 10 <sup>th</sup> April 2017.		
<b><u>Other Related Parties</u></b>		
<b><u>Contribution made during the year</u></b>		
Powergrid Employees P.F. Trust	93.07	89.47
Powergrid Self Contributory Superannuation Benefit (Pension) Fund Trust	108.67	109.83

Powergrid Employees Gratuity Fund Trust	4.05	26.85
<b>Total</b>	<b>205.79</b>	<b>226.15</b>
<b>Recovery for Deputation of Employees</b>		
<b>Joint Ventures</b>		
Jaypee Powergrid Limited	0.17	0.11
Cross Border Power Transmission Company Limited	0.82	-
North East Transmission Company Limited	0.11	
<b>Total</b>	<b>1.10</b>	<b>0.11</b>

\* ceased to be a Subsidiary w.e.f. 2<sup>nd</sup> January, 2017

\*\* ceased to be a Joint Venture w.e.f. 25<sup>th</sup> April, 2016

### Terms and Conditions

The loans to key management personnel are on the same terms and conditions as applicable to all other employees

All other transactions were made on normal commercial terms and conditions and at market rates.

All outstanding balances are unsecured and are repayable in cash.

Loans to Subsidiaries are given on cost to cost basis.

### Transaction in the capacity of Central Transmission Utility (CTU) with the related parties

(₹ in crore)

Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
<b>Subsidiaries</b>		
Powergrid Vizag Transmission Limited	220.18	48.26
Powergrid Unchahar Transmission Limited	5.05	
<b>Joint Ventures</b>		
Parbati Koldam Transmission Company Limited	178.83	162.46
Torrent Power Grid Limited	46.46	52.71
Powerlinks Transmission Limited	172.79	262.14
Jaypee Powergrid Limited	192.86	195.56
North East Transmission Company Limited	357.06	321.43
Teestavalley Power Transmission Limited	30.27	-
<b>Total</b>	<b>1203.50</b>	<b>1042.56</b>

Remuneration to Key Managerial Personnel is ₹ 3.49 crore (previous year ₹ 3.61 crore) and amount of dues outstanding to the company as on 31<sup>st</sup> March, 2018 are ₹ 0.11 crore (Previous Year ₹ 0.15 crore)

**(FY 2016-2017)**

**RELATED PARTY DISCLOSURES:**

**(a) Subsidiaries**

Name of entity	Place of business/country of incorporation	Proportion of Ownership Interest		
		31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015
Powergrid Vizag Transmission Limited	India	100%	100%	100%
Powergrid NM Transmission Limited	India	100%	100%	100%
Powergrid Unchahar Transmission Limited	India	100%	100%	100%
Powergrid Kala Amb Transmission Limited	India	100%	100%	100%
Powergrid Jabalpur Transmission Limited	India	100%	100%	100%
Powergrid Warora Transmission Limited	India	100%	100%	NA
Powergrid Parli Transmission Limited	India	100%	100%	NA
Powergrid Southern Interconnector Transmission Limited	India	100%	100%	NA
Powergrid Vemagiri Transmission Limited	India	100%	100%	100%
Power System Operation Corporation Limited **	India	NA	100%	100%
Grid Conductors Limited#	India	100%	100%	NA
Powergrid Medinipur Jeerat Transmission Limited ##	India	100%	NA	NA

\*\* ceased to be a subsidiary w.e.f. 2<sup>nd</sup> January, 2017

# Pursuant to the application dated 13<sup>th</sup> June 2017 submitted to Ministry of Corporate Affairs for striking off the name of Grid Conductors Limited, the company ceases to be wholly owned subsidiary.

## 100% equity in Powergrid Medinipur Jeerat Transmission Limited acquired from PFC Consulting Limited on 28<sup>th</sup> March, 2017

**(b) Joint Ventures**

Name of entity	Place of business/country of incorporation	Proportion of Ownership Interest		
		31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015
Powerlinks Transmission Limited	India	49%	49%	49%
Torrent Power Grid Limited	India	26%	26%	26%

Jaypee Powergrid Limited	India	26%	26%	26%
Parbati Koldam Transmission Company Limited	India	26%	26%	26%
Teestavalley Power Transmission Limited	India	26%	26%	26%
North East Transmission Company Limited	India	26%	26%	26%
National High Power Test Laboratory Private Limited	India	20%	21.64%	20%
Energy Efficiency Services Limited*	India	4.87%	13.63%	25%
Bihar Grid Company Limited	India	50%	50%	50%
Kalinga Vidyut Prasaran Nigam Private Limited	India	50%	50%	50%
Cross Border Power Transmission Company Limited	India	26%	26%	26%
RINL Powergrid TLT Private Limited	India	50%	50%	0%
Power Transmission Company Nepal Ltd	Nepal	26%	26%	26%

\* ceased to be Joint Venture w.e.f. 25<sup>th</sup> April, 2016

### (c) Key Managerial Personnel

Name	Designation
Shri I.S. Jha	Chairman and Managing Director
Shri R.T. Agarwal	Director (Finance) – retired on 31 <sup>st</sup> Aug,2016
Shri K. Sreekant	Director (Finance) -w.e.f. 1 <sup>st</sup> Sep,2016
Shri Ravi P. Singh	Director (Personnel)
Shri R.P. Sasmal	Director (Operations)
Sh. Prabhakar Singh	Director (Projects) -w.e.f. 8 <sup>th</sup> Feb, 2017
Dr. Pradeep Kumar	Government Nominee
Smt. Jyoti Arora	Government Nominee
Shri Jagdish Ishwar Bhai Patel	Independent Director
Shri Tse Ten Dorji	Independent Director
Ms. Jyotika Kalra	Independent Director
Smt. Divya Tandon	Company Secretary

**(d) List of Other Related Parties**

Name of Entity	Place of business/country of incorporation	Nature of Relationship
Powergrid Employees P.F. Trust	India	Post-employment benefit plan of Powergrid
Powergrid Self Contributory Superannuation Benefit (Pension) Fund Trust	India	Post-employment benefit plan of Powergrid
Powergrid Employees Gratuity Fund Trust	India	Post-employment benefit plan of Powergrid

**(e) Government Related Entities**

The company is controlled by the Government of India (GOI), being a Central Public Sector Enterprise (CPSE) under the Ministry of Power, with GOI holding 57.90% of equity shares capital issued and paid up (previous year 57.90%).

The Company has business transactions with other entities controlled by the GOI for procurement of capital equipment, spares and services. Transactions with these entities are carried out at market terms on arms-length basis through a transparent price discovery process against open tenders, except in a few cases of procurement of spares/services from Original Equipment Manufacturer (OEM) for proprietary items/or on single tender basis due to urgency, compatibility or other reasons. Such single tender procurements are also done through a process of negotiation with prices benchmarked against available price data of same/similar items.

The above transactions are in the course of normal day-to-day business operations and are not considered to be significant keeping in view the size, either individually or collectively.

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

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

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015
<b>Trade payables (purchases of goods and services)</b>			
<u>Subsidiaries</u>			
Power System Operation Corporation Limited**	-	-	3.61
<u>Joint Ventures</u>			
Parbati Koldam Transmission Company Limited	-	0.09	0.09
National High Power Test Laboratory Private Limited	-	5.36	-
Powerlinks Transmission Limited	-	2.78	2.78

Bihar Grid Company Limited	-	-	3.28
Cross Border Power Transmission Company Limited	9.53	7.58	1.70
Teestavalley Power Transmission Limited	30.78	40.44	40.38
<b>Total payables to related parties</b>	<b>40.31</b>	<b>56.25</b>	<b>51.84</b>

\*\* ceased to be a subsidiary w.e.f. 2<sup>nd</sup> January, 2017

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015
<b>Trade receivables ( sale of goods and services)</b>			
<u>Subsidiaries</u>			
Power System Operation Corporation Limited**	-	57.15	47.12
Powergrid Vemagiri Transmission Limited	19.39	19.37	19.37
Powergrid NM Transmission Limited	31.67	4.30	23.26
Powergrid Vizag Transmission Limited	16.31	4.47	50.19
Powergrid Unchahar Transmission Limited	3.52	0.42	2.95
Powergrid Kala Amb Transmission Limited	9.37	0.04	4.08
Powergrid Jabalpur Transmission Limited	10.69	18.71	18.34
Powergrid Warora Transmission Limited	15.99	18.57	-
Powergrid Parli Transmission Limited	11.76	18.87	-
Powergrid Southern Interconnector Transmission System Ltd.	15.18	19.18	-
Grid Conductors Limited	-	0.08	-
Powergrid Medinipur Jeerat Transmission Limited	19.23	-	-
<u>Joint Ventures</u>			
Parbati Koldam Transmission Company Limited	0.36	-	0.01
North East Transmission Company Limited	5.22	21.50	22.21
National High Power Test Laboratory Private Limited	4.67	-	4.19
Energy Efficiency Services Limited	-	0.13	0.25
Bihar Grid Company Limited	4.92	9.19	7.08
Kalinga Vidyut Prasaran Nigam Private Limited	0.85	0.85	0.84
Cross Border Power Transmission Company Limited	-	-	0.30
Power Transmission Company Nepal Limited	-	0.03	-
RINL Powergrid TLT Pvt. Ltd	0.08	0.08	-
Powerlinks Transmission Limited	0.97	0.06	0.10
<b>Total receivables to related parties</b>	<b>170.18</b>	<b>193.00</b>	<b>200.29</b>

\*\* ceased to be a subsidiary w.e.f. 2<sup>nd</sup> January, 2017

### Loans to Key Managerial Personnel

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016	1 <sup>st</sup> April, 2015
Loans	0.15	0.18	0.16

### Loans to related parties

(₹ in crore)

<b><u>Loans to Subsidiaries</u></b>	<b>31<sup>st</sup> March, 2017</b>	<b>31<sup>st</sup> March, 2016</b>	<b>1<sup>st</sup> April, 2015</b>
Powergrid NM Transmission Limited	839.25	535.50	91.34
Powergrid Vizag Transmission Limited	720.33	532.36	138.36
Powergrid Unchahar Transmission Limited	54.44	26.12	-
Powergrid Kala Amb Transmission Limited	204.59	30.31	-
Powergrid Jabalpur Transmission Limited	204.06	2.34	-
Powergrid Warora Transmission Limited	675.43	12.17	-
Powergrid Parli Transmission Limited	445.39	5.28	-
Powergrid Southern Interconnector Transmission Limited	342.56	15.64	-
<b>Total</b>	<b>3486.05</b>	<b>1159.72</b>	<b>229.70</b>

### Interest accrued on Loan

(₹ in crore)

<b>Particulars</b>	<b>31<sup>st</sup> March, 2017</b>	<b>31<sup>st</sup> March, 2016</b>	<b>1<sup>st</sup> April, 2015</b>
<b><u>Subsidiaries</u></b>			
Powergrid NM Transmission Limited	33.88	14.29	1.17
Powergrid Vizag Transmission Limited	23.75	9.08	2.24
Powergrid Unchahar Transmission Limited	2.54	0.64	-
Powergrid Kala Amb Transmission Limited	4.72	1.44	-
Powergrid Jabalpur Transmission Limited	5.05	-	-
Powergrid Warora Transmission Limited	16.15	-	-
Powergrid Parli Transmission Limited	9.99	-	-
Powergrid Southern Interconnector Transmission Limited	8.76	-	-
<b>Total</b>	<b>104.84</b>	<b>25.45</b>	<b>3.41</b>

(₹ in crore)

<b>Other Related Parties</b>	<b>31<sup>st</sup> March, 2017</b>	<b>31<sup>st</sup> March, 2016</b>	<b>1<sup>st</sup> April, 2015</b>
<b><u>Outstanding balances with Employees Benefit Trust</u></b>			
Powergrid Employees P.F. Trust	-	4.79	(3.89)
Powergrid Self Contributory Superannuation Benefit (Pension) Fund Trust	-	(10.41)	(7.91)
Powergrid Employees Gratuity Fund Trust	56.67	29.21	(1.78)
<b>Total</b>	<b>56.67</b>	<b>23.59</b>	<b>(13.58)</b>

**(g) Transactions with related parties**

The following transactions occurred with related parties:

(₹ in crore)

<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March, 2017</b>	<b>For the year ended 31<sup>st</sup> March, 2016</b>
<b>Services received by the Company</b>		
<u>Subsidiaries</u>		
Power System Operation Corporation Limited**	9.22	11.13
<u>Joint Ventures</u>		
National High Power Test Laboratory Private Limited	-	1.81
Energy Efficiency Services Limited	0.49	-
<b>Total</b>	<b>9.71</b>	<b>12.94</b>
<b>Services provided by the Company</b>		
<u>Subsidiaries</u>		
Power System Operation Corporation Limited**	5.91	7.30
Powergrid Jabalpur Transmission Limited	11.39	-
Powergrid Parli Transmission Limited	0.10	-
Powergrid Vemagiri Transmission Limited	0.05	-
<u>Joint Ventures</u>		
National High Power Test Laboratory Private Limited	0.13	29.42
Powerlinks Transmission Limited	0.28	0.08
Energy Efficiency Services Limited	-	0.15
Power Transmission Company Nepal Limited	3.10	2.41
Jaypee Powergrid Limited	0.28	-
Cross Border Power Transmission Company Limited	2.96	3.94
Bihar Grid Company Limited	0.12	30.38
Parbati Koldam Transmission Company Limited	0.37	-
Teestavalley Power Transmission Limited	0.58	16.93
North East Transmission Company Limited	8.12	12.18
Torrent Powergrid Ltd	1.29	-
<b>Total</b>	<b>34.68</b>	<b>102.79</b>

\*\* ceased to be a subsidiary w.e.f. 2<sup>nd</sup> January, 2017

(₹ in crore)

<b>Other Related Parties</b>	<b>For the year ended 31<sup>st</sup> March, 2017</b>	<b>For the year ended 31<sup>st</sup> March, 2016</b>
<u>Contribution made during the year</u>		
Powergrid Employees P.F. Trust	89.47	84.57
Powergrid Self Contributory Superannuation Benefit (Pension) Fund Trust	109.83	102.19
Powergrid Employees Gratuity Fund Trust	26.85	28.66
<b>Total</b>	<b>226.15</b>	<b>215.42</b>

### Investments made during the year (Equity)

(₹ in crore)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Subsidiaries</b>		
Powergrid NM Transmission Limited	138.00*	-
Powergrid Vizag Transmission Limited	155.00	-
Powergrid Kala Amb Transmission Limited	1.00	-
Powergrid Jabalpur Transmission Limited	0.10	-
Powergrid Warora Transmission Limited	25.05	0.05
Powergrid Parli Transmission Limited	0.05	0.05
Powergrid Southern Interconnector Transmission System Ltd.	-	0.05
Powergrid Unchahar Transmission Limited	12.91	-
Powergrid Medinipur Jeerat Transmission Limited	0.01	-
Grid Conductors Limited	0.05	-
<b>Joint Ventures</b>		
Teestavalley Power Transmission Limited	27.17	26.10
National High Power Test Laboratory Private Limited	6.50	-
Bihar Grid Company Limited	108.19	30.29
Cross Border Power Transmission Company Limited	2.30	5.38
RINL Powergrid TLT Pvt. Ltd	3.30	0.10
Power Transmission Company Nepal Limited	-	3.90
<b>Total</b>	<b>479.63</b>	<b>65.92</b>

\*includes share application amounting to ₹28 Crore allotted on 10<sup>th</sup> April 2017.

### Consultancy Income

(₹ in crore)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Subsidiaries</b>		
Powergrid Unchahar Transmission Limited	2.70	0.12
Powergrid Kala Amb Transmission Limited	8.11	0.26
Powergrid Jabalpur Transmission Limited	11.39	2.03
Powergrid Warora Transmission Limited	29.92	7.48
Powergrid Parli Transmission Limited	22.68	4.52
Powergrid Southern Interconnector Transmission Limited	11.92	14.86
Powergrid NM Transmission Limited	33.95	-
Powergrid Vizag Transmission Limited	27.74	-
<b>Total</b>	<b>148.41</b>	<b>29.27</b>

### Interest on Loan

(₹ in crore)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Subsidiaries</b>		
Powergrid NM Transmission Limited	62.32	24.09

Powergrid Vizag Transmission Limited	56.79	22.83
Powergrid Unchahar Transmission Limited	3.94	0.70
Powergrid Kala Amb Transmission Limited	5.93	1.60
Powergrid Jabalpur Transmission Limited	5.75	-
Powergrid Warora Transmission Limited	18.68	-
Powergrid Parli Transmission Limited	11.42	-
Powergrid Southern Interconnector Transmission Limited	10.67	0.01
<b>Total</b>	<b>175.50</b>	<b>49.23</b>

### Dividend received

(₹ in crore)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Subsidiaries</b>		
Power System Operation Corporation Limited **	3.56	20.07
<b>Joint Ventures</b>		
Powerlinks Transmission Limited	38.99	44.72
Jaypee Powergrid Limited	13.26	4.68
Torrent Power Grid Limited	1.64	1.29
North East Transmission Company Limited	-	10.69
Energy Efficiency Services Limited	-	0.68
Parbati Koldam Transmission Company Limited	1.77	-
<b>Total</b>	<b>59.22</b>	<b>82.13</b>

\*\* ceased to be a subsidiary w.e.f. 2<sup>nd</sup> January, 2017

### Recovery for Deputation of Employees

(₹ in crore)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Joint Ventures</b>		
Jaypee Powergrid Limited	0.11	-
Cross Border Power Transmission Company Limited	-	0.35
<b>Total</b>	<b>0.11</b>	<b>0.35</b>

### Terms and Conditions

The loans to key management personnel are on the same terms and conditions as applicable to all other employees.

All other transactions were made on normal commercial terms and conditions and at market rates. All outstanding balances are unsecured and are repayable in cash.

### Transaction in the capacity of Central Transmission Utility (CTU) with the related parties

(₹ in crore)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Subsidiaries</b>		

Powergrid Vizag Transmission Limited	48.26	1.18
<b>Joint Ventures</b>		
Parbati Koldam Transmission Company Limited	162.46	163.13
Torrent Power Grid Limited	52.71	57.62
Powerlinks Transmission Limited	262.14	260.98
Jaypee Powergrid Limited	195.56	170.69
North East Transmission Company Limited	321.43	401.29
<b>Total</b>	<b>1042.56</b>	<b>1054.89</b>

Remuneration to Key Managerial Personnel is ₹3.61 crore (previous year ₹ 3.07 crore) and amount of dues outstanding to the company as on 31<sup>st</sup> March, 2017 are ₹0.15 crore (₹0.18 crore as on 31<sup>st</sup> March, 2016) (₹ 0.16 crore as on 1<sup>st</sup> April, 2015)

**4.(v) Summary of Reservations or Qualifications or Adverse Remarks of Auditors in the last five financial years**

<b>S. K. Mittal &amp; Co.</b> Chartered Accountants Mittal House, E-29, South Extension Part – II New Delhi – 110049	<b>R. G. N. Price &amp; Co.</b> Chartered Accountants Simpson Buildings 861, Anna Salai Chennai – 600002
<b>Kothari &amp; Co.</b> Chartered Accountants 1E Neelkanth, 26-B, Camac Street Kolkata – 700016	<b>Parakh &amp; Co.</b> Chartered Accountants A – 101, Pratik Apartments, Ramchandra Nagar 3, Near Cadbury Signal, Thane West Mumbai – 400604

**INDEPENDENT AUDITOR’S REPORT (FY 2018-19)**

**TO THE MEMBERS OF POWER GRID CORPORATION OF INDIA LIMITED**

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of Power Grid Corporation of India Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the standalone financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit & total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance

with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Emphasis of Matter**

We draw attention to the following matters in the notes to the Standalone financial statements

(a) In respect of recognition of revenue from transmission assets for which final tariff orders are yet to be issued by the CERC [Refer Note No. 35(b)(ii)]; and

(b) In respect of balance confirmation, reconciliation and consequential adjustments, if any, of Trade Receivable and Recoverable and Trade and Other payables which is carried out on an ongoing basis [Refer Note No. 45(a)].

Our opinion is not modified in respect of these matters.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended 31<sup>st</sup> March 2019. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matters	Auditors' approach to address the Key Audit Matters
1	<p><b><u>Recognition of Revenue</u></b></p> <p>The Company has revenue from three business segments viz. Transmission, Telecom and Consultancy.</p> <p>Transmission Income is accounted for based on tariff orders notified by the CERC. In case of transmission projects where final tariff orders are yet to be notified, transmission income is accounted for on provisional basis as per tariff regulations and orders of the CERC in similar cases. Difference, if any, is accounted on issuance of final tariff orders by the CERC. As at each reporting date, transmission income includes an accrual for services rendered to the customers but not yet billed i.e. Unbilled Revenue.</p> <p>The Company implemented Ind AS 115 in the current financial year and applied the available exemption provided therein, to not restate the comparative periods.</p> <p>This is considered as Key Audit Matter due to the nature and extent of estimates made as per CERC tariff Regulations and contracts with customers for recognition of revenue. (Refer Note No. 35(b)(ii) Standalone Financial Statement)</p>	<p>Our audit approach was a combination of test of internal controls and substantive procedures which includes the following:</p> <ol style="list-style-type: none"> <li>1. We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard.</li> <li>2. Evaluated the detailed analysis performed by management on revenue streams by selecting samples for the existing contracts with customers and considered revenue recognition policy in the current period in respect of those revenue streams;</li> <li>3. Evaluated and tested the effectiveness of the design of Internal controls relating to recognition and measurement of revenue from Transmission, Telecom and Consultancy.</li> <li>4. Verified the transmission revenue based on the CERC tariff Regulation, orders, circulars, guidelines and the company's internal circulars.</li> <li>5. Verified the revenue from Transmission based on the tariff orders notified by CERC during the year on test basis.</li> <li>6. Verified on test basis the income recognised on provisional basis (Unbilled Revenue) consistently as per the regulatory guidelines for the assets whose final orders are yet to be notified by CERC, based on the date of commercial operation (DOCO) letters issued by Regional technical heads, and capital cost, as certified by the Management.</li> <li>7. Verified the Consultancy and Telecom revenue based on the contracts with customers.</li> <li>8. Evaluated the appropriateness of the disclosures provided under the new revenue standard and assessed the adequacy of the relevant disclosures.</li> </ol>

<p>2</p>	<p><b><i>Deferred Tax Assets relating to MAT credit entitlement</i></b></p> <p>The Company has considered MAT credit of Rs. 5935.70 Crore in anticipation of set off against the tax payable in future years and created Deferred Tax Asset for the same during the year. The same has been recognized as liability of the Regulatory Deferral Account corresponding to the said MAT credit entitlement.</p> <p>We identified this as a key audit matter because of the importance of this matter intended uses of the financial statements and its materiality and requirement of judgement in assessing future taxable profits for recognition of MAT credit entitlement.</p> <p>(Refer Note No.26 of Standalone financial statements.)</p>	<p>Our audit approach involved:</p> <ol style="list-style-type: none"> <li>1. Understanding the current status of availability of MAT credits</li> <li>2. Discussed with appropriate senior management and evaluated management’s underlying key assumptions for set off of MAT credit against taxable future profits</li> </ol>
<p>3</p>	<p><b>Assessment of contingent liabilities in respect of certain litigations including land compensation, direct and indirect taxes, various claims filed by other parties not acknowledged as debt.</b></p> <p>There is high level of judgement required in estimating the contingent liabilities. The company’s assessment of contingent liabilities is supported by the facts of the matter, Company’s judgement thereon, past experience and advices from legal and independent tax consultants wherever necessary.</p> <p>We identified the above area as Key Audit Matters in view of associated uncertainty relating to the outcome of these matter.</p> <p>(Refer Note No. 61 of Standalone financial statements).</p>	<p>Our audit approach involved;</p> <ol style="list-style-type: none"> <li>a) Understanding the current status of the litigation for land compensations/tax assessments.</li> <li>b) Examining recent orders from competent authorities and/or communication received from various authorities, judicial forums and follow up action thereon.</li> <li>c) Review and analysis of evaluation of the contentions of the company through discussions, collection of details of the subject matter under consideration, the likely outcome and consequent potential outflows on those issues.</li> </ol>

## **Information Other than the Standalone Financial Statements and Auditor’s Report Thereon**

The Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board’s Report including Annexures to Board’s Report, Business Responsibility Report, Corporate Governance and Shareholder’s Information, but does not include the standalone financial statements and our Auditor’s Report thereon. The other information as identified above is expected to be made available to us after the date of this Auditor’s Report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. We have nothing to report in this regard.

When we read those documents including annexures, if any thereon, if we conclude that there is a material misstatement therein, we shall communicate the matter to those charged with the governance.

### **Management’s Responsibility for the Standalone Financial Statements**

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

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

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

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

### **Auditor’s Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

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

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

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

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

Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse

consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in **Annexure ‘1’** our report on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. In terms of section 143(5) of the Companies Act, 2013, we give in the **Annexure ‘2’** our report on the directions issued by the Comptroller and Auditor General of India.
3. As required by Section 143(3) of the Act, based on our audit we report that:
4. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
5. 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;
6. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account;
7. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with the relevant rules issued thereunder;
8. In view of exemption given vide notification no. G.S.R. 463(E) dated June 5, 2015, issued by the Ministry of Corporate Affairs, provisions of Section 164(2) of the Act regarding disqualification of Directors, are not applicable to the Company;
9. With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the company and the operating effectiveness of such controls, refer to our separate report in **Annexure ‘3’**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls with reference to Standalone financial statements.
10. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - The Company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements – Refer Note No. 47 and 61 to the Standalone financial statements.
  - 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.
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S. K. Mittal & Co.**  
Chartered Accountants  
FRN : 001135N

For **R. G. N. Price & Co.**  
Chartered Accountants  
FRN : 002785S

(**CA S. Murthy**)  
Partner  
M. No. 072290

(**CA Rangarajan Raghavan Iyengar**)  
Partner  
M. No. 041883

For **Kothari & Co.**

For **Parakh & Co.**

Chartered Accountants  
FRN : 301178E

Chartered Accountants  
FRN : 001475C

(CA Manaswy Kothari)  
Partner  
M. No. 064601

(CA Gotam Kumar Bagariya)  
Partner  
M. No. 425104

Place : New Delhi

Date: 29<sup>th</sup> May, 2019

### Annexure ‘1’ to the Independent Auditors’ Report

As referred to in our Independent Auditors’ Report of even date to the members of the **Power Grid Corporation of India Limited**, on the standalone Ind AS financial statements for the year ended 31<sup>st</sup> March, 2019, we report that:

- (i) a) The Company has generally maintained records, showing full particulars including quantitative details and situation of Fixed Assets (Property, Plant & Equipment).
- b) The fixed assets (Property, Plant & Equipment) have been physically verified by external agencies during the year. In our opinion, frequency of verification is reasonable having regard to the size of the Company and nature of its business. No material discrepancies were noticed on such verification.
- c) In our opinion and according to information and explanations given to us and on the basis of an examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except:

	No. of Cases	Cost (₹ in Crores)	Net Block (₹ in Crores)
Leasehold Land	10	200.08	189.42
Freehold Land	25	144.27	144.27
Buildings (Flats in Mumbai)	28	2.95	1.67

- (ii) The inventories have been physically verified by external agencies during the year. In our opinion, frequency of verification is reasonable having regard to the size of the Company and nature of its business. No material discrepancies were noticed on such verification.
- (iii) According to the information and explanations given to us, the Company has not granted loans, secured or unsecured, during the year, to any companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. In view of the above, the clause 3(iii) (a), clause 3(iii) (b) and clause 3(iii) (c) of the Order are not applicable.

- (iv) In our opinion and according to information and explanation given to us, the company has complied with provisions of section 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the public in accordance with the provisions of the sections 73 to 76 or any other relevant provisions of the Act, and the rules framed thereunder. Accordingly, paragraph 3(v) of the order is not applicable to the company.
- (vi) We have broadly reviewed the cost records maintained by the company specified by the Central Government under sub section (1) of section 148 of the Companies Act, 2013, in respect of Transmission & Telecom Operations of the Company and we are of the opinion that prima facie the prescribed records have been made and maintained. However, we have not made detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues with appropriate authorities including Provident Fund, Income Tax, Goods and Services Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to the Company and that there are no undisputed statutory dues outstanding as at 31<sup>st</sup> March, 2019 for a period of more than six months from the date they became payable. As informed, provisions of the Employees State Insurance Act are not applicable to the Company.
- a) According to information and explanations given to us, there are no disputed dues of Duty of Customs or Duty of Excise which have not been deposited. However, following disputed demands of Income Tax or Sales Tax or Service Tax or Value Added Tax or Cess dues have not been deposited:

<b>Name of the Statute</b>	<b>Nature of dues</b>	<b>Amount* (₹ in Crores)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
Income Tax Act, 1961	Income Tax	2.38	For the FY 2010-11	ITAT, Delhi
Income Tax Act, 1961	Income Tax	4.30	For the FY 2015-16	CIT (A) Delhi
Income Tax Act, 1961	Income Tax	5.17		Jurisdictional Assessing Officers of TANs
Income Tax Act, 1961	Income Tax	5.38		Jurisdictional Assessing Officer, Delhi
Chhattisgarh Entry Tax Act, 1976	Entry Tax	164.59	For the FY 2011-12 to 2017-18	Chhattisgarh High Court

Name of the Statute	Nature of dues	Amount* (₹ in Crores)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service Tax	0.28	For the F.Y. 2003-04	CESTAT, Kolkata
Bihar Value Added Tax, 2005	Entry Tax	12.00	For FY 2014-15	Chief Commissioner, Commercial Tax, Bihar
Bihar Value Added Tax, 2005	Entry Tax	2.16	For FY 2015-16	Joint Commissioner, Commercial Tax (Appeals)
J&K GST Act, 1962	Sales Tax	6.94	From F.Y. 1996-97 to 2001-02	Sales Tax Appellate Tribunal, J&K
J&K GST Act, 1962	Sales Tax	261.10	From F.Y. 2002-03 to 2013-14	Dy./Addl. Commissioner of Sales Tax (appeals) Jammu, J&K
Punjab Vat Act, 2005 (Entry Tax)	Entry Tax	9.64	From F.Y. 2011-12 to 2013-14	Hon'able High Court Punjab & Haryana,
Building & Other Construction Workers Cess Act, 1996	BOCW	5.00	For FY 2007-08	Hon'able High Court Himachal Pradesh, Shimla
	<b>Total</b>	<b>478.94</b>		

\* Demand amount including interest, net of amount paid under protest.

- (viii) In our opinion and according to the information and explanations given to us the Company has not defaulted during the year in repayment of loans to its financial institutions, bankers and dues to the Bond holders.
- (ix) In our opinion on an overall basis and according to the information and explanations given to us, the company has applied the term loans including funds raised through bonds for the purpose they were obtained. The company has raised funds by issuance of debt instruments (bonds) during the year. The company has not raised money by way of initial public offer or further public offer during the year.
- (x) According to the information and explanations given to us and as represented by the management, we have been informed that no case of fraud has been committed on or by the company during the year.
- (xi) In view of exemption given vide notification no. G. S. R. 463(E) dated June 5, 2015, issued by Ministry of Corporate Affairs, provisions of Section 197 read with Schedule V of the Act regarding managerial remuneration are not applicable to the Company. Accordingly, paragraph 3(xi) of the order is not applicable to the company.

- (xii) The company is not a Nidhi Company as prescribed under section 406 of the Act. Accordingly, paragraph 3(xii) of the order is not applicable to the company.
- (xiii) According to the information and explanations given to us and as represented by the management, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details have been disclosed in the standalone Ind AS financial statements as required by the applicable Indian Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) is not applicable to the company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) is not applicable to the company.
- (xvi) According to the information and explanations given to us the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) is not applicable to the company.

For **S. K. Mittal & Co.**  
Chartered Accountants  
FRN : 001135N

(**CA S. Murthy**)  
Partner  
M. No. 072290

For **Kothari & Co.**  
Chartered Accountants  
FRN : 301178E

(**CA Manaswy Kothari**)  
Partner  
M. No. 064601

For **R. G. N. Price & Co.**  
Chartered Accountants  
FRN : 002785S

(**CA Rangarajan Raghavan Iyengar**)  
Partner  
M. No. 041883

For **Parakh & Co.**  
Chartered Accountants  
FRN : 001475C

(**CA Gotam Kumar Bagariya**)  
Partner  
M. No. 425104

Place: New Delhi

Dated: 29<sup>th</sup> May, 2019

### Annexure ‘2’ to the Auditors Report

As referred to in our Independent Auditors’ Report of even date to the members of the **Power Grid Corporation of India Limited**, on the standalone Ind AS financial statements for the year ended 31<sup>st</sup> March, 2019

S.No.	Directions	Auditors’ Comments
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If	The company is having ERP system (SAP) in place for processing all accounting transactions. Based on our verification, no

	yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	accounting transaction is being recorded/ processed other than through the ERP system in place.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	Based on our verification and explanations and information given to us, there were no cases of restructuring of an existing loan or cases of waiver/ write off of debts/loan/interest etc. made by a lender to the company due to the company's inability to repay the loan.
3.	Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	Based on our verification and explanations and information given to us, funds received/receivable for specific scheme from Central/State agencies were properly accounted for and utilized as per its terms and conditions. No deviations were noticed by us.

For **S. K. Mittal & Co.**  
Chartered Accountants  
FRN : 001135N

(**CA S. Murthy**)  
Partner  
M. No. 072290

For **Kothari & Co.**  
Chartered Accountants  
FRN : 301178E

(**CA Manaswy Kothari**)  
Partner  
M. No. 064601

For **R. G. N. Price & Co.**  
Chartered Accountants  
FRN : 002785S

(**CA Rangarajan Raghavan Iyengar**)  
Partner  
M. No. 041883

For **Parakh & Co.**  
Chartered Accountants  
FRN : 001475C

(**CA Gotam Kumar Bagariya**)  
Partner  
M. No. 425104

Place: New Delhi

Dated: 29<sup>th</sup> May, 2019

### **Annexure '3' to the Auditors' Report**

As referred to in our Independent Auditors' Report of even date to the members of the **Power Grid Corporation of India Limited**, on the standalone Ind AS financial statements for the year ended 31<sup>st</sup> March, 2019

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

We have audited the internal financial controls with reference to Ind AS financial statements of the company as at 31<sup>st</sup> March 2019 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 with reference to Ind AS financial statements, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls with reference to Ind AS financial statements that were operating effectively for ensuring the orderly and efficient conduct of business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors’ Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system with reference to Ind AS financial statements.

### **Meaning of Internal Financial Controls with reference to Ind AS financial statements**

A company’s internal financial control with reference to Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the

preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Ind AS financial statements includes those policies and procedures that:

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

### **Inherent Limitations of internal Financial Controls with reference to Ind AS financial statements**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at 31<sup>st</sup> March, 2019, based on the internal financial controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S. K. Mittal & Co.  
Chartered Accountants  
FRN : 001135N

(CA S. Murthy)  
Partner  
M. No. 072290

For Kothari & Co.  
Chartered Accountants

For R. G. N. Price & Co.  
Chartered Accountants  
FRN : 002785S

(CA Rangarajan Raghavan Iyengar)  
Partner  
M. No. 041883

For Parakh & Co.  
Chartered Accountants

FRN : 301178E

FRN : 001475C

(CA Manaswy Kothari)

Partner

M. No. 064601

(CA Gotam Kumar Bagariya)

Partner

M. No. 425104

Place: New Delhi

Date: 29<sup>th</sup> May , 2019

<b>S. K. Mittal &amp; Co.</b> Chartered Accountants Mittal House, E-29, South Extension Part – II New Delhi – 110049	<b>Parakh &amp; Co.</b> Chartered Accountants A – 101, Pratik Apartments, Ramchandra Nagar 3, Near Cadbury Signal, Thane West Mumbai – 400604
<b>Kothari &amp; Co.</b> Chartered Accountants 1E Neelkanth, 26-B, Camac Street Kolkata – 700016	<b>R. G. N. Price &amp; Co.</b> Chartered Accountants Simpson Buildings 861, Anna Salai Chennai – 600002

## INDEPENDENT AUDITORS' REPORT (2017-18)

To the Members of **Power Grid Corporation of India Limited**

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Power Grid Corporation of India Limited** (“the Company”), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as “Standalone Ind AS Financial Statements”).

### 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (“Ind AS”) prescribed under Section 133 of the Act, read with relevant rules issued there under.

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

### Auditors' 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 there under and the Order issued under section 143 (11) of the Act.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS 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 the 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 aforesaid 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 31<sup>st</sup> March 2018, its profit including other comprehensive income, its changes in equity and its cash flows for the year ended on that date.

### **Emphasis of Matter**

We draw attention to the following matters in the Notes to the Standalone Ind AS Financial Statements:

- (b) in respect of recognition of revenue from transmission assets for which final tariff orders are yet to be issued by the CERC [Refer Note No. 36 (b) (ii)]; and
- (c) in respect of Balance confirmation, reconciliation and consequential adjustments, if any, of Trade Receivable and Recoverable and Trade and Other Payables which is carried out on an ongoing basis [Refer Note No. 46(a)].

Our opinion is not modified in respect of these matters.

### **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'** our report on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. In terms of section 143 (5) of the Companies Act, 2013, we give in the **Annexure '2'** our report on the directions issued by the Comptroller and Auditor General of India.

3. As required by section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows 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 Indian Accounting Standards specified under section 133 of the Act, read with the relevant rules issued thereunder;
  - (e) In view of exemption given vide notification no. G. S. R. 463(E) dated June 5, 2015, issued by Ministry of Corporate Affairs, provisions of Section 164(2) of the Act regarding disqualification of Directors, are not applicable to the Company;
  - (f) With respect to the adequacy of the internal financial controls with reference to standalone Ind AS financial statements of the company and the operating effectiveness of such controls, refer to our separate report in **Annexure '3'**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone Ind AS financial statements.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note No. 48 and 62 to the standalone Ind AS financial statements;
    - ii. The Company has made provision, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S. K. Mittal & Co.**  
Chartered Accountants  
FRN : 001135N  
(**CA Gaurav Mittal**)  
Partner  
M. No. 099387

For **R. G. N. Price & Co.**  
Chartered Accountants  
FRN : 002785S  
(**CA R. Rangarajan**)  
Partner  
M. No. 041883

For **Kothari & Co.**  
Chartered Accountants  
FRN : 301178E  
(**CA Amitav Kothari**)  
Partner  
M. No. 016639

For **Parakh & Co.**  
Chartered Accountants  
FRN : 001475C  
(**CA Indra Pal Singh**)  
Partner  
M. No. 410433

Place : New Delhi

Date : 29<sup>th</sup> May, 2018

## Annexure ‘1’ to the Independent Auditors’ Report

As referred to in our Independent Auditors’ Report of even date to the members of the **Power Grid Corporation of India Limited**, on the standalone Ind AS financial statements for the year ended 31<sup>st</sup> March, 2018, we report that:

- (i) a) The Company has generally maintained records, showing full particulars including quantitative details and situation of Fixed Assets (Property, Plant & Equipment).
- b) The fixed assets (Property, Plant & Equipment) have been physically verified by external agencies during the year. In our opinion, frequency of verification is reasonable having regard to the size of the Company and nature of its business. No material discrepancies were noticed on such verification.
- c) In our opinion and according to information and explanations given to us and on the basis of an examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except:

	No. of Cases	Cost(₹ in Crores)	Net Block(₹ in Crores)
Leasehold Land	10	69.83	61.59
Freehold Land	30	230.05	230.05
Buildings (Flats in Mumbai)	28	2.95	1.99

- (ii) The inventories have been physically verified by external agencies during the year. In our opinion, frequency of verification is reasonable having regard to the size of the Company and nature of its business. No material discrepancies were noticed on such verification.
- (iii) According to the information and explanations given to us, the Company has not granted loans, secured or unsecured, during the year, to any companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. In view of the above, the clause 3(iii) (a), clause 3(iii) (b) and clause 3(iii) (c) of the Order are not applicable.
- (iv) In our opinion and according to information and explanation given to us, the company has complied with provisions of section 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the public in accordance with the provisions of the sections 73 to 76 or any other relevant provisions of the Act, and the rules framed thereunder. Accordingly, paragraph 3(v) of the order is not applicable to the company.
- (vi) We have broadly reviewed the cost records maintained by the company specified by the Central Government under sub section (1) of section 148 of the Companies Act, 2013, in respect of Transmission & Telecom Operations of the Company and we are of the opinion that prima facie the prescribed records have been made and maintained. However, we have not made detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues with appropriate authorities including Provident Fund, Income Tax, Goods and Services Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to the Company and that there are no undisputed statutory dues outstanding as at 31<sup>st</sup> March, 2018 for a period of more than six months from the date they became payable. As informed, provisions of the Employees State Insurance Act are not applicable to the Company.

b) According to information and explanations given to us, there are no disputed dues of Duty of Customs or Duty of Excise which have not been deposited. However, following disputed demands of Income Tax or Sales Tax or Service Tax or Value Added Tax or Cess dues have not been deposited:

Name of the Statute	Nature of dues	Amount ₹ in Crore	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2.23	For the FY 2010-11	ITAT, Delhi
Income Tax Act, 1961	Income Tax	2.02	For the FY 2013-14 & 2014-15	CIT (A) Delhi
Income Tax Act, 1961	Income Tax	5.99		Jurisdictional Assessing Officers of TANs
Income Tax Act, 1961	Income Tax	4.16		Jurisdictional Assessing Officer, Delhi
Chhattisgarh Entry Tax Act, 1976	Entry Tax	71.44	For the FY 2012-13 to 2017-18	Chhattisgarh High Court
Finance Act, 1994	Service Tax	1.57	For the F.Y. 2003-04	CESTAT, Kolkata
Bihar Value Added Tax,2005	Entry Tax	12.00	For FY 2014-15	Chief Commissioner, Commercial Tax, Bihar
Bihar Value Added Tax,2005	Entry Tax	3.60	For FY 2015-16	Joint Commissioner, Commercial Tax (Appeals)
Goa Building & Other Construction Workers Act & Rules thereunder	Building & Other Construction Workers Cess	0.04	For the F.Y. 2014-15 & 2015-16	---
J&K GST Act, 1962	Sales Tax	7.76	From F.Y.1996-97 to 2001-02	Sales Tax Appellate Tribunal, J&K
J&K GST Act, 1962	Sales Tax	179.37	From F.Y.2002-03 to 2012-13	Dy./Addl. Commissioner of Sales Tax (appeals) Jammu, J&K
Punjab Vat Act, 2005 (Entry Tax)	Entry Tax	9.64	From F.Y.2011-12 to 2013-14	Hon'able High Court Punjab & Haryana,
Building & Other Construction Workers Cess Act, 1996	BOCW	4.62	For FY 2007-08	Hon'able High Court Himachal Pradesh, Shimla
UP VAT	Sales Tax Demand	0.10	For F.Y. 2015-16	Hon'able Allahabad High Court
UP VAT	Central Sales Tax	0.01	For FY 2013-14	Dy. Commissioner, Commercial Tax, Allahabad
Finance Act,1994	Service Tax	0.05	FY 2015-16 & 2016-17	Commissioner of Central Tax, Hyderabad
	<b>Total</b>	<b>304.60</b>		

\* Demand amount including interest, net of amount paid under protest.

- (viii) In our opinion and according to the information and explanations given to us the Company has not defaulted during the year in repayment of loans to its financial institutions, bankers and dues to the Bond holders.
- (ix) In our opinion on an overall basis and according to the information and explanations given to us, the company has applied the term loans including funds raised through bonds for the purpose they were obtained. The company has raised funds by issuance of debt instruments

- (bonds) during the year. The company has not raised money by way of initial public offer or further public offer during the year.
- (x) According to the information and explanations given to us and as represented by the management, we have been informed that no case of fraud has been committed on or by the company during the year.
- (xi) In view of exemption given vide notification no. G. S. R. 463(E) dated June 5, 2015, issued by Ministry of Corporate Affairs, provisions of Section 197 read with Schedule V of the Act regarding managerial remuneration are not applicable to the Company. Accordingly, paragraph 3(xi) of the order is not applicable to the company.
- (xii) The company is not a Nidhi Company as prescribed under section 406 of the Act. Accordingly, paragraph 3(xii) of the order is not applicable to the company.
- (xiii) According to the information and explanations given to us and as represented by the management, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details have been disclosed in the standalone Ind AS financial statements as required by the applicable Indian Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) is not applicable to the company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) is not applicable to the company.
- (xvi) According to the information and explanations given to us the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) is not applicable to the company.

For **S. K. Mittal & Co.**  
Chartered Accountants  
FRN : 001135N  
(**CA Gaurav Mittal**)  
Partner  
M. No. 099387

For **R. G. N. Price & Co.**  
Chartered Accountants  
FRN : 002785S  
(**CA R. Rangarajan**)  
Partner  
M. No. 041883

For **Kothari & Co.**  
Chartered Accountants  
FRN : 301178E  
(**CA Amitav Kothari**)  
Partner  
M. No. 016639

For **Parakh & Co.**  
Chartered Accountants  
FRN : 001475C  
(**CA Indra Pal Singh**)  
Partner  
M. No. 410433

Place: New Delhi

Dated: 29<sup>th</sup> May, 2018

**Annexure ‘2’ to the Auditors Report (2017-18)**

As referred to in our Independent Auditors’ Report of even date to the members of the **Power Grid Corporation of India Limited**, on the standalone Ind AS financial statements for the year ended 31<sup>st</sup> March, 2018

S. No.	Directions	Auditors’ Comments	Action taken by management	Impact on standalone Ind AS financial statements
1.	Whether the company has clear title / lease deeds for freehold and leasehold land respectively? If not, please state the area of the freehold and leasehold land for which title / lease deeds are not available.	The Company is having clear title/deeds for freehold, leasehold land and buildings/flats except 268.50 hectares of freehold land valuing ₹229.87 Crores, 133.25 hectares of leasehold land valuing ₹69.83 Crores and 21674 sq.foot of flats valuing ₹2.95 Crores.	The company is taking appropriate steps for getting clear title for such freehold and leasehold land.	Nil
2.	Whether there are any cases of waiver / write off of debts / loans / interest etc. If yes, the reasons thereof and the amount involved.	According to the information and explanations given to us, there are no cases of waiver / write off of debts / loans / interest etc. except ₹0.87 Crores recoverable from Kalinga Bidyut Prasaran Nigam Pvt. Ltd. (wholly owned subsidiary company) waived off towards amount recoverable for expenses made on its behalf.	Charged to the Statement of Profit & Loss	Profit for the year is lower by ₹0.87 Crores and Other current financial assets are lower by ₹0.87 Crores.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift, grant(s) from the Govt. or other authorities.	The company has maintained adequate records in respect of inventories lying with third parties and grant(s) received from the Govt. or other authorities. No assets have been received by the company as gift from Govt. or other authorities	Proper records are maintained	Nil

For **S. K. Mittal & Co.**  
Chartered Accountants  
FRN : 001135N  
(**CA Gaurav Mittal**)  
Partner  
M. No. 099387

For **R. G. N. Price & Co.**  
Chartered Accountants  
FRN : 002785S  
(**CA R. Rangarajan**)  
Partner  
M. No. 041883

For **Kothari & Co.**  
Chartered Accountants  
FRN : 301178E  
(**CA Amitav Kothari**)  
Partner  
M. No. 016639

For **Parakh & Co.**  
Chartered Accountants  
FRN : 001475C  
(**CA Indra Pal Singh**)  
Partner  
M. No. 410433

Place: New Delhi

Dated: 29<sup>th</sup> May, 2018

### **Annexure ‘3’ to the Auditors’ Report (2017-18)**

As referred to in our Independent Auditors’ Report of even date to the members of the **Power Grid Corporation of India Limited**, on the standalone Ind AS financial statements for the year ended 31<sup>st</sup> March, 2018

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the act”)**

We have audited the internal financial controls with reference to Ind AS financial statements of the company as at 31<sup>st</sup> March 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 with reference to Ind AS financial statements, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls with reference to Ind AS financial statements that were operating effectively for ensuring the orderly and efficient conduct of business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors’ Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Ind AS financial statements and their operating

effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of internal financial controls with reference to Ind AS financial statements, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls with reference to Ind AS financial statements**

A company's internal financial control with reference to Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Ind AS financial statements includes those policies and procedures that:

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

### **Inherent Limitations of internal Financial Controls with reference to Ind AS financial statements**

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

### **Opinion**

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

For **S. K. Mittal & Co.**  
Chartered Accountants  
FRN : 001135N  
(CA Gaurav Mittal)

For **R. G. N. Price & Co.**  
Chartered Accountants  
FRN : 002785S  
(CA R. Rangarajan)

Partner  
M. No. 099387

Partner  
M. No. 041883

For **Kothari & Co.**  
Chartered Accountants  
FRN : 301178E  
(**CA Amitav Kothari**)  
Partner  
M. No. 016639

For **Parakh & Co.**  
Chartered Accountants  
FRN : 001475C  
(**CA Indra Pal Singh**)  
Partner  
M. No. 410433

Place: New Delhi  
Date : 29<sup>th</sup> May , 2018

## INDEPENDENT AUDITORS' REPORT (2016-17)

To the Members of **Power Grid Corporation of India Limited**

### **Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of **Power Grid Corporation of India Limited** (“the Company”), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as “standalone Ind AS Financial Statements”).

### **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 the accounting principles generally accepted in India, including the Indian Accounting Standards (“Ind AS”) prescribed under Section 133 of the Act, read with relevant rules issued there under.

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

### **Auditors’ 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 there under.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS 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 the 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 aforesaid 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 including the Ind AS, of the state of affairs (financial position) of the company as at 31<sup>st</sup> March 2017, its financial performance 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 the following matters in the Notes to the Standalone Ind AS Financial Statements:

- (d) Note No. 37 (b) (ii) in respect of recognition of revenue from transmission assets for which final tariff orders are yet to be issued by the CERC; and
- (e) Note No. 47(a) in respect of Balance confirmation, reconciliation and consequential adjustments, if any, of Trade Receivable and Recoverable and Trade and Other Payables.

Our opinion is not modified in respect of these matters.

### **Other Matters**

The comparative financial information of the company for the transition date opening balance sheet as at 1<sup>st</sup> April 2015, included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditors whose report dated 30<sup>th</sup> May 2015, for the year ended 31<sup>st</sup> March 2015, expressed a qualified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the company on the transition to the Ind AS, which have been audited by us.

The comparative financial information of the company for the year ended 31<sup>st</sup> March 2016, included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us and our report expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the company on the transition to the Ind AS, which have been audited by us.

### **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, to the extent applicable.
2. In terms of sub section (5) of section 143 of the Companies Act, 2013, we give in the **Annexure'2'** a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.
3. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, and the 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 the relevant rules issued thereunder;
- (e) In view of exemption given vide notification no. G. S. R. 463(E) dated June 5, 2015, issued by Ministry of Corporate Affairs, provisions of Section 164(2) of the Act regarding disqualification of Directors, are not applicable to the Company;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in **Annexure ‘3’**.
- (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 49 and 63 to the standalone Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The company has provided requisite disclosures in the standalone Ind AS financial statements as to holding as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016, on the basis of information available with the company. Based on audit procedures, and relying on management’s representations we report that disclosures are in accordance with books of accounts maintained by the company and as produced to us by the management. Refer Note 16.

For S. K. Mittal & Co.  
Chartered Accountants  
FRN : 001135N  
(CA S. K. Mittal)  
Partner  
M. No. 008506

For Parakh & Co.  
Chartered Accountants  
FRN : 001475C  
(CA Indra Pal Singh)  
Partner  
M. No. 410433

For Kothari & Co.  
Chartered Accountants  
FRN : 301178E  
(CA Manaswy Kothari)  
Partner  
M. No. 064601

For R. G. N. Price & Co.  
Chartered Accountants  
FRN : 002785S  
(CA R. Rangarajan)  
Partner  
M. No. 041883

Place : New Delhi  
Date : 29<sup>th</sup> May, 2017

#### **Annexure ‘1’ to the Auditors’ Report(2016-17)**

As referred to in our Independent Auditors’ Report to the members of the **Power Grid Corporation of India Limited**, on the standalone Ind AS financial statements for the year ended 31<sup>st</sup> March, 2017, we report that:

- (i) a) The Company has generally maintained records, showing full particulars including quantitative details and situation of Fixed Assets (Property, Plant & Equipment).
- b) The fixed assets (Property, Plant & Equipment) have been physically verified by external agencies during the year. In our opinion, frequency of verification is reasonable having regard to the size of the Company and nature of its business. No material discrepancies were noticed on such verification.
- c) In our opinion and according to information and explanations given to us and on the basis of an examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except:

	No. of Cases	Cost (₹ in Crores)	Net Block (₹ in Crores)
Leasehold Land	10	51.86	42.15
Freehold Land	22	159.75	159.75
Buildings (Flats in Mumbai)	28	2.95	2.31

- (ii) The inventories have been physically verified by external agencies during the year. In our opinion, frequency of verification is reasonable having regard to the size of the Company and nature of its business. No material discrepancies were noticed on such verification.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loans to wholly owned subsidiaries covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- a) The terms and conditions on which loans have been granted to the borrower companies covered under section 189 of the Act are not, prima facie, prejudicial to the interest of the company.
- b) The schedule of repayment of principal and payment of interest has been stipulated and the repayments and receipts are regular.
- c) There are no overdue amounts of more than 90 days in respect of loans granted to the companies listed in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to information and explanation given to us, the company has complied with provisions of section 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the public in accordance with the provisions of the sections 73 to 76 or any other relevant provisions of the Act, and the rules framed thereunder. Accordingly, paragraph 3(v) of the order is not applicable to the company.
- (vi) We have broadly reviewed the cost records maintained by the company specified by the Central Government under sub section (1) of section 148 of the Companies Act, 2013, in respect of Transmission & Telecom Operations of the Company and we are of the opinion that prima facie the prescribed records have been made and maintained. However, we have not made detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues with appropriate authorities including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to the Company and that there are no undisputed statutory dues outstanding as at 31<sup>st</sup> March, 2017 for a period of more than six months from the date they became payable. As informed, provisions of the Employees State Insurance Act are not applicable to the Company.
- c) According to information and explanations given to us, there are no disputed dues of Duty of Customs or Duty of Excise which have not been deposited. However, following disputed demands of Income Tax or Sales Tax or Service Tax or Value Added Tax or Cess dues have not been deposited:

<b>Name of the Statute</b>	<b>Nature of dues</b>	<b>Amount* (₹ in Crore)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
Income Tax Act, 1961	Income Tax	4.00	For the F.Y. 2004-05, 2005-06 & 2010-11	ITAT, Delhi
Income Tax Act, 1961	Income Tax	2.37	For the F.Y. 2012-13 & 2013-14	CIT (A) Delhi
Income Tax Act, 1961	Income Tax	6.16		Jurisdictional Assessing Officers of TANs
Income Tax Act, 1961	Income Tax	0.03		Jurisdictional Assessing Officer, Delhi
Chhattisgarh Entry Tax Act, 1976	Entry Tax	67.94	For the F.Y. 2012-13, 2013-14, 2014-15, 2015-16 & 2016-17	Asst. Commissioner, Commercial Tax, Durg
Finance Act, 1994	Service Tax	1.57	For the F.Y. 2003-04	CESTAT, Kolkata
Goa Building & Other Construction Workers Act & Rules thereunder	BOCW	0.04	For the F.Y. 2014-15 & 2015-16	---
Building and Other Construction Workers Welfare Cess Act, 1996	BOCW	4.23	For the F. Y. 2007-08	Hon'able High Court, Himachal Pradesh, Shimla
Income Tax Act, 1961	Interest on TDS on Perks	0.03	For F.Y.2010-11, 2011-12	CIT (Appeal), Shillong
J&K GST Act, 1962	Sales Tax	47.87	From F.Y.1996-97 to 2001-02	Sales Tax Appellate Tribunal, J&K
J&K GST Act, 1962	Sales Tax	115.38	From F.Y.2002-03 to 2011-12	Dy. Commissioner of Sales Tax (appeals) Jammu, J&K
Punjab Vat Act, 2005 (Entry Tax)	Entry Tax	9.64	From F.Y.2011-12 to 2013-14	Hon'able High Court Punjab & Haryana,
UP VAT	Sales Tax Demand	0.10	For F.Y. 2016-17	Hon'able Allahabad High Court
<b>Total</b>		<b>259.36</b>		

\* Demand amount including interest, net of amount paid under protest.

- (viii) In our opinion and according to the information and explanations given to us the Company has not defaulted during the year in repayment of loans to its financial institutions, bankers and dues to the Bond holders.
- (ix) In our opinion on an overall basis and according to the information and explanations given to us, the company has applied the term loans including funds raised through bonds for the purpose they were obtained. The company has raised funds by issuance of debt instruments (bonds) during the year. The company has not raised money by way of initial public offer or further public offer during the year.
- (x) According to the information and explanations given to us and as represented by the management, we have been informed that no case of fraud has been committed on or by the company during the year.
- (xi) In view of exemption given vide notification no. G. S. R. 463(E) dated June 5, 2015, issued by Ministry of Corporate Affairs, provisions of Section 197 read with Schedule V of the Act regarding managerial remuneration are not applicable to the Company. Accordingly, paragraph 3(xi) of the order is not applicable to the company.
- (xii) The company is not a Nidhi Company as prescribed under section 406 of the Act. Accordingly, paragraph 3(xii) of the order is not applicable to the company.
- (xiii) According to the information and explanations given to us and as represented by the management, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details have been disclosed in the standalone Ind AS financial statements as required by the applicable Indian Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) is not applicable to the company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) is not applicable to the company.
- (xvi) According to the information and explanations given to us the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) is not applicable to the company.

For S. K. Mittal & Co.  
Chartered Accountants  
FRN : 001135N

(CA S. K. Mittal)  
Partner  
M. No. 008506

For Kothari & Co.  
Chartered Accountants  
FRN : 301178E

(CA Manaswy Kothari)  
Partner  
M. No. 064601

For Parakh & Co.  
Chartered Accountants  
FRN : 001475C

(CA Indra Pal Singh)  
Partner  
M. No. 410433

For R. G. N. Price & Co.  
Chartered Accountants  
FRN : 002785S

(CA R. Rangarajan)  
Partner  
M. No. 041883

Place: New Delhi  
Dated: 29<sup>th</sup> May, 2017

**Annexure ‘2’ to the Auditor’s Report (2016-17)**

As referred to in our Independent Auditors’ Report to the members of the **Power Grid Corporation of India Limited**, on the standalone Ind AS financial statements for the year ended 31<sup>st</sup> March, 2017

S. No.	Directions	Auditors’ Comments	Action taken by management	Impact on standalone Ind AS financial statements
1.	Whether the company has clear title / lease deeds for freehold and leasehold land respectively? If not, please state the area of the freehold and leasehold land for which title / lease deeds are not available.	The Company is having clear title/deeds for freehold, leasehold land and buildings/flats except 326.84 hectares of freehold land valuing ₹ 159.75 Crores, 190.75 hectares of leasehold land valuing ₹ 51.86 Crores and 21674 sq.foot of flats valuing ₹ 2.95 Crores.	The company is taking appropriate steps for getting clear title for such freehold and leasehold land.	Nil
2.	Whether there are any cases of waiver / write off of debts / loans / interest etc. If yes, the reasons thereof and the amount involved.	According to the information and explanations given to us, there are no cases of waiver / write off of debts / loans / interest etc. except ₹ 0.04 Crores recoverable from <b>Grid Conductors Limited</b> (wholly owned subsidiary company) waived off towards amount recoverable for expenses made on its behalf.	Charged to the Statement of Profit & Loss	Profit for the year is lower by 0.04 Crores and Other current financial assets is lower by 0.04 Crores.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift, grant(s) from the Govt. or other authorities.	The company has maintained adequate records in respect of inventories lying with third parties and grant(s) received from the Govt. or other authorities. No assets have been received by the company as gift from Govt. or other authorities	Proper records are maintained	Nil

For S. K. Mittal & Co.  
Chartered Accountants

For Parakh & Co.  
Chartered Accountants

FRN : 001135N

FRN : 001475C

(CA S. K. Mittal)  
Partner  
M. No. 008506

(CA Indra Pal Singh)  
Partner  
M. No. 410433

For Kothari & Co.  
Chartered Accountants  
FRN : 301178E

For R. G. N. Price & Co.  
Chartered Accountants  
FRN : 002785S

(CA Manaswy Kothari)  
Partner  
M. No. 064601

(CA R. Rangarajan)  
Partner  
M. No. 041883

Place: New Delhi  
Dated: 29<sup>th</sup> May, 2017

### **ANNEXURE – 3 to the Auditor’s Report (2016-17)**

As referred to in our Independent Auditors’ Report to the members of the **Power Grid Corporation of India Limited**, on the standalone Ind AS financial statements for the year ended 31<sup>st</sup> March, 2017

#### **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 the company as at March 31, 2017 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 (ICAI)”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Control over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls

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 standalone Ind AS financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone Ind AS financial statements.

### **Inherent Limitations of internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls 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 31st March, 2017, based on the internal financial controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S. K. Mittal & Co.  
Chartered Accountants  
FRN : 001135N  
(CA S. K. Mittal)  
Partner

For Parakh & Co.  
Chartered Accountants  
FRN : 001475C  
(CA Indra Pal Singh)  
Partner

M. No. 008506

M. No. 410433

For Kothari & Co.  
Chartered Accountants  
FRN : 301178E  
(CA Manaswy Kothari)  
Partner  
M. No. 064601

For R. G. N. Price & Co.  
Chartered Accountants  
FRN : 002785S  
(CA R. Rangarajan)  
Partner  
M. No. 041883

Place : New Delhi  
Date : 29<sup>th</sup> May, 2017

## **Independent Auditors’ Report (2015-2016)**

To the Members of Power Grid Corporation of India Limited

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **Power Grid Corporation of India Limited** (“the Company”), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information,

### **Management’s Responsibility for the Standalone Financial Statements**

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on these standalone 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 there under.

We conducted our audit in accordance with the Standards on Auditing 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 the 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 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 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 the 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 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 financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2016;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date;
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to the following matters in the Notes to the Financial Statements:

- (f) Note No. 2.25(b) in respect of provisional recognition of revenue from transmission charges.
- (g) Note No. 2.34(a) in respect of Balance confirmation, reconciliation and consequential adjustments, if any, of Trade Receivable and Recoverable and Trade and Other Payables.

Our opinion is not modified in respect of these matters.

## Report on Other Legal and Regulatory Requirements

- 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, to the extent applicable.
- In terms of sub section (5) of section 143 of the Companies Act, 2013, we give in the **Annexure'2'** a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India
- As required by section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of the written representations received from the directors as on 31st March, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, 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 '3'**.
  - 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 financial statements – Refer Note 2.38 and 2.52 to the financial statements;

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S. K. Mittal & Co.  
Chartered Accountants  
FRN : 001135N  
(CA M. K. Juneja)  
Partner  
M. No. 013117

For Parakh & Co.  
Chartered Accountants  
FRN : 001475C  
(CA Indra Pal Singh)  
Partner  
M. No. 410433

For Kothari & Co.  
Chartered Accountants  
FRN : 301178E  
(CA Manaswy Kothari)  
Partner  
M. No. 064601

For R. G. N. Price & Co.  
Chartered Accountants  
FRN : 002785S  
(CA R. Rangarajan)  
Partner  
M. No. 041883

Place of Signature: New Delhi  
Date: 26th May, 2016

(2015-16)

## Annexure-1

As referred to in our Independent Auditors' Report to the members of the **Power Grid Corporation of India Limited ('the Company')**, on the standalone financial statements for the year ended 31st March, 2016, we report that:

- (i) a) The Company has generally maintained records, showing full particulars including quantitative details and situation of Fixed Assets.
- b) The fixed assets have been physically verified by external agencies during the year. In our opinion, frequency of verification is reasonable having regard to the size of the Company and nature of its business. No material discrepancies were noticed on such verification.
- c) In our opinion and according to information and explanations given to us and on the basis of an examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except:

	No. of Cases	Gross Block	Net Block	Remarks
Leasehold Land	12	49.57	42.39	---
Freehold Land	36	212.60	212.60	---
Buildings	28	7.27	2.64	Flats in Mumbai

- (ii) The inventories have been physically verified by external agencies during the year. In our opinion, frequency of verification is reasonable having regard to the size of the Company and nature of its business. No material discrepancies were noticed on such verification.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loans to wholly owned subsidiaries covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- d) The terms and conditions on which loans have been granted to the borrower companies covered under section 189 of the Act are not, prima facie, prejudicial to the interest of the company.
- e) The schedule of repayment of principal and payment of interest has been stipulated and the repayments and receipts are regular.
- f) There are no overdue amounts of more than 90 days in respect of loans granted to the companies listed in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to information and explanation given to us, the company has complied with provisions of section 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public in accordance with the provisions of the sections 73 to 76 or any other relevant provisions of the Act, and the rules framed thereunder. Accordingly, paragraph 3(v) of the order is not applicable to the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company specified by the Central Government under sub section (1) of section 148 of the Companies Act, 2013, in respect of Transmission & Telecom Operations of the Company and we are of the opinion that prima facie the prescribed records have been made and maintained. We have, however, not made detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues with appropriate authorities including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to the Company and that there are no undisputed statutory dues outstanding as at 31st March, 2016 for a period of more than six months from the date they became payable. As informed, provisions of the Employees State Insurance Act are not applicable to the Company.

a) According to information and explanations given to us, there are no disputed dues of Duty of Customs or Duty of Excise which have not been deposited. However, following disputed demands of Income Tax or Sales Tax or Service Tax or Value Added Tax or Cess dues have not been deposited:

Name of the Statute	Nature of dues	Amount* (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	10.23	2004-05, 2005-06, 2008-09, 2009-10, 2010-11	ITAT, Delhi
Income Tax Act, 1961	Income Tax	10.86	2008-09, 2009-10, 2011-12, 2012-13	CIT (A) Delhi
Income Tax Act, 1961	Income Tax	8.74	2007-08 to 2014-15	Jurisdictional Assessing Officers of TANs
Income Tax Act, 1961	Income Tax	1.15	2006-07, 2007-08, 2008-09, 2012-13, 2015-16	Jurisdictional Assessing Officer, Delhi
Finance Act, 1994	Service Tax	1.57	2003-04	CESTAT, Kolkata
Finance Act, 1994	Service Tax	1.89	2007-08, 2008-09	Commissioner (Central Excise), Bhubaneswar
J&K GST Act, 1962	Sales Tax	50.88	1995-96 to 2001-02	Sales Tax Appellate Tribunal, J&K
J&K GST Act, 1962	Sales Tax	72.99	2002-03 to 2010-11	Dy. Commissioner of Sales Tax (appeals) Jammu, J&K
Punjab Vat Act, 2005	Entry Tax	9.64	2011-12 to 2013-14	Hon'able High Court Punjab & Haryana,
Building and Other Construction Workers Welfare Cess Act, 1996	Cess	3.85	2007-08	Hon'able High Court, Himachal Pradesh, Shimla
Total		171.80		

\* Demand amount including interest, net of amount paid under protest.

- (viii) In our opinion and according to the information and explanations given to us the Company has not defaulted during the year in repayment of loans to its financial institutions, bankers and dues to the Bond holders.
- (ix) In our opinion on an overall basis and according to the information and explanations given to us, the Company has applied the term loans including funds raised through bonds for the purpose they were obtained. The Company has raised funds by issuance of debt instruments (bonds) during the year. The Company has not raised money by way of initial public offer or further public offer during the year.

- (x) According to the information and explanations given to us and as represented by the management, we have been informed that no case of frauds has been committed on or by the Company during the year.
- (xi) According to the information and explanations given to us managerial remuneration has been paid or provided in accordance with the requisite approval mandated by the provisions of section 197 read with schedule V to the Act.
- (xii) The Company is not a Nidhi Company as prescribed under section 406 of the Act. Accordingly, paragraph 3(xii) of the order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and as represented by the management, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them.
- (xvi) According to the information and explanations given to us the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) is not applicable to the Company.

For S. K. Mittal & Co.  
Chartered Accountants  
FRN : 001135N

For Parakh & Co.  
Chartered Accountants  
FRN : 001475C

For Kothari & Co.  
Chartered Accountants  
FRN : 301178E

For R. G. N. Price & Co.  
Chartered Accountants  
FRN : 002785S

(CA M. K. Juneja)  
Partner  
M. No. 013117

(CA Indra Pal Singh)  
Partner  
M. No. 410433

(CA Manaswy Kothari)  
Partner  
M. No. 064601

(CA R. Rangarajan)  
Partner  
M. No. 041883

Place: New Delhi  
Dated: 26th May, 2016

(2015-16)

**Annexure-‘2’**

**Annexure referred to in our report of even date to the members of Power Grid Corporation of India Limited (‘the Company) on the account for the year ended 31st March 2016**

S. No.	Directions	Auditor’s comments	Action taken by management	Impact on financial statements
1.	Whether the company has clear title / lease deeds for freehold and leasehold land respectively? If not, please state the area of the freehold and leasehold land for which title / lease deeds are not available.	The Company is having clear title/deeds for freehold and leasehold land except 452.04 hectares of freehold land valuing ₹ 212.60 Crore and 323.56 hectares acres of leasehold land valuing ₹ 49.57 Crore.	The company is taking appropriate steps for getting clear title for such freehold and leasehold land.	Nil
2.	Whether there are any cases of waiver / write off of debts / loans / interest etc. If yes, the reasons thereof and the amount involved.	According to the information and explanations given to us, there are no cases of waiver / write off of debts / loans / interest etc.	N.A.	Nil
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift, grant(s) from the Govt. or other authorities.	The company has maintained adequate records in respect of inventories lying with third parties and grant(s) received from the Govt. or other authorities. No assets have been received by the company as gift from Govt. or other authorities.	Proper records are maintained	Nil

For S. K. Mittal & Co.  
Chartered Accountants  
FRN : 001135N

For Parakh & Co.  
Chartered Accountants  
FRN : 001475C

For Kothari & Co.  
Chartered Accountants  
FRN : 301178E

For R. G. N. Price & Co.  
Chartered Accountants  
FRN : 002785S

(CA M. K. Juneja)  
Partner  
M. No. 013117

(CA Indra Pal Singh)  
Partner  
M. No. 410433

(CA Manaswy Kothari)  
Partner  
M. No. 064601

(CA R. Rangarajan)  
Partner  
M. No. 041883

Place: New Delhi  
Dated: 26th May, 2016

(2015-16)

### **Annexure-‘3’**

As referred to in our Independent Auditors’ Report to the members of the **Power Grid Corporation of India Limited (‘the Company’)**, on the standalone financial statements for the year ended 31st March, 2016

### **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 the company as at March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial control 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 (ICAI)”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Control over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system 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 authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the 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 controls 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 31st March, 2016, based on "the internal financial controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India."

For S. K. Mittal & Co. Chartered Accountants FRN : 001135N	For Parakh & Co. Chartered Accountants FRN : 001475C	For Kothari & Co. Chartered Accountants FRN : 301178E	For R. G. N. Price & Co. Chartered Accountants FRN : 002785S
--	--	---	--

(CA M. K. Juneja) Partner M. No. 013117	(CA Indra Pal Singh) Partner M. No. 410433	(CA Manaswy Kothari) Partner M. No. 064601	(CA R. Rangarajan) Partner M. No. 041883
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Place: New Delhi  
Dated: 26th May, 2016

## **Independent Auditors’ Report (2014-2015)**

To the Members of Power Grid Corporation of India Limited

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **Power Grid Corporation of India Limited** (“the Company”), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information,

### **Management’s Responsibility for the Standalone Financial Statements**

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on these standalone 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 there under.

We conducted our audit in accordance with the Standards on Auditing 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 the 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 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our **qualified** audit opinion.

### Basis for Qualified Opinion

i) The company has not made any adjustment in respect of revenue of ₹144.91 crore recognized for the period 01.07.2010 to 31.08.2011 in respect of Barh-Balia Transmission line, wherein company appeal is pending with Hon'ble Supreme Court against the order of Appellate Tribunal for Electricity (ATE) to re-determine the Date of Commercial Operation (DOCOCO) refer note 2.38. Pending decision of Hon'ble Supreme Court, and determination of DOCOCO by CERC and in view of uncertainty involved, in our opinion, provision should have been made for the revenue recognized for the period under dispute. This has resulted in increase of Profit before tax for the year by ₹109.70 crore and increase in Current Assets by ₹109.70 crore.

ii) The Company has not made any provision in respect of outstanding dues of ₹15.64 crore from one of the medium term open access customers, which is under liquidation, under an order of the Hon'ble High Court at Calcutta, refer note 2.39. Moreover, no favourable order has been received in respect of Company's petition before the Central Electricity Regulatory Commission for allowing the recovery of such dues from other beneficiaries. As the recovery of such dues is doubtful, in our opinion, the provision should have been made in the accounts. This has resulted in increase of Profit before tax for the year by ₹11.84 crore and increase in Current Assets by ₹11.84 crore.

iii) Furthermore, as a result of non-provisions mentioned in our qualification Nos. i) and ii) stated above, there are impact on various heads in the financial statements, the aggregate impact of all the above is as under:

Sl.	Particulars	Increase (₹ Crore)	Decrease (₹ Crore)
1	Revenue from operation		37.45
2	Employee Benefit Expenses	1.56	
3	Transmission, administration and other expenses		160.55
4	Profit Before Tax	121.54	
5	Tax Expenses		8.15
6	Profit After Tax	129.69	
7	Reserves & Surplus and Shareholders' Fund	129.69	
8	Short-term Provisions		5.75
9	Capital work in progress	0.84	
10	Trade Receivable	160.55	
11	Other Current Assets		37.45

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion paragraph*, the 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:

- in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015;
- in the case of the Statement of Profit and Loss, of the profit for the year ended on that date;

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Emphasis of Matter**

We draw attention to Note No. 2.25(b) to the financial statements, in respect of provisional recognition of revenue from transmission charges.

Our opinion is not modified in respect of this matter.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("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, to the extent applicable.
2. In terms of sub section (5) of section 143 of the Companies Act, 2013, we give in the Annexure '2' a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.
3. As required by section 143 (3) of the Act, we report that:
  - a. We have sought and, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 appears from our examination of those books
  - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. *Except for the effects of the matter described in the Basis for Qualified Opinion paragraph*, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may not have an adverse effect on the functioning of the Company.
  - f. On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015, from being appointed as a director in terms of section 164(2) of the Act.
  - g. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
  - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.38, 2.39 and 2.52 to the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S.K.MEHTA & CO.  
Chartered Accountants  
Firm Registration No.000478N

For CHATTERJEE & CO.  
Chartered Accountants  
Firm Registration No. 302114E

For SAGAR & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 003510S

(CA Puneet Harjai)  
Partner  
Membership No.095715

(CA S.K.Chatterjee)  
Partner  
Membership No.003124

(CA D. Manohar)  
Partner  
Membership No.029644

Place of Signature: New Delhi

Date: 30<sup>th</sup> May, 2015

**(2014-15)**

**Annexure ‘1’** referred to in our Independent Auditors’ Report to the members of the Power Grid Corporation of India Limited, on the standalone financial statements for the year ended 31st March, 2015, we report that:

(i) a) The Company has generally maintained records, showing full particulars including quantitative details and situation of Fixed Assets.

b) The fixed assets have been physically verified by external agencies during the year and discrepancies, though not material, noticed on such verification have been reconciled/ adjusted in the books of account. In our opinion, frequency of verification is reasonable having regard to the size of the Company and nature of its assets.

(ii) a) Physical verification of inventories has generally been conducted on periodic intervals. In our opinion system and frequency of verification is reasonable.

b) In our opinion, the procedures of physical verification of inventories, followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) In our opinion, the Company has maintained proper records of its inventory. The discrepancies noticed on physical verification of the inventories, though not material, have been properly dealt with in the books of account.

(iii) During the year the Company has granted unsecured loans amounting to ₹229.70 crore to two wholly owned subsidiaries covered in the register maintained under section 189 of the Companies Act, 2013(‘the Act’). Outstanding balance as on 31st March 2015 is ₹229.70 crore.

a) Principal amount and interest are not yet due as per the terms of the loans.

b) Since receipt of principal amount and interest are not due, question of overdue amount of more than rupee one lakh does not arise.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems, commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and income from sales of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in the underlying internal control systems. However process of contract closing work needs to be expedited.

(v) Since the Company has not accepted any deposit from public, the question of compliance with the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or other relevant provisions of the Companies Act, 2013, and rules framed there under, does not arise.

(vi) We have broadly reviewed the cost records maintained by the company specified by the Central Government under sub section (1) of section 148 of the Companies Act, 2013, in respect of

Transmission & Telecom Operations of the Company and we are of the opinion that prima facie the prescribed records have been made and maintained. We have, however, not made detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues with appropriate authorities including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other statutory dues applicable to the Company and that there are no undisputed statutory dues outstanding as at 31st March, 2015 for a period of more than six months from the date they became payable. As informed, provisions of the Employees State Insurance Act are not applicable to the Company.

b) According to information and explanations given to us, there are no disputed dues of Wealth Tax or Duty of Customs or Duty of Excise which have not been deposited. However, following disputed demands of Income Tax or Sales Tax or Service Tax or Value Added Tax or Cess dues have not been deposited:

Name of the Statute	Nature of dues	Amount* (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	15.49	2004-05, 2005-06, 2007-08, 2008-09, 2009-10, 2010-11	ITAT, Delhi
Income Tax Act, 1961	Income Tax	0.08	2005-06, 2007-08	DCIT, Delhi
Income Tax Act, 1961	Income Tax	9.49	2008-09, 2009-10, 2011-12	CIT (A) Delhi
Finance Act, 1994	Service Tax	1.57	2003-04	CESTAT, Kolkata
Finance Act, 1994	Service Tax	1.89	2007-08, 2008-09	Commissioner (Central Excise), Bhubaneswar
J&K GST Act, 1962	Sales Tax	50.71	1995-96 to 2001-02	Sales Tax Appellate Tribunal, J&K
J&K GST Act, 1962	Sales Tax	57.75	2002-03 to 2009-10	Dy. Commissioner of Sales Tax (appeals) Jammu, J&K
Punjab Vat Act, 2005	Entry Tax	9.64	2011-12 to 2013-14	Hon'able High Court Punjab & Haryana,
MP Entry Tax Act, 1976	Entry Tax	20.67	2011-12, 2014-15	Hon'able High Court M.P., Jabalpur
Building and Other Construction Workers Welfare Cess Act, 1996	Cess	3.46	2007-08	Hon'able High Court, Himachal Pradesh, Shimla
<b>Total</b>		<b>170.75</b>		

\* Demand amount including interest, net of amount paid under protest.

c) According to the information and explanations given to us, the amount which was required to be transferred to investor education and protection fund in accordance with the relevant provisions of

the Companies Act, 1956 (1 of 1956) and rules made there under has been transferred to such fund within time.

(viii) The Company does not have accumulated losses at the end of financial year and has not incurred any cash loss in the financial year under audit, and also in the immediately preceding financial year.

(ix) On the basis of audit procedures adopted by us and according to the records, the Company has not defaulted in repayment of dues to any financial institution or bank or bondholders.

(x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xi) In our opinion on an overall basis and according to the information and explanations given to us, the company has applied the term loans for the purpose they were obtained.

(xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For S.K.MEHTA & CO.  
Chartered Accountants  
Firm Registration  
No.000478N

For CHATTERJEE & CO.  
Chartered Accountants  
Firm Registration  
No. 302114E

For SAGAR & ASSOCIATES  
Chartered Accountants  
Firm Registration  
No. 003510S

(CA S.K.Chatterjee)

(CA D.Manohar)

(CA Puneet Harjai)  
Partner

Partner

Partner

Membership No.095715

Membership No.003124

Membership No.029644

Place of Signature: New Delhi

Dated: 30<sup>th</sup> May, 2015

**(2014-15)**

**Annexure ‘2’** referred to in our Independent Auditors’ Report to the members of **Power Grid Corporation of India Limited**, on the standalone financial statements for the year ended 31<sup>st</sup> March, 2015.

On the directions issued by the Comptroller and Auditor General of India under sub section (5) of section 143 of the Companies Act, 2013, based on the verification of records of the Company and information and explanations given to us, we report that:

- b) The Company has not been selected for disinvestment during the year.
- c) There is no case of waiver/write off of loans/ interest, however non recoverable advances of ₹0.56 crore and bad debts ₹14.06 crore, against which provisions were made in earlier years have been written off during the year, on account of normal business practice.
- d) The Company has maintained adequate records in respect of inventories lying with third parties. No assets have been received by the Company as gift from Government or other authorities.
- e) Age wise analysis of pending legal/arbitration cases as provided by the management, are as under:

Sl. No	Category	Number of Cases prior to year 2000	Number of Cases between 2000-2005	Number of Cases between 2005-2010	Number of Cases between 2010-2015	Total Number of Cases	Total Amount (₹ in Crore)
1	Land acquisition	12	6	26	133	177	1983.10
2	Tree & crop Compensation	56	126	1036	1494	2712	1311.70
3	Arbitration	6	7	16	22	51	267.00
4	Contractual	0	0	2	0	2	132.00
5	Tax related	1	2	2	3	8	296.60
6	Civil Misc	10	10	21	216	257	86.00
	Total	85	151	1103	1868	3207	4076.40

As per information and explanations given, in view of the size and nature of its business, the company is having large number of legal / arbitration cases including Tree & Crop compensation and Land Acquisition cases.

Pendency is mainly due to legal process of the Courts/Arbitrators.

In our opinion the Company has in place an adequate monitoring mechanism for expenditure on such legal cases.

For S.K.MEHTA & CO.  
Chartered Accountants  
Firm Registration No.000478N

For CHATTERJEE & CO.  
Chartered Accountants  
Firm Registration No. 302114E

For SAGAR & ASSOCIATES  
Chartered Accountants  
Firm Registration No. 003510S

(CA Puneet Harjai)  
Partner  
Membership No.095715

(CA S.K.Chatterjee)  
Partner  
Membership No.003124

(CA D. Manohar)  
Partner  
Membership No.029644

Place of Signature: New Delhi  
Dated: 30<sup>th</sup> May, 2015

## 5. FINANCIAL POSITION OF THE COMPANY

Financial information as contained here is based on POWERGRID (Standalone) financial results for the period 31<sup>st</sup> March 2019. The results are available at: -

[http://www.powergridindia.com/sites/default/files/NSE\\_AFR\\_dt29052019.pdf](http://www.powergridindia.com/sites/default/files/NSE_AFR_dt29052019.pdf)

### 5. (a) Capital Structure of Power Grid

(₹ in Crore)

Capital Structure As At	30-09-2019	31-03-2019	31-03-2018	31-03-2017
<b>5.(a).(i)(A)</b> Authorized 10,00,00,00,000 equity shares of ₹ 10/- each	10,000.00	10,000.00	10,000.00	10,000.00
<b>Issued , Subscribed And Paid Up</b> 5231589648 equity shares of ₹ 10/- each fully paid up.	5231.59	5231.59	5231.59	5231.59
<b>5.(a).(i)(B)</b> Size of the present offer	Not Applicable	Not Applicable	Not Applicable	Not Applicable
<b>5.(a).(i)(C)</b> Paid up capital (I) After the offer (II) After conversion of convertible instruments	Not Applicable	Not Applicable	Not Applicable	Not Applicable
<b>5.(a).(i)(D) Share premium account</b> <input type="checkbox"/> Before the offer <input type="checkbox"/> After the offer				

### CHANGES IN ITS CAPITAL STRUCTURE FOR THE LAST FIVE YEARS

(₹in Crore)

Share Capital	30.09.2019	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Authorized Share Capital	10000.00	10000.00	10000.00	10000.00	10000.00	10000.00
Issued, Subscribed and Paid up Share Capital	5231.59	5231.59	5231.59	5231.59	5231.59	5231.59
CHANGES#	-	-	-	-	-	-

#There is no change in capital structure for half year ending 30.09.2019.

**5.(a).(ii) Details of the existing share capital of POWERGRID**

<b>Date of Allotment /Transfer and when fully paid up</b>	<b>Number of Equity Shares</b>	<b>Face Value (₹)</b>	<b>Issue price per Equity Share (₹)</b>	<b>Consideration (cash, bonus, consideration other than cash)</b>	<b>Nature of Allotment</b>	<b>Cumulative Share-holding</b>
October 23, 1989	11	1,000	1,000	Cash	Allotment of shares to the President of India, acting through MoP, and his nominees on subscription to the Memorandum and Articles of Association	11
November 9, 1990	5,989	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	6,000
December 24, 1990	10,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	16,000
June 25, 1991	35,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	51,000
October 24, 1991	25,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	76,000
March 9, 1992	435,000	1,000	1,000	Cash	Further issue to the President of India acting through the MoP	511,000
May 13, 1992	100,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	611,000
July 30, 1992	16,700	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	627,700
September 22, 1992	11,300	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	639,000
November 19, 1992	36,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	675,000
February 3, 1993	20,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	695,000
March 22, 1993	16,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	711,000

April 22, 1993	40,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	751,000
July 9, 1993	530,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	1,281,000
November 24, 1993	920,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	2,201,000
January 17, 1994	180,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	2,381,000
January 17, 1994	77,819	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	2,458,819
March 18, 1994	370,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	2,828,819
March 18, 1994	52,500	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	2,881,319
June 7, 1994	5,675,000	1,000	1,000	Other than cash against conversion of loan	Further issue to the President of India, acting through MoP	8,556,319
June 7, 1994	1,096,800	1,000	1,000	Partly for consideration other than cash on account of capitalisation of interest	Further issue to the President of India, acting through MoP	9,653,119
September 27, 1994	17,780,511	1,000	1,000	Partly for consideration other than cash against transfer of assets of NTPC Limited, NHPC Limited and North Eastern Electric Power Corporation Limited (“NEEPCO”)	Further issue to the President of India, acting through MoP	27,433,630
November 8, 1994	65,000	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	27,498,630

April 7, 1995	503,600	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	28,002,230
April 7, 1995	57,179	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	28,059,409
August 31, 1995	50,000	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	28,109,409
August 31, 1995	84,131	1,000	1,000	Other than cash against transfer of assets of Tehri Hydro Development Corporation Limited	Further issue to the President of India, acting through MoP	28,193,540
January 16, 1996	100,000	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	28,293,540
May 21, 1996	50,000	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	28,343,540
June 20, 1996	78,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	28,421,540
March 4, 1997	150,000	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	28,571,540
April 10, 1997	50,000	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	28,621,540
September 17, 1997	15,000	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	28,636,540
December 6, 1997	50,000	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	28,686,540
February 2, 1998	100,000	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	28,786,540
March 22, 1999	50,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	28,836,540
August 12, 1999	50,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	28,886,540
April 24, 2000	30,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	28,916,540

January 5, 2001	50,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	28,966,540
January 5, 2001	35,200	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	29,001,740
March 22, 2001	58,200	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	29,059,940
July 26, 2001	39,300	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	29,099,240
March 28, 2002	1,190,746	1,000	1,000	Partly for consideration other than cash against transfer of assets of Neyveli Lignite Corporation Limited	Further issue to the President of India, acting through MoP	30,289,986
October 25, 2002	62,500	1,000	1,000	Cash	Further issue to the President of India, acting through the MoDoNER	30,352,486
January 28, 2005	1,300,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	31,652,486
September 16, 2005	1,000,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	32,652,486
October 17, 2005	1,250,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	33,902,486
January 17, 2006	600,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	34,502,486
March 27, 2006	1,343,800	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	35,846,286
June 13, 2006	330,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	36,176,286
July 5, 2006	27,787	1,000	1,000	Other than cash against the transfer of assets of Tehri Hydro Development Corporation Limited*	Further issue to the President of India, acting through MoP	36,204,073

August 3, 2006	1,200,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	37,404,073
November 23, 2006	470,000	1,000	1,000	Cash	Further issue to the President of India, acting through MoP	37,874,073
<i>Each Equity Share of our Company of face value ₹1,000 has been split into 100 Equity Shares of the face value of ₹10 each, pursuant to a shareholders resolution dated March 28, 2007.</i>						
April 14, 2007	38,812,000	10	10	Other than cash against transfer of assets of National Hydroelectric Power Corporation Limited	Further issue to the President of India, acting through MoP	3,826,219,300
September 26, 2007	382,621,930	10	52	Cash	Initial Public Offer	4,208,841,230
November 23, 2010	420,884,123	10	90	Cash	Follow On Public Offer	4,629,725,353
December 16, 2013	601,864,295	10	90	Cash	Further Public Offer	5,231,589,648

\* Pursuant to the CAG audit with respect to the transfer of assets from Tehri Hydro Development Corporation Limited in August 1993, it was observed that there was an error in arriving at the net purchase consideration by Tehri Hydro Development Corporation Limited at the time of transfer of assets to our Company. The net purchase consideration was consequently amended through letter no. 3/5/2003 – H.I. of the MoP dated September 28, 2006 from ₹84.13 million to ₹111.92 million. Accordingly, our Company was required to issue an additional 27,787 equity shares of ₹ 1,000 each, with effect from August 1, 1993, towards the differential in the net purchase consideration for the assets transferred to our Company.

**5(a)(ii)1 Equity Shares issued for consideration other than cash:**

Except as detailed below, no Equity Shares of our Company have been issued for consideration other than cash:

Date of Allotment	Number of Equity Shares	Face Value (₹)	Issue price per Equity Share (₹)	Consideration (cash, bonus, consideration other than cash)*	Nature of Allotment
June 7, 1994	5,675,000	1,000	1,000	Other than cash against conversion of loan into equity	Further issue to the President of India, acting through MoP
June 7, 1994	1,096,800	1,000	1,000	Partly for consideration other than cash on account of 135apitalization of interest	Further issue to the President of India, acting through MoP
September 27, 1994	17,780,511	1,000	1,000	Partly for consideration other than cash against transfer of assets of NTPC Limited, NHPC Limited and NEEPL	Further issue to the President of India, acting through MoP
August 31, 1995	84,131	1,000	1,000	Other than cash against transfer of assets of Tehri Hydro Development Corporation Limited	Further issue to the President of India, acting through MoP
March 28, 2002	1,190,746	1,000	1,000	Partly for consideration other than cash against transfer of assets of Neyveli Lignite Corporation Limited	Further issue to the President of India, acting through MoP
July 5, 2006	27,787	1,000	1,000	Other than cash against transfer of assets of Tehri Hydro Development Corporation Limited**	Further issue to the President of India, acting through MoP
April 14, 2007	38,812,000	10	10	Other than cash against transfer of assets of National Hydroelectric Power Corporation Limited	Further issue to the President of India, acting through MoP

\* *The benefits accrued to our Company are as detailed above, including, conversion of loan, capitalization of interest and transfer of assets.*

\*\* *Pursuant to the CAG audit with respect to the transfer of assets from Tehri Hydro Development Corporation Limited in August 1993, it was observed that there was an error in arriving at the net purchase consideration by Tehri Hydro Development Corporation Limited*

*at the time of transfer of assets to our Company. The net purchase consideration was consequently amended through letter no. 3/5/2003 – H.I. of the MoP dated September 28, 2006 from ₹84.13 million to 111.92 million. Accordingly, our Company was required to issue an additional 27,787 equity shares of ₹ 1,000 each, with effect from August 1, 1993, towards the differential in the net purchase consideration for the assets transferred to our Company.*

### **Details of Domestic Bonds issued during last one year**

<b>Sl. No.</b>	<b>Bond Series</b>	<b>Issue Date</b>	<b>Int. Rate</b>	<b>Issue Fin Year</b>	<b>No. of Scripts</b>	<b>Face Value of Each Bond (₹in Crore)</b>	<b>Issue Size(₹in Crore)</b>
1	BOND – LXII	07-Jan-2019	8.36%	2018-19	20000	0.10	2000.00
2	GOI-BOND	14-Feb-2019	8.24%	2018-19	34875	0.10	3487.50
3	BOND – LXIII	15-Jul-2019	7.34%	2019-20	6000	0.30	1800.00
4	BOND – LXIV	25-Oct-2019	7.49%	2019-20	25200	0.10	2520.00

### **5.b & 5.c**

### **Profits of the company (before and after making provision for tax) & Dividends declared by the company with interest coverage ratio for last three years (Standalone Basis):**

(Amount in ₹ Crore)

SI. No.	Parameters	FY 2018-19	FY 2017-18	FY 2016-17
5.b.1	EBT#	11,740.92	10,476.85	9,569.76
5.b.2	PAT	9,938.55	8,244.65	7,520.15
5.c.1	Dividend amounts	4,514.87	3,034.33	1,313.12
5.c.2	Interest Service Coverage Ratio	3.45	3.61	3.81

# excluding Net movement in Regulatory Deferral Account Balances for Deferred assets for Deferred Tax Liability & tax thereon

### **5.d. Summary of Financial Position of Power Grid Corporation of India Ltd. (Standalone Basis)**

₹ in crore

Particulars	As on 31.03.2019	As on 31.03.2018*	As on 31.03.2017*
<b>(A)WHAT THE COMPANY OWNED:</b>			
Property, Plant & Equipment and Intangible Assets (Net)	1,63,859.98	1,53,610.35	1,35,507.96
Capital Work in Progress and Intangible Asset under Development	33,578.08	30,307.12	35,884.13
Investment property	0.03	0.03	0.03
Advances for Capital Expenditure	1,056.98	2,670.86	3,057.92
Non Current Investments	2,756.53	1,608.24	1,327.55
Regulatory Deferral Account Balances	8,083.27	11304.22	7975.80
Other Non-current Assets	19,265.82	12,094.12	7,744.22
Current Assets	17,872.31	12,300.20	11,050.05
<b>TOTAL (A)</b>	<b>2,46,473.00</b>	<b>2,23,895.14</b>	<b>2,02,547.66</b>
<b>(B) WHAT THE COMPANY OWED:</b>			
<b>Long Term Loans from:</b>			
-Financial Institutions	-	-	-
-Foreign currency Loans & Bonds	38,557.63	32,858.02	29,511.71

<b>Particulars</b>	<b>As on 31.03.2019</b>	<b>As on 31.03.2018*</b>	<b>As on 31.03.2017*</b>
-Domestic Bonds	67,745.88	72,484.30	68,549.46
-From Banks and Financial Institution	24,736.00	17,078.00	12,902.00
<b>Total Long Term Loans</b>	<b>1,31,039.51</b>	<b>1,22,420.32</b>	<b>1,10,963.17</b>
Current maturities of Long Term Loans	10,746.85	7,792.64	6,234.74
Working Capital Loan (short-term)	4300.00	1,000.00	1,500.00
Current Liabilities	17,067.29	18,107.29	17,024.39
Deferred Tax Liability(Net)	10,093.02	13558.89	10418.74
Deferred Revenue-Advance against Depreciation	1,323.45	1,504.09	1,624.81
Deferred Revenue-DFCFIE Account	3,960.26	2,903.76	3,107.26
Deferred Revenue-Grants in Aid	4,173.32	559.56	150.30
Non-Current Provisions	368.15	716.87	789.56
Other Non-Current Liabilities	4,384.01	916.76	927.44
<b>TOTAL (B)</b>	<b>1,87,455.86</b>	<b>1,69,480.18</b>	<b>1,52,740.41</b>
<b>(C) NET WORTH OF THE COMPANY REPRESENTED BY :</b>			
(i)Equity capital(including Deposit)	5,231.59	5,231.59	5,231.59
ii) Reserves and Surplus	53,785.55	49,183.37	44,575.66
iii)Less: Misc.Exp.to the extent not written off	-	-	-
<b>TOTAL (C)</b>	<b>59,017.14</b>	<b>54,414.96</b>	<b>49,807.25</b>
<b>TOTAL (B+C)</b>	<b>2,46,473.00</b>	<b>2,23,895.14</b>	<b>2,02,547.66</b>
<b>CAPITAL EMPLOYED</b> (Net Fixed Assets (PPE) +Net Current Assets)	1,49,618.15	1,39,010.62	1,21,798.88
<b>(E) RATIOS</b>			
Net Profit to Capital Employed (%)	6.64%	5.93%	6.17%
Net Profit to Net Worth (%)	16.84%	15.15%	15.10%
Net Worth per Rupee of Paid-up Capital (in ₹)	11.28	10.40	9.52
Debt/Equity Ratio (#)	71:29	71:29	70:30

<b>Particulars</b>	<b>As on 31.03.2019</b>	<b>As on 31.03.2018*</b>	<b>As on 31.03.2017*</b>
Current Ratio	0.56:1	0.46:1	0.45:1
Earnings per Share (Basic & Diluted EPS) (₹ per Share)	19.00	15.75	14.37
Book Value per share (₹ per share)	112.81	104.01	95.20
Capital Expenditure (₹ in Crore)	25,807.00	25,791.00	24,429.00

\* Restated

# For calculation of Debt-Equity ratio loan liability also included current maturities of long term loans.

**5.(e) Audited Cash Flow Statement for the three years**

**5.(e).1 Cash Flow Statement of Power Grid Corporation of India Ltd. (Standalone Basis) for FY 2018-19 & FY 2017-18**

**Power Grid Corporation of India Limited**  
**Statement of Cash Flows for the year ended 31st March, 2019**



(₹ in crore)

Particulars	For the year ended	
	31st March, 2019	31st March, 2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax & Regulatory Deferral Account Balances	11,488.98	10,269.62
Add: Net movement in Regulatory Deferral Account Balances (net of tax)	(2,526.87)	3,284.19
Add: Tax on Net movement in Regulatory Deferral Account Balances	(694.08)	44.23
<b>Profit Before Tax (including net movement in Regulatory Deferral Account Balances)</b>	<b>8,268.03</b>	<b>13,598.04</b>
<b>Adjustment for :</b>		
Depreciation & amortization expenses	10,200.67	9,091.25
Transfer from Grants in Aid	(70.77)	(12.13)
Deferred revenue - Advance against Depreciation	(180.64)	(120.72)
Provisions	408.70	31.67
Changes in fair value of financial assets through profit or loss	(6.97)	(14.28)
Net Loss on Disposal / Write off of Property, Plant & Equipment	25.58	10.30
Deferred Foreign Currency Fluctuation Asset	(941.06)	240.75
Deferred Income from Foreign Currency Fluctuation	1,056.50	(203.50)
Regulatory Deferral Account Debit Balances	3,220.95	(3,328.42)
Finance Costs	9,091.42	7,590.66
Provisions Written Back	(28.25)	(8.36)
FERV loss / (gain)	(0.16)	(0.32)
Interest income on Deposits, Bonds and loans to Subsidiaries & JVs	(846.55)	(537.71)
Dividend income	(149.78)	(94.05)
	<b>21,779.64</b>	<b>12,645.14</b>
<b>Operating profit before Changes in Assets and Liabilities</b>	<b>30,047.67</b>	<b>26,243.18</b>
<b>Adjustment for Changes in Assets and Liabilities:</b>		
(Increase)/Decrease in Inventories	(172.23)	(152.56)
(Increase)/Decrease in Trade Receivables	(1,279.11)	(433.60)
(Increase)/Decrease in Other Financial Assets	(5,920.32)	(2,091.45)
(Increase)/Decrease in Other Non-current Assets	(92.33)	74.93
(Increase)/Decrease in Other Current Assets	120.38	(310.82)
Increase/(Decrease) in Liabilities & Provisions	2,646.83	780.29
	<b>(4,696.78)</b>	<b>(2,133.21)</b>
<b>Cash generated from operations</b>	<b>25,350.89</b>	<b>24,109.97</b>
Direct taxes paid	(2,201.97)	(2,229.19)
<b>Net Cash from Operating Activities</b>	<b>23,148.92</b>	<b>21,880.78</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, Plant & Equipment and Capital Work in Progress (Including Advances for Capital Expenditure)	(19,462.03)	(19,077.07)
Receipt of Grant	3,684.53	421.39
Investments in Subsidiaries & JVs	(1,166.44)	(318.68)
Loans & Advances to Subsidiaries & JVs (Including repayments)	(2,770.73)	(4,633.08)
Lease receivables	10.21	59.82
Interest received on Deposits, Bonds and Loans to Subsidiaries & JVs	906.23	472.59
Dividend received	149.78	94.05
<b>Net Cash used in Investing Activities</b>	<b>(18,648.45)</b>	<b>(22,980.98)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings		
Non Current	19,489.58	18,706.79
Current	17,420.00	6,675.00
Repayment of Borrowings		
Non Current	(9,495.60)	(6,236.67)
Current	(14,120.00)	(7,175.00)
Adjustment for Fair Valuation of Long Term Loans	22.96	22.31
Finance Costs paid	(10,266.04)	(8,959.48)
Dividend paid	(4,514.87)	(3,034.33)
Dividend Tax paid	(909.57)	(610.64)
<b>Net Cash used in Financing Activities</b>	<b>(2,373.54)</b>	<b>(612.02)</b>
D. Net change in Cash and Cash equivalents (A+B+C)	2,126.93	(1,712.22)
E. Cash and Cash equivalents (Opening balance)	1,516.21	3,228.43
F. Cash and Cash equivalents (Closing balance) *	<b>3,643.14</b>	<b>1,516.21</b>

\* Includes ₹ 3471.01 crore (Previous Year ₹ 1373.92 crore) held in designated accounts which is not available for use by the Company.

**Further Notes:**

1. Cash and cash equivalents consist of cheques, drafts, stamps in hands, balances with banks and deposits with original maturity of upto three months.
2. Previous year figures have been re-grouped / re-arranged wherever necessary.
3. Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities.

Particulars	Non-current borrowings	Current borrowings
Opening Balance as at 1st April, 2018	1,33,660.62	1,000.00
Net Cash Flows during the year	336.68	3,300.00
Non-cash changes due to :		
- Interest on borrowings	9,601.06	
- Variation in exchange rates	1,556.46	
- Fair value adjustments	22.96	
<b>Closing Balance as at 31st March, 2019</b>	<b>1,45,177.78</b>	<b>4,300.00</b>

Particulars	Non-current borrowings	Current borrowings
Opening Balance as at 1st April, 2017	1,20,368.76	1,500.00
Net Cash Flows during the year	5,472.50	(500.00)
Non-cash changes due to :		
- Interest on borrowings	7,274.43	
- Variation in exchange rates	522.62	
- Fair value adjustments	22.31	
<b>Closing Balance as at 31st March, 2018</b>	<b>1,33,660.62</b>	<b>1,000.00</b>

**5.(e).2 Cash Flow Statement of Power Grid Corporation of India Ltd. (Standalone Basis) for FY 2016-17**

Particulars	For the year ended 31st March, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net Profit Before Tax (including net movement in Regulatory Deferral Account Balances)	<b>9569.76</b>
<b>Adjustment for :</b>	
Depreciation & amortization expenses	7662.80
Transfer from Grants in Aid	(21.89)
Deferred revenue - Advance against Depreciation	(145.85)
Provisions	9.02
Changes in fair value of financial assets through profit or loss	(36.66)
Profit on Sale of Investments	(50.57)
Net Loss on Disposal / Write off of Property, Plant & Equipment	3.80
Deferred Foreign Currency Asset	852.86
Deferred Income from Foreign Currency Fluctuation	(711.05)
Regulatory Deferral Account Debit Balances	(69.93)

<b>Particulars</b>	<b>For the year ended 31st March, 2017</b>
Finance Costs	6303.83
Provisions Written Back	(3.98)
FERV loss / (gain)	(27.34)
Interest received on Deposits, Bonds and loans to Subsidiaries	(266.54)
Dividend received	(62.73)
	<b>13435.77</b>
<b>Operating profit before Changes in Assets and Liabilities</b>	<b>23005.53</b>
<b>Adjustment for Changes in Assets and Liabilities:</b>	
(Increase)/Decrease in Inventories	(196.61)
(Increase)/Decrease in Trade Receivables	(485.92)
(Increase)/Decrease in Financial Assets	677.98
(Increase)/Decrease in Other Non-current Assets	(202.47)
(Increase)/Decrease in Other Current Assets	314.19
Increase/(Decrease) in Liabilities & Provisions	8.99
	<b>116.16</b>
<b>Cash generated from operations</b>	<b>23121.69</b>
Direct taxes paid	(1870.79)
<b>Net Cash from operating activities</b>	<b>21250.90</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	
Property, Plant & Equipment and Capital Work in Progress	(21099.53)
Advances for Capital Expenditure	(37.73)
Receipt of Grant	63.02
(Increase)/Decrease in Assets held for Sale	81.21
(Increase)/Decrease in Investments	(419.53)
(Increase)/Decrease in Long Term Loans under Securitisation Scheme	7.71
Loans & Advances to Subsidiaries	(2326.33)
Lease receivables	43.94
Interest received on Deposits, Bonds and loans to Subsidiaries	190.87
Dividend received	62.73
<b>Net cash used in investing activities</b>	<b>(23433.64)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	
Long Term Loans raised during the year	17842.85
Long Term Loans repaid during the year	(6059.05)
Proceeds from Short Term Loan	(500.00)
Adjustment for fair valuation of Long term Loan	(33.19)
Interest and Finance Costs Paid	(5802.20)
Dividend paid	(1313.12)

<b>Particulars</b>	<b>For the year ended 31st March, 2017</b>
Dividend Tax paid	(264.76)
<b>Net Cash from Financing Activities</b>	<b>3870.53</b>
D. Net change in Cash and Cash equivalents(A+B+C)	1687.79
E. Cash and Cash equivalents(Opening balance)	1540.64
F. Cash and Cash equivalents(Closing balance)	<b>3228.43</b>

## **5.f Changes in Accounting Policies/ Accounting practice**

**5.f.1 Changes in Accounting Policies/accounting practices during 2018-2019 : NIL**

**5.f.2 Changes in Accounting Policies/accounting practices during 2017-2018 : NIL**

**5.f.3 Changes in Accounting Policies/accounting practices during 2016-2017 : NIL**

### **5.f.4 Changes in Accounting Policies/accounting practices during 2015-2016**

- a) Cost of Mobile Phones which were hitherto capitalised and being depreciated over the useful life of the asset is now being charged to statement of profit and loss. The change has resulted in decrease in profit by ₹1.89 Crore with corresponding decrease in Gross Block and Accumulated Depreciation by ₹7.13Crore and ₹5.24Crore respectively.
- b) In Telecom and Consultancy Segment Residual Value in respect of Computer & Peripherals and Server & Network Components is considered as Nil instead of as specified in Schedule II of Companies Act 2013. The change has resulted in decrease in profit by ₹ 0.30 Crore with corresponding increase in depreciation.
- c) Cost of Server which were hitherto depreciated over the useful life of 3 years is now being depreciated over the useful life of 5 years. The change has resulted in increase in profit by ₹1.10 Crore with corresponding decrease in depreciation.

**5(a)(iii)(1) Details of any Acquisition or Amalgamation in the last 1year:  
(From 01<sup>st</sup> April 2018 till 31<sup>st</sup> March 2019):**

**Refer Page No. 14-18**

**5(a)(iii)(2) Details of any Reorganization or Reconstruction in the last1year:   NIL**

**5(a)(iii)(3) CONSOLIDATED SHAREHOLDING PATTERN AS ON 30.09.2019**

SL	Category	Total Shares	Total Shares in Demat Form	Total Shares in Physical Form	As % of Total no of Equity shares
1	PRESIDENT OF INDIA	2896495942	2896495942		55.3655
2	FOREIGN PORTFOLIO - CORP	1444953664	1444953664		27.6198
3	MUTUAL FUNDS	341704515	341704515		6.5315
4	INSURANCE COMPANIES	249413085	249413085		4.7674
5	RESIDENT INDIVIDUALS	128637420	128605789	31631	2.4588
6	INDIAN FINANCIAL INSTITUTIONS	54303677	54303677		1.038
7	Qualified Institutional Buyer	39167923	39167923		0.7487
8	TRUSTS	23713645	23713645		0.4533
9	BODIES CORPORATES	20879328	20879328		0.3991
10	FOREIGN INSTITUTIONAL INVESTORS	7410976	7410976		0.1417
11	H U F	5675720	5675720		0.1085
12	BANKS	4376582	4376581	1	0.0837
13	FOREIGN CORPORATE BODIES	4171304	4171304		0.0797
14	CLEARING MEMBERS	3295279	3295279		0.063
15	EMPLOYEES	2550423	2550423		0.0488
16	NON RESIDENT INDIANS	1531513	1531513		0.0293
17	NON RESIDENT INDIAN NON REPATRIABLE	1240606	1240606		0.0237
18	NBFC	1048499	1048499		0.02
19	I E P F	550140	550140		0.0105
20	ALTERNATIVE INVESTMENT FUND	469407	469407		0.009
	<b>Total</b>	<b>5231589648</b>	<b>5231558016</b>	<b>31632</b>	<b>100.00</b>

**5(a)(iii)(4) TOP 10 LARGEST SHAREHOLDERS (As on 30.09.2019)**

Sl.	Name	No of Equity Shares	No of shares in demat form	Total Shareholding as % of total no of equity shares
1	PRESIDENT OF INDIA THROUGH MOP	2795226142	2795226142	53.4298
2	LIFE INSURANCE CORPORATION OF INDIA	239416778	239416778	4.5764
3	PRESIDENT OF INDIA	101269800	101269800	1.9357
4	HDFC TRUSTEE COMPANY LTD. A/C HDFC BALANCED ADVANTAGE FUND	70376000	70376000	1.3452
5	COMGEST GROWTH PLC - COMGEST GROWTH EMERGING MARKE	64491105	64491105	1.2327
6	VIRTUS VONTOBEL EMERGING MARKETS OPPORTUNITIES FUN	42225134	42225134	0.8071
7	MAGELLAN	39679976	39679976	0.7585
8	CAPITAL WORLD GROWTH AND INCOME FUND	32019000	32019000	0.612
9	GOVERNMENT PENSION FUND GLOBAL	31370587	31370587	0.5996
10	HDFC TRUSTEE COMPANY LIMITED-HDFC EQUITY FUND	30537338	30537338	0.5837
	<b>Total</b>	<b>3446611860</b>	<b>3464868982</b>	<b>65.8807</b>

**5. g. KEY OPERATIONAL AND FINANCIAL PARAMETERS FOR THE LAST 3 AUDITED YEARS BASED ON CONSOLIDATED FINANCIAL ACCOUNTS**

Based on IndAS

(₹ in Crore)

Parameters	FY 2018-19	FY 2017-18*	FY 2016-17*
<b>For Non-Financial Entities</b>			
Net Worth	59,088.39	54,425.99	49,865.50
Total Debt:	1,42,076.36	1,30,502.96	1,17,487.91
Of which -Non Current Maturities of Long Term Borrowings	1,31,329.51	1,22,710.32	1,11,253.17
-Current Maturities-of Long Term Borrowings	10,746.85	7792.64	6,234.74
Short Term Borrowings	4,300.00	1,000.00	1500.00
Net PPE & other Intangible Assets	1,72,739.59	1,56,198.24	1,37,677.83
Total Non-Current Assets (Inc. RDAB)	2,29,695.70	2,13,149.06	1,92,538.35
Cash and Cash Equivalents	3,647.73	1,534.80	3,241.45
Current Investments	-	-	2.50
Current Assets	17,661.89	12,167.00	10,974.85
Total Current Liabilities	32,614.93	28,105.85	25,268.62
Revenue from Operation	35,059.12	29,953.62	25,697.44
EBITDA#	31,203.50	26,948.92	23,382.80
EBIT#	20,662.55	17,717.93	15,660.55
Finance Cost	8,736.57	7,324.14	6,203.55
PAT	<b>10,033.52</b>	<b>8,204.00</b>	<b>7,450.73</b>
Dividend amounts	4,514.87	3,034.33	1,313.12
Current Ratio	054:1	0.43:1	0.43:1
Interest Service Coverage Ratio	3.45	3.59	3.89
Gross Debt Equity Ratio	71:29	71:29	70:30
Debt Service Coverage Ratio	1.72	1.99	1.94

\*Restated

#excluding Net movement in Regulatory Deferral Account Balance for Deferred assets for Deferred Tax Liability & tax thereon.

**5.h. DEBT EQUITY RATIO PRIOR TO AND AFTER ISSUE OF DEBTSECURITIES**

Refer Term Sheet

### **5.i. DETAILS OF THE BORROWINGS OF THE COMPANY**

The borrowings of POWERGRID (including current maturities & short term loan) as on 30th September 2019 stood as under (Standalone basis):-

<b>(i) Secured Borrowings</b>		<b>(₹ in crore)</b>
<b>Particulars</b>	<b>Amount Outstanding</b>	
Domestic Bonds	67,891.48	
Term Loans from Indian Banks	12,911.00	
Foreign Loans	31,576.90	
<b>Total</b>	<b>112,379.38</b>	

<b>(ii) Unsecured Borrowings</b>		<b>(₹ in crore)</b>
<b>Particulars</b>	<b>Amount Outstanding</b>	
Domestic Bonds	4,799.52	
Term Loans from Indian Banks	13,907.40	
Foreign Loans and Bonds	11,083.01	
Short term loan / Commercial Paper	4,800.00	
<b>Total</b>	<b>34,589.93</b>	

#### **A. Domestic Secured Borrowings**

The total outstanding amount with respect to our domestic secured borrowings is ₹12911.00Crore (Term Loans from Banks) as on 30th September 2019. The details of these facilities are set forth below.

**(₹ in crore)**

<b>S. No.</b>	<b>Name of lender</b>	<b>Type of Facility &amp; Amount Sanctioned</b>	<b>Principal Amount Outstanding</b>	<b>Repay-ment Schedule</b>	<b>Security</b>
1	State Bank of India	Term Loan Line of Credit (LOC) of ₹ 5000 Crs through Agreement dated March 21, 2012	3411.00	Repayable in Twenty two half yearly installment with 6 months moratorium after disbursement period of 4 years	Secured by way of the pari passu charge on the assets of the company except investments land and building, roads and bridges, water supply, drainage and sewerage and current assets
2	State Bank of India	(LOC) of ₹ 10000 Crs through Agreement dated March 19, 2014	9500.00	Repayable in 20 half yearly equal installments each commencing after the expiry of 5 <sup>th</sup> year from the date of first disbursement.	Secured by way of the pari passu charge on the assets of the company except investments land and building, roads and bridges, water supply, drainage and sewerage and current assets.

### B. Domestic Unsecured Borrowings

The total outstanding amount with respect to our domestic unsecured facilities is ₹13907.400Crore as on 30th September 2019 subject to quarterly review of books. The details of these facilities are set forth below.

(₹in crore)

S. No.	Name of lender	Type of Facility & Amount Sanctioned	Amount Outstanding	Repayment Schedule
1	HDFC Bank Ltd	Term Loan Line of Credit (LOC) of ₹ 3000 Crs through agreement dated March 27, 2017	3000.00	Repayable in 20 half yearly equal installments each commencing after the expiry of 5.5 year from the date of first disbursement.
2	ICICI Bank Ltd.	Term Loan Line of Credit (LOC) of ₹ 3270 Crs through agreement dated September 29, 2017	NIL	Repayable in 20 half yearly equal installments each commencing after the expiry of 5.5 year from the date of first disbursement.
3	State Bank of India	Term Loan Line of Credit (LOC) of ₹ 5000 Crs through agreement dated March 12, 2018	5000.00	Repayable in 20 half yearly equal installments each commencing immediately after the expiry of 5 <sup>th</sup> year from the date of first disbursement.
4	State Bank of India	Term Loan Line of Credit (LOC) of ₹ 10000 Crs through agreement dated August 10, 2018	5907.40	Repayable in 20 half yearly equal installments each commencing immediately after the expiry of 5 <sup>th</sup> year from the date of first disbursement.

### C. Short Term Loan & Commercial Paper –

The total outstanding amount with respect to our short term borrowings through Commercial Paper is ₹4800.00Crore as on 30th September 2019. The details of these facilities are set forth below

(₹in crore)

S. No	Name of lender	Type of Facility & Amount Sanctioned	Amount Outstanding	Maturity Date
1	6.02% Commercial Paper 24	Commercial Paper Dated 18.07.2019	700	15.10.2019
2	5.73% Commercial Paper 25	Commercial Paper Dated 08.08.2019	650	06.11.2019
3	5.73% Commercial Paper 25	Commercial Paper Dated 08.08.2019	650	05.11.2019
4	5.49% Commercial Paper 26	Commercial Paper Dated 29.08.2019	600	15.11.2019
5	5.50% Commercial Paper 27	Commercial Paper Dated 03.09.2019	1200	26.11.2019
6	5.37% Commercial Paper 28	Commercial Paper Dated 12.09.2019	500	11.10.2019
7	5.40% Commercial Paper 29	Commercial Paper Dated 13.09.2019	500	11.10.2019

**D. Secured Foreign Currency Borrowings**

The total outstanding amount with respect to our foreign currency secured borrowings is approximately ₹31576.8967237Crore as on 30th September 2019. The details of these facilities are set forth below.

(₹in crore)

S. No.	Lender	Type of Facility & Amount Sanctioned	Repayment	Principal Amount Outstanding	Security
1	International Bank for Reconstruction and Development (World Bank) II	Facility of US\$ 450.0 million through agreement dated June 13, 2001.	Repayment in 30 semiannual installments starting from December 15, 2006.	606.37	Secured by pari passu interest in the lien created on the assets as security for the debts
2	International Bank for Reconstruction and Development (World Bank) III	Facility of US\$ 400.0 million through agreement dated May 2, 2006.	Repayment in 30 semiannual installments starting from September 15, 2011.	1458.43	Secured by pari passu interest in the lien created on the assets as security for the debts
3	International Bank for Reconstruction and Development (World Bank) IV	Facility of US\$ 600.0 million through agreement dated March 28, 2008.	Repayment in 30 semiannual installments starting from November 15, 2013.	2831.62	Secured by pari passu interest in the lien created on the assets as security for the debts
4	International Bank for Reconstruction and Development (World Bank)IV Additional	Facility of US\$ 400.0 million through agreement dated January 27, 2009.	Repayment in 52 semiannual installments starting from February 1, 2013.	2180.10	Secured by pari passu interest in the lien created on the assets as security for the debts
5	International Bank for Reconstruction and Development (World Bank) V	Facility of US\$ 1,000.0 million through agreement dated October 13, 2009.	Repayment in 49 semiannual installments starting from January 15, 2015.	6032.45	Secured by pari passu interest in the lien created on the assets as security for the debts
6	Asian Development Bank II	Facility of US\$ 250.0 million through agreement dated December 4, 2000 and restated agreement dated July 17, 2002	Repayment in 30 semiannual installments starting from June 15, 2006.	318.78	Secured by pari passu interest in the lien created on the assets as security for the debts.
7	Asian Development Bank III	Facility of US\$ 400.0 million through agreement dated November 3, 2005	Repayment in 30 semiannual installments starting from January 15, 2010.	1442.95	Secured by pari passu interest in the lien created on the assets as security for the debts
8	Asian Development Bank IV	Facility of US\$ 400.0 million through agreement dated March 28, 2008	Repayment in 40 semiannual installments commencing on May 15, 2013	2440.97	Secured by pari passu interest in the lien created on the assets as security for the debts
9	Asian Development Bank V	Facility of US\$ 124.0 million through agreement dated March 27, 2009.	Repayment in 40 semiannual installments starting from August 1, 2014.	782.44	Secured by pari passu interest in the lien created on the assets as security for the debts

S. No.	Lender	Type of Facility & Amount Sanctioned	Repayment	Principal Amount Outstanding	Security
10	Asian Development Bank VI (2823-IND)	Multi-tranche foreign exchange loan of US\$ 76.0million through a loan agreement dated March30,2012	Repayment in 40 half yearly installments starting from June 1, 2017.	346.46	Secured by pari passu interest in the lien created on the assets as security for the debts
11	Asian Development Bank VII (2787-IND)	Multi-tranche foreign exchange loan of US\$ 500.0 million through a loan agreement dated March 30,	Repayment in 40 semiannual installments starting from February 1, 2017.	3391.63	Secured by pari passu interest in the lien created on the assets as security for the debts
12	Asian Development Bank VIII (2788-IND)	Facility of US\$ 250.00 million through agreement dated 30.03.2012	Repayment in 22 equal half yearly installments starting from August 01, 2016	1240.45	Secured by way of the pari passu charge on the assets of the company except investments and building, roads and bridges, water supply, drainage and sewerage and current assets
13	Bank of India, Cayman Islands	Facility of US\$ 100.0 million through agreement dated May 28, 1999	Repayment in 38 equal consecutive half-yearly installments starting from June 10, 2004	131.13	Secured by floating charge on the immovable properties of the company
14	IFC-A LOAN (31419)	Facility of US\$ 100.00 million through agreement dated 24.07.2012	Repayment in 20 equal half yearly installments starting from September15, 2017	533.93	Secured by way of the pari passu charge on the assets of the company except investments and building, roads and bridges, water supply, drainage and sewerage and current assets
14	ICFF LOAN Debt Pool LLP (31419)	Facility of US\$ 50.00 million through agreement dated 24.07.2012	Repayment in 20 equal half yearly installments starting from September15, 2017	266.96	Secured by way of the pari passu charge on the assets of the company except investments and building, roads and bridges, water supply, drainage and sewerage and current assets

S. No.	Lender	Type of Facility & Amount Sanctioned	Repayment	Principal Amount Outstanding	Security
15	NORDIC INVESTMENT BANK	Facility of SEK607Million and EURO 8.60Million through agreement dated 19.12.2011	Repayment in 10 equal consecutive half yearly installments starting from 31st August 2016.	153.35	Secured by way of the pari passu charge on the assets of the company except investments and current assets.
16	Asian Development Bank IX (3365 - IND)	Facility of US\$ 500.00 million through agreement dated 23.02.2017	Repayment in 28 equal half yearly installments starting from June 1, 2021	3366.83	Charge creation under process
17	Asian Development Bank X (3521 - IND)	Facility of US\$ 175.00 million through agreement dated 05.04.2017	Repayment in 30 equal half yearly installments starting from May 15, 2022	590.83	Charge creation under process
18	Asian Development Bank XI	Facility of US\$ 50.00 million through agreement dated 05.04.2017	Repayment in 60 half yearly installments starting from May 15, 2027	350.05	Charge creation under process
19	Asian Development Bank XII	Facility of US\$ 500.00 million through agreement dated 17.08.2017	Repayment in 22 half yearly installments starting from Dec 15, 2021	2780.64	Secured by way of the pari passu charge on the assets of the company except investments and building, roads and bridges, water supply, drainage and sewerage and current assets
20	AIIB	Facility of US\$ 100.00 million through agreement dated 07.12.2017	Repayment in 16 half yearly installments starting from Mar 15, 2021	330.53	Charge creation under process

**E. Unsecured Foreign Currency Borrowings**

The total outstanding amount with respect to our foreign currency unsecured borrowings is approximately ₹11083.007244crore as on30th September 2019 subject to quarterly review of books. The details of these facilities are set forth below.

(₹in crore)

Sl	Lender	Type of Facility & Amount Sanctioned	Amount Outstanding	Repayment
1	Credit National (now known as Natixis) acting on behalf of the French Government	Facility of Euros 26.3 million through agreement dated March 11, 1994	58.35	Semiannual installments for each tranche starting September 30, 2004.
2	The Overseas Economic Cooperation Fund (now known as Japan International Cooperation Agency)	Facility of Japanese Yen8,497.0 million through agreement dated February 25, 1997	87.08	41 semi annual installments beginning February 20, 2007
3	AB SEK LOAN	Facility of SEK3894.5 million through agreement dated 21.12.2011	1546.19	24 Semiannual installments beginning December 15, 2015
4	AB SEK LOAN	Facility of EUR55.01 million through agreement dated 21.12.2011	263.24	24 Semiannual installments beginning December 15, 2015
5	Foreign Currency Notes	Foreign currency notes of USD 500 Million Agreement dated 17.01.2013	3543.71	Bullet repayment on 17.01.2023
6	KFW	Green Energy Corridors[GEC], Interstate Transmission Systems[ISTS] Loan KFW Euro 500 million Agreement Dated 17.12.2014	3730.00	21 equal half yearly installment beginning December 31,2019
7	Sumitomo Mitsui Banking Corporation , Singapore	Facility of JPY ¥ 22 billion through agreement dated December 10, 2018	1462.34	5 equal annual installment beginning February 02, 2027
8	KFW II	Loan KFW Euro 200 million Agreement Dated 28.12.2018	392.10	21 equal half yearly installment beginning May 15, 2022

**F. Secured Bonds**

Our Company from time to time issues secured bonds on a private placement basis. The total amount outstanding in relation to bonds issued by our Company as on 30th September 2019 is ₹67891.48Crore. The details of the outstanding bonds issued by our Company are set forth below:

(₹ in crore )

S. No.	Nature of Bonds / Series	Redemption	Amount Outstanding	Security
1.	8.15% (taxable) non-cumulative non-convertible secured redeemable bonds XVIII Issue of ₹999.00 Crore allotted on March 9, 2006.	Redeemable in 12 equal annual installments commencing from March 9, 2010	166.48	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
2.	9.25% (taxable) non-cumulative non-convertible secured redeemable bonds XIX Issue of ₹495.00 Crore allotted on July 24, 2006.	Redeemable in 12 equal annual installments commencing from July 24, 2010.	82.41	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
3.	8.93% (taxable) non-cumulative non-convertible secured redeemable bonds XX Issue of ₹1500.00 Crore allotted on September 7, 2006	Redeemable in 12 equal annual installments commencing from September 7, 2010.	249.7	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
4.	8.73% (taxable) non-cumulative non-convertible secured redeemable bonds XXI Issue of ₹510.00 Crore allotted on October 11, 2006	Redeemable in 12 equal annual installments commencing from October 11, 2010	127.4	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
5.	8.68% (taxable) non-cumulative non-convertible secured redeemable bonds XXII Issue of ₹690.00 Crore allotted on December 7, 2006.	Redeemable in 12 equal annual installments commencing from December 7, 2010.	172.39	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
6.	9.25% (taxable) non-cumulative non-convertible secured redeemable bonds XXIII Issue of ₹307.50 Crore allotted on February 9, 2007.	Redeemable in 12 equal annual installments commencing from February 9, 2011.	76.84	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
7.	9.95% (taxable) non-cumulative non-convertible secured redeemable bonds XXIV Issue of ₹799.50 Crore allotted on March 26, 2007	Redeemable in 12 equal annual installments commencing from March 26, 2011.	199.86	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
8.	10.10% (taxable) non-cumulative non-convertible secured redeemable bonds XXV Issue of ₹1065.00 Crore allotted on June 12, 2007	Redeemable in 12 equal annual installments commencing from June 12, 2011.	266.01	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.

9.	9.30% (taxable) non-cumulative non-convertible secured redeemable bonds XXVI Issue of ₹999.00 Crore allotted on March 07, 2008.	Redeemable at par in 12 equal annual installments commencing from March 7, 2012	332.92	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
10.	9.47% (taxable) non-cumulative non-convertible secured redeemable bonds XXVII Issue of ₹705.00 Crore allotted on March 31, 2008.	Redeemable at par in 12 equal annual installments commencing from March 31, 2012	234.94	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
11.	9.33% (taxable) non-cumulative non-convertible secured redeemable bonds XXVIII Issue of ₹2400.00 Crore allotted on December 15, 2008	Redeemable at par in 12 equal annual installments commencing from December 12, 2012	999.21	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
12.	9.20% (taxable) non-cumulative non-convertible secured redeemable bonds XXIX Issue of ₹1297.50 Crore allotted on 12 <sup>th</sup> March, 2009	Redeemable at par in 12 equal annual installments commencing from March 12, 2013	540.51	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
13.	8.80% (taxable) non-cumulative non-convertible secured redeemable bonds XXX Issue of ₹2332.50 Crore allotted on 29 <sup>th</sup> September, 2009	Redeemable at par in 12 equal annual installments commencing from September 29, 2013	970.86	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
14.	8.90% (taxable) non-cumulative non-convertible secured redeemable bonds XXXI Issue of ₹2047.50 Crore allotted on 25 <sup>th</sup> February, 2010	Redeemable at par in 12 equal annual installments commencing from February 25, 2014	1023.42	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
15.	8.84% (taxable) non-cumulative non-convertible secured redeemable bonds XXXII Issue of ₹1035.00 Crore allotted on 29 <sup>th</sup> March, 2010	Redeemable at par in 12 equal annual installments commencing from March 29, 2014	517.46	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
16.	8.64% (taxable) non-cumulative non-convertible secured redeemable bonds XXXIII Issue of ₹2880.00 Crore allotted on July 8, 2010	Redeemable at par in 12 equal annual installments commencing from July 8, 2014	1438.87	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.

17.	8.84% (taxable) non-cumulative non-convertible secured redeemable bonds XXXIV Issue of ₹3487.50 Crore allotted on October 21, 2010	Redeemable at par in 12 equal annual installments commencing from October 21, 2014	2032.61	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
18.	9.64% (taxable) non-cumulative non-convertible secured redeemable bonds XXXV Issue of ₹1957.50 Crore allotted on 31 <sup>ST</sup> May,2011	Redeemable at par in 12 equal annual installments commencing from May 31,2015	1141.09	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
19.	9.35% (taxable) non-cumulative non-convertible secured redeemable bonds XXXVI Issue of ₹3090.00 Crore allotted on 29 <sup>th</sup> August 2011	Redeemable at par in 15 equal annual installments commencing from 29 <sup>th</sup> August ,2016	2263.61	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
20.	9.25% (taxable) non-cumulative non-convertible secured redeemable bonds XXXVII Issue of ₹1995 Crore allotted on 26 <sup>th</sup> December 2011	Redeemable at par in 12 equal annual installments commencing from 26 <sup>th</sup> December 2015	1328.98	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
21.	9.25% (taxable) non-cumulative non-convertible secured redeemable bonds XXXVIII Issue of ₹855 Crore allotted on 9 <sup>th</sup> March 2012	Redeemable at par on 9 <sup>th</sup> March 2027	854.72	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
22.	9.40% (taxable) non-cumulative non-convertible secured redeemable bonds XXXIX Issue of ₹1800 Crore allotted on 29 <sup>th</sup> March 2012	Redeemable at par on 29 <sup>th</sup> March 2027	1799.87	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
23.	9.30% (taxable) non-cumulative non-convertible secured redeemable bonds XL Issue of ₹3997.50 Crore allotted on 28 <sup>th</sup> June 2012	Redeemable at par in 12 equal annual installments commencing from 28 <sup>th</sup> June 2016	2662.8	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
24.	8.85% (taxable) non-cumulative non-convertible secured redeemable bonds XLI Issue of ₹2842.50 Crore allotted on 19 <sup>th</sup> Oct 2012	Redeemable at par in 12 equal annual installments commencing from 19 <sup>th</sup> October 2016	2129.94	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.

25.	8.80% (taxable) non-cumulative non-convertible secured redeemable bonds XLII Issue of ₹1990 Crore allotted on 13 <sup>th</sup> Mar, 2013	Redeemable at par on 13 <sup>th</sup> Mar, 2023	1989.53	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
26.	7.93% (taxable) non-cumulative non-convertible secured redeemable bonds XLIII Issue of ₹3126 Crore allotted on 20 <sup>th</sup> May, 2013	Redeemable at par in 12 equal annual installments commencing from 20 <sup>th</sup> May 2017	2343.51	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
27.	8.70% (taxable) non-cumulative non-convertible secured redeemable bonds XLIV Issue of ₹3966 Crore allotted on 15 <sup>th</sup> July, 2013	Redeemable in 03 equal installments on 15-07-2018, 15-07-2023 and 15-07-2028	2641.9	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
28.	9.65% (taxable) non-cumulative non-convertible secured redeemable bonds XLV Issue of ₹1999.20 Crore allotted on 28 <sup>th</sup> Feb, 2014	Redeemable in 12 equal installments commencing from Feb 28, 2018	1665.83	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
29.	9.30% (taxable) non-cumulative non-convertible secured redeemable bonds XLVI Issue of ₹4362 Crore allotted on 4 <sup>th</sup> September, 2014	Redeemable in 3 equal installments on 04-09-2019, 04-09-2024 and 04-09-2029	2904.27	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
30.	8.93% (taxable) non-cumulative non-convertible secured redeemable bonds XLVII of ₹2640 Crore allotted on 20 <sup>th</sup> October, 2014	Redeemable in 12 equal installments commencing from October 20, 2018	2417.87	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
31.	8.20% (taxable) non-cumulative non-convertible secured redeemable bonds XLVIII of ₹2580 Crore allotted on 23 <sup>rd</sup> January, 2015	Redeemable at par in 4 equal installments on January 23, 2020, January 23, 2022, January 23, 2025, January 23, 2030.	2578.89	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
32.	8.15% (taxable) non-cumulative non-convertible secured redeemable bonds XLIX Issue of ₹1305 Crore allotted on 9 <sup>th</sup> March, 2015	Redeemable in 3 equal installments on 09-03-2020, 09-03-2025 and 09-03-2030	1304.67	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.

33.	8.40% (taxable) non-cumulative non-convertible secured redeemable bonds LI Issue of ₹2928 Crore allotted on 27 <sup>th</sup> May, 2015	Redeemable at par in 12 equal annual installments commencing from 27 <sup>th</sup> May, 2019	2682.84	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
34.	8.40% (taxable) non-cumulative non-convertible secured redeemable bonds LII Issue of ₹3000 Crore allotted on 14 <sup>th</sup> September, 2015	Redeemable at par in 12 equal annual installments commencing from 14 <sup>th</sup> September, 2019	2747.68	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
35.	8.32% (taxable) non-cumulative non-convertible secured redeemable bonds LII Issue of ₹1398Crore allotted on 23 <sup>rd</sup> December, 2015	Redeemable at par in 3 equal installments on 23-12-2020, 23-12-2025 and 23-12-2030	1397.09	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
36.	8.13% (taxable) non-cumulative non-convertible secured redeemable bonds LIII Issue of ₹3996 Crore allotted on 25 <sup>th</sup> April, 2016.	Redeemable at par in 12 equal annual installments commencing from 25 <sup>th</sup> April, 2020.	3995.92	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
37.	7.97% (taxable) non-cumulative non-convertible secured redeemable bonds LIV Issue of Rs.₹3000 Crore allotted on 15th July, 2016.	Redeemable at par in 03 equal annual installments commencing from 15 <sup>th</sup> July, 2021.	2997.93	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
38.	7.55% (taxable) non-cumulative non-convertible secured redeemable bonds LV Issue of ₹1240 Crore allotted on 21st September, 2016.	Redeemable at par in 01 installment on 21 <sup>st</sup> September, 2031.	1238.93	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
39.	7.36% (taxable) non-cumulative non-convertible secured redeemable bonds LVI Issue of ₹1065 Crore allotted on 18 <sup>th</sup> October, 2016.	Redeemable at par in 01 installment on 18 <sup>th</sup> October, 2026.	1064.11	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
40.	7.20% (taxable) non-cumulative non-convertible secured redeemable bonds LVII Issue of ₹2120 Crore allotted on 21st December, 2016.	Redeemable at par in 01 installment on 21 <sup>st</sup> December, 2021.	2118.82	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.

41.	7.89% (taxable) non-cumulative non-convertible secured redeemable bonds LVIII Issue of ₹2060 Crore allotted on 09 <sup>th</sup> March, 2017.	Redeemable at par in 01 installment on 09 <sup>th</sup> March, 2027.	2059.45	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
42.	7.30% (taxable) non-cumulative non-convertible secured redeemable bonds LIX Issue of ₹3070 Crore allotted on 19 <sup>th</sup> June, 2017.	Redeemable at par in 01 installment on 19 <sup>th</sup> June, 2027.	3069.79	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
43.	7.20% (taxable) non-cumulative non-convertible secured redeemable bonds LX Issue of ₹3060 Crore allotted on 9 <sup>th</sup> August, 2017.	Redeemable at par in 01 installment on 9 <sup>th</sup> August, 2027.	3059.79	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.
44.	8.36% (taxable) non-cumulative non-convertible secured redeemable bonds LXII Issue of ₹ 2000 Crore allotted on 07 <sup>th</sup> January, 2019.	Redeemable at par, in 05 equal annual installments starting at the end of sixth year from the date of allotment	1999.76	Secured by way of Registered Bond Trust Deed ranking pari passu on immovable property situated at Mouje Ambheti Taluka Kaparada in district Valsad Gujarat and floating charge on the assets of the company.

#### F. Unsecured Bonds

The total amount outstanding in relation to bonds issued by our Company as on 30<sup>th</sup> September 2019 is ₹4799.52Crore. Details of the outstanding bonds issued by our Company are set forth below:

(₹ in crore)

S. No.	Nature of Bonds / Series	Redemption	Amount Outstanding
1	7.74% (taxable) non-cumulative non-convertible unsecured redeemable bonds LXI Issue of ₹3000 crore allotted on 12 <sup>th</sup> Dec, 2017.	Redeemable at par in 05 equal installments at end of 11 <sup>th</sup> , 12 <sup>th</sup> , 13 <sup>th</sup> , 14 <sup>th</sup> , and 15 <sup>th</sup> year i.e 12.12.2028, 12.12.2029, 12.12.2030, 12.12.2031 & 10.12.2032.	2999.77
2	7.34% (taxable) non-cumulative non-convertible unsecured redeemable bonds LXIII Issue of ₹1800 crore allotted on 15 <sup>th</sup> July, 2019.	Redeemable at par in 03 equal installments at end of 05 <sup>th</sup> , 10 <sup>th</sup> and 15 <sup>th</sup> year i.e 15.07.2024, 15.07.2029 & 15.07.2034.	1799.75

**5.J. LIST OF TOP 10 DOMESTIC BOND HOLDERS**

(Based On Beneficiary Position as on 30.09.2019)

<b>S.N.</b>	<b>Name Of Bondholder</b>	<b>Address</b>	<b>Number of bonds</b>
1	Life Insurance Corporation of India	Investment Department, 6th Floor, West Wing, Central Office, Yogakshema, Jeevan Bima Marg, Mumbai - 400021	34537
2	CBT EPF-05-B-DM	Standard Chartered Bank, CRESCENZO Securities Services, 3rd Floor, C-38/39 G-Block, BKC Bandra (East), Mumbai – 400051	32948
3	CBT EPF-05-A-DM	Standard Chartered Bank, CRESCENZO Securities Services, 3rd Floor, C-38/39 G-Block, BKC Bandra (East), Mumbai – 400051	28769
4	CBT EPF-05-C-DM	Standard Chartered Bank, CRESCENZO Securities Services, 3rd Floor, C-38/39 G-Block, BKC Bandra (East), Mumbai – 400051	27104
5	CBT EPF-05-D-DM	Standard Chartered Bank, CRESCENZO Securities Services, 3rd Floor, C-38/39 G-Block, BKC Bandra (East), Mumbai – 400051	25496
6	State Bank of India	SBI SG Global Secu. Serv. P. L., Jeevan Seva Extension Bldg. Gr. Floor, S.V. Road, Santacruz W, Mumbai - 400054	25117
7	HDFC Standard Life Insurance Company Limited	Deutsche Bank AG, DB House, Hazarimal Somani Marg, P.O. Box No. 1142, Fort Mumbai - 400001	20640
8	CBT EPF-11-C-DM	Standard Chartered Bank, CRESCENZO Securities Services, 3rd Floor, C-38/39 G-Block, BKC Bandra (East), Mumbai – 400051	19542
9	SBI Life Insurance Co. Ltd.	Lodha-I Think Techno Campus, 8th Flr, Next To Kanjurmarg Railway Station, Kanjurmarg E, Mumbai-400042	16841
10	CBT EPF-11-B-DM	Standard Chartered Bank, CRESCENZO Securities Services, 3rd Floor, C-38/39 G-Block, BKC Bandra (East), Mumbai – 400051	14585

### **5.k. Corporate Guarantee Issued By POWERGRID**

Details of Corporate Guarantee issued:

(₹ in Crore)

<b>Sl No.</b>	<b>Name of Subsidiary</b>	<b>Amount of Corporate Guarantee</b>	<b>Date of Issue</b>	<b>Purpose</b>
1	POWERGRID Vizag Transmission Limited	500.00	06 <sup>th</sup> May, 2015	Guarantee the dues and punctual payment and discharge of the obligations by POWERGRID under the bonds issues or to be issued by the said subsidiary

**5.l. Details of Commercial Paper:- The total Face Value of Commercial Papers Outstanding as on the latest quarter end (30.09.2019):**

POWERGRID has outstanding Commercial Paper of ₹4800 as at the end of quarter on 30<sup>th</sup> September 2019. The details are as under: -

₹ in Crore				
Sl	Issue Date	Maturity Date	Discount Rate	Value
1	18.07.2019	15.10.2019	6.02% pa	700.00
2	08.08.2019	06.11.2019	5.73% pa	650.00
3	08.08.2019	05.11.2019	5.73% pa	650.00
4	29.08.2019	15.11.2019	5.49% pa	600.00
5	03.09.2019	26.11.2019	5.50%pa	1200.00
6	12.09.2019	11.10.2019	5.37%pa	500.00
7	13.09.2019	11.10.2019	5.40%pa	500.00
<b>Total</b>				<b>4800.00</b>

**5.m. Details of Rest of the borrowing ( if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares ):**

NIL

**5.n. Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Company, in the past 5 years:**

NIL

**5.o. Details of any outstanding borrowings taken/ debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option:**

NIL

**5.p. Details of Promoter Holding in the Company as on the latest quarter end (30.09.2019).**

Sr No	Name of the shareholders	Total No of Equity Shares	No of shares in demat form	Total shareholding as % of total no of equity shares	No of Shares Pledged	% of Shares pledged with respect to shares owned.
1.	PRESIDENT OF INDIA	2896495942	2896495942	55.37	-	-

Private Placement Offer Document – POWERGRID Bond LXV Issue 2019-20  
(Private and Confidential –For Private Circulation Only)

## DECLARATION BY THE DIRECTORS


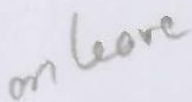

THAT-

- a. the POWERGRID (Company) has complied with the provisions of the act and the rules made there under;
- b. the compliance with the act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable , is guaranteed by the Central Government;
- c. the monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter;

We, the Committee of Directors for Bonds, as authorized by the Board of Directors of the Company, in its 355<sup>th</sup> meeting held on 10<sup>th</sup> July, 2018 to sign on behalf of Board of Directors of the Company and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the originals records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

**For Power Grid Corporation of India Limited**

		
R. K. Chauhan Director (Projects)	Seema Gupta Director (Operations)	K. Sreekant Chairman & Managing Director

Date: 31/12/2019

Place: Gurgaon

Attachments:-

Copy of board resolution

Copy of shareholders resolution


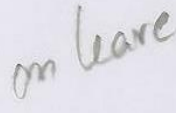

**For POWERGRID BONDS LXV ISSUE 2019-20**

Private Placement Offer Document – POWERGRID Bond LXV Issue 2019-20  
(Private and Confidential –For Private Circulation Only)

## **DECLARATION**

We, the Committee of Directors for Bonds, on behalf of the Board of Directors of the Company, hereby declares that all relevant provisions of the Companies Act 1956 and the Companies Act 2013, (Issue and Listing of Debt Securities) Regulations, 2008 and (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued by the Securities and Exchange Board of India vide notifications dated 6<sup>th</sup> June, 2008 and 12<sup>th</sup> October, 2012, in exercise of the powers under Section 30 of the SEBI Act, 1992 have been complied with and no statement made in this Disclosure Document is contrary to the provisions of the Companies Act 1956 and the Companies Act 2013 or the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines/ notification issued as the case may be.

### **For Power Grid Corporation of India Limited**

		
R. K. Chauhan Director (Projects)	Seema Gupta Director (Operations)	K. Sreekant Chairman & Managing Director

Place: Gurgaon

Date: 31/12/2019

**For POWERGRID BONDS LXV ISSUE 2019-20**

## 6. ANNEXURES

In accordance with the SEBI Letter no. SEBI/DDHS/TD/OW/P/2019/32928/1 dated December 11, 2019 received vide DIPAM OM No. 3/2/2018-DIPAM-II (Vol.V) dated December 18, 2019, the total issue size is of Rs200 Crore, consisting base issue size of Rs.100 Crore (meets the conditions (2.b. ii) stated in referred SEBI Letter i.e. 25% of the total issue amount or Rs. 100 crore whichever is higher) and green shoe option of Rs100 Crore. The green shoe option of Rs.100 Crore shall be exclusively reserved for the BHARAT Bond ETF at the same cut off yield of the base amount.

The price for base issue Rs.100 Crore shall be discovered in a transparent manner on the EBP Platform. After discovery of price for base issue the same price will be applicable to the green shoe option which is reserved for BHARAT Bond ETF.

Further, there is no restriction on BHARAT Bond ETF to participate in bidding for base issue size on EBP Platform.

All other provisions as per SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/05 dated January 05, 2018 and SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/122 dated August 16, 2018 shall be applicable.

**Annexure - A** 2 (I) PARTICULARS OF THE OFFER  
*(SUMMARY TERM SHEET FOR PRIVATE PLACEMENT  
ISSUE/ALLOTMENT OF UNSECURED, NON-CONVERTIBLE,  
NON-CUMULATIVE, REDEEMABLE, TAXABLE BONDS IN THE  
NATURE OF DEBENTURES ON PRIVATE PLACEMENT BASIS)*

2 (II) OTHER PARTICULAR RELATED TO OFFER

**Annexure - B** BOARD RESOLUTIONS & SHAREHOLDERS APPROVALS.

CREDIT RATING LETTERS FROM CARE, CRISIL AND ICRA  
WITH RATING RATIONALE.

CONSENT LETTER FROM TRUSTEE, RTA & BANKER.

**Annexure - C** AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED  
31<sup>st</sup> MARCH 2019.

## **Annexure-A**

In accordance with the SEBI Letter no. SEBI/DDHS/TD/OW/P/2019/32928/1 dated December 11, 2019 received vide DIPAM OM No. 3/2/2018-DIPAM-II (Vol.V) dated December 18, 2019, the total issue size is of Rs200 Crore, consisting base issue size of Rs.100 Crore (meets the conditions (2.b. ii) stated in referred SEBI Letter i.e. 25% of the total issue amount or Rs. 100 crore whichever is higher) and green shoe option of Rs100 Crore. The green shoe option of Rs.100 Crore shall be exclusively reserved for the BHARAT Bond ETF at the same cut off yield of the base amount.

The price for base issue Rs.100 Crore shall be discovered in a transparent manner on the EBP Platform. After discovery of price for base issue the same price will be applicable to the green shoe option which is reserved for BHARAT Bond ETF.

Further, there is no restriction on BHARAT Bond ETF to participate in bidding for base issue size on EBP Platform.

All other provisions as per SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/05 dated January 05, 2018 and SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/122 dated August 16, 2018 shall be applicable.

### **2. (I) PARTICULARS OF THE OFFER**

#### **SUMMARY TERM SHEET FOR PRIVATE PLACEMENT OF POWERGRID Bonds-LXV Issue 2019-20 IN THE NATURE OF DEBENTURES.**

Issuer	Power Grid Corporation of India Limited ("Company/Corporation")
Issue Size	Rs100Crore with Green shoe option of Rs100Crore aggregating to Rs 200 Crore
Base Issue Size	Rs100Crore
Green Shoe Option	Rs100Crore (Green Shoe option is reserved for Bharat Bond ETF by "POWERGRID")
Issue Subscribed	Post bid final amount will be recorded
Security Name	<u>6.35%</u> POWERGRID Un-Secured, Non-Convertible, Non-Cumulative, Redeemable, Taxable POWERGRID Bonds-LXV Issue 2019-20
Object of the Issue	For part financing of capital expenditure, providing Inter Corporate Loan(s) to wholly owned subsidiaries and for general corporate purposes
Instrument	Unsecured, Non-Convertible, Non-Cumulative, Taxable, Redeemable bonds in the nature of

	debentures
Issuance Mode	In Demat mode only
Trading Mode	In Demat mode only
Credit Rating	“CRISIL AAA/Stable” by CRISIL, “[ICRA] AAA” by ICRA and “CARE AAA/Stable” by CARE
Seniority	Not applicable
Mode of Issue	Private Placement under electronic book mechanism of BSE under SEBI Circular ref SEBI/HO/DDHS/CIR/P/2018/5 date January 5, 2018 and SEBI/HO/DDHS/CIR/P/2018/122 dated August 16, 2018 and subsequent amendment , if any, read with “Operation Guidelines for issuance of Securities on Private Placement basis through an Electronic Book Mechanism” issued by BSE.
Security	Unsecured
Security (where applicable) (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security).	N.A
Eligible Investors /Participants	<ul style="list-style-type: none"> <li>• Arrangers as appointed by Issuer</li> <li>• All QIBs enrolled for direct participation on BSE-EBP platform.</li> <li>• From all non-QIB Investors enrolled with the EBP for direct participation, only eligible participants, as selected by the Issuer, may participate in the bidding process</li> </ul> <p>All Investors are required to comply with the relevant regulation/ guidelines applicable to them for investing in this Issue.</p>
Bond Series	POWERGRID Bonds-LXV Issue 2019-20
Face Value	Rs 10 lakhs per Bond
Minimum Bid lot and in multiple thereafter	1 Bond of Rs 10 lakhs each and in multiple of 1 Bond Rs 10 lakhs each thereafter
Issue Price	At par
Redemption Amount	At par (Rs. 10 lakhs) per Bond

Minimum Application	1 Bond of Rs 10 lakhs each and in multiple of 1 Bond Rs 10 lakhs each thereafter
Tenor	03 Years 03 Month and 06 Days from Deemed Date of Allotment
Put Option	Not applicable
Price at which the security is being offered including the premium	Rate as determined at EBP
Manner of bidding	Closed bidding
Manner of allotment	Uniform yield allotment
Manner of settlement	Through “Indian Clearing Corporation Limited” (ICCL)
Settlement cycle	T+2
Put Option Price	Not applicable
Put Option Date	Not applicable
Put Notification Time	Not applicable
Call Option	Not applicable
Call Option Price	Not applicable
Call Option Date	Not applicable
Call Notification Time	Not applicable
Redemption/ Maturity	redeemable at par, at the end of 03 Years, 03 Month and 06 Days from the date of allotment.
Coupon Rate	6.35% p.a.
Name and address of the valuer who performed valuation of security offered, and basis on which the price has been arrived at along with report of the registered valuer	Not required (EBP Platform as provided by recognized stock exchanges is used for determination of coupon on private placement basis)
Relevant date with reference to which the price has been arrived at	Not Applicable
The class or classed of persons to whom the allotment is proposed to be made	Allotment on EBP platform as per guidelines of SEBI and recognized stock exchange & in accordance with the SEBI Letter no. SEBI/DDHS/TD/OW/P/2019/32928/1 dated December 11, 2019 received vide DIPAM OM No. 3/2/2018-DIPAM-II (Vol.V) dated December 18, 2019
Step Up/Step Down Coupon Rate	Not Applicable
Coupon Payment Frequency	Annual
Coupon payment dates	The first interest payment on 08-January-2021 and thereafter on 08-January every year and the last interest payment on 14-April-2023 along with maturity proceeds.
Coupon Type	Fixed
Coupon Reset Process	Not Applicable
Day Count Basis	Actual/ Actual Interest shall be computed on an “actual/actual basis”. Where the interest period (start date to end date) includes February 29, interest shall be computed on

	366 days-a-year basis
Interest on Application Money	Not Applicable
The change in control, if any, in the company that would occur consequent to the private placement	The issue is for Non-convertible bonds
Listing	On the wholesale Debt Market segment of BSE and /or Debt Market segment of NSE.
Trustee	IDBI Trusteeship Services Limited
Depository	National Securities Depository Ltd. and Central Depository Services (India) Ltd.
Registrars	MCS Share Transfer Agent Limited
The number of persons to whom allotment on preferential basis/private placement/right issue has already been during the year, in terms of number of securities as well as price	Not Applicable
The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer	Not Applicable
The pre-issue and post-issue shareholding pattern of the company	Not Applicable
Settlement	Payment of interest and repayment of Principal shall be made by way of cheque(s) / interest/ redemption warrants(s)/ demand drafts(s)/ credit through NECS/ RTGS/ NEFT mechanism
Business Day /Working Day Convention	<p>Working Days shall be all days on which commercial banks are open for business in the city of Delhi. Further, second and fourth Saturdays of a month and Sundays have also been considered as non-Business Days. We have not considered the effect of public holidays as it is difficult to ascertain for future dates.</p> <p>In line with SEBI circular No CIR/IMD/DF-1/122/2016 dtd. November 11, 2016, if the interest payment date falls on a holiday, the payment may be made on the following working day however the dates of the future coupon payments would be as per the schedule originally stipulated at the time of issuing the security. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday.</p> <p>If the redemption date (maturity date) falls on a day which is not a business day, the redemption proceed</p>

	<p>shall be paid by the issuer on the preceding business day along with interest accrued until but excluding the date of such payment.</p> <p>Refer illustration under heading “Effects of Holidays”</p>
Record Date	15 days prior to each Coupon Payment Date and Redemption Date.
Effect of holidays	<p>In line with SEBI circular No CIR/IMD/DF-1/122/2016 dtd. November 11, 2016, if the interest payment date falls on a holiday, the payment may be made on the following working day however the dates of the future coupon payments would be as per the schedule originally stipulated at the time of issuing the security. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday.</p> <p>If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.</p>
Transaction Documents	Debenture Trustee Agreement, Trust deed and Other documents
Conditions Precedent to subscription of Bonds	<p>The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following:</p> <ol style="list-style-type: none"> <li>1. Rating letters from the aforesaid rating agencies not being more than one month old from the issue opening date;</li> <li>2. Letter from the Trustee conveying their consent to act Trustee for the Bondholder(s)</li> </ol>
Condition Subsequent to subscription of Bonds	<p>The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned elsewhere in this Bonds-LXV Issue:</p> <ol style="list-style-type: none"> <li>1. Maintaining a complete record of private placement offers in Form PAS-5 and filing the such record along with Private Placement Offer Letter in Form PAS-4 with the Registrar of Companies, with fee as provided in Companies (Registration Offices and Fees) Rules, 2014 and with Securities and Exchange Board of India, within a period of Fifteen days of circulation of the Private Placement Memorandum;</li> <li>2. Filing a return of allotment of Bonds with complete list of all Bondholders in Form PAS-3 under section 42(8) of the Companies Act, 2013, with the</li> </ol>

	<p>Registrar of Companies within fifteen days of the Deemed Date of Allotment along with fee as provided in the Companies (Registration Offices and Fees) Rules, 2014;</p> <p>3. Making listing application to BSE and/or NSE within 15 days from the Deemed Date of Allotment of Bonds and seeking listing permission within 20 days from the Deemed Date of Allotment of Bonds;</p> <p>4. Executing the Debenture/Bond Trust Deed, in favor of the Trustee within three months from the closure of the issue / offer and submit with BSE and/or NSE within five working days of execution of the same for uploading on their website.</p> <p>Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Private Placement Offer Letter..</p>
Future Borrowing	<p>The Company/Issuer shall be entitled to borrow/ raise loans or avail of financial assistance in whatever form and also issue Debentures / Notes / other securities in any manner and to change its capital structure without the consent of Debenture holders/Debenture Trustee.</p> <p>The Company/Issuer shall be entitled from time to time to make further issue of Bonds to the public, members of the Corporation and /or any other person(s) and to raise further loans, advances or such other facilities from Banks, Financial Institutions and / or any other person(s) on the security or otherwise of its assets without any further approval from the Bondholders.</p>
Default Interest Rate	As per SEBI Notification dated 12th October, 2012
Remedies	<p>Upon the occurrence of any of the Events of Defaults, the Trustee shall on instructions from majority Bondholder(s), declare the amounts outstanding to be due and payable forthwith and the security created under the security documents shall become enforceable, and the Trustees shall have the right to enforce any security created pursuant to the security documents towards repayment of the amounts outstanding and/or exercise such other rights as the Trustee may deem fit under the applicable laws.</p>
Cross Default	Not Applicable
Role and Responsibilities of Debenture Trustee	<p>The company has appointed IDBI Trusteeship Services Ltd.as Bonds Trustee. The trustees shall protect the interest of the bondholders in the event of default by POWERGRID in regard to timely payment of interest and repayment of principal and shall take necessary action at the cost of POWERGRID. No bondholder shall be entitled to proceed directly against POWERGRID unless the trustees, having become so</p>

	bound to proceed, fail to do so.
Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing Indian laws. Any dispute arising thereof will be subject to the jurisdiction of the court of Delhi.
Additional Covenants	<p><b>i. Default in Payment:</b> In case of default in payment of Interest and/or principal redemption on the due dates, additional interest of atleast @ 2% p.a. over the coupon rate shall be payable by the Company for the defaulting period</p> <p><b>ii. Delay in Listing</b> In case of delay in listing of the debt securities beyond 20 days from the deemed date of allotment, the Company shall pay penal interest of atleast @ 1% p.a. over the coupon rate from the expiry of 30 days from the deemed date of allotment till the listing of such debt securities to the investor</p> <p><b>iii. Bond Trust Deed</b> In case of delay in execution of Bond Trust cum Hypothecation Deed within three month of Deemed Date of Allotment of the Bonds, the Company will refund the subscription with penal/additional interest of 2% p.a. over the coupon rate till the execution of the Bond Trust cum Hypothecation Deed.</p>
Mode of Subscription	As per SEBI Circular dated January 05 <sup>th</sup> , 2018, August 16, 2018, as amended, provision under Companies Act, 2013 and operational guidelines of BSE
Date of passing of resolution in the board meeting, authorizing the offer of securities	10 <sup>th</sup> July, 2018
Date of passing of resolution in the general meeting, authorizing the offer of securities	18 <sup>th</sup> September, 2018
<p><b><u>Proposed time schedule for bidding:</u></b> Issue Timing</p> <p>1. Initial Opening: Electronic Bidding at EBP</p> <p>2. Closing: Electronic Bidding at EBP.</p> <p>3. Pay-in-Date.</p>	<p>06-Jan-2020 10:30 AM</p> <p>06-Jan-2020 11:30 AM</p> <p>08-January-2020 (as per BSE operating guidelines)</p>

4. Deemed date of allotment	08-January-2020 (subject of realization of cash as per BSE operating guidelines)
Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing Indian laws. Any dispute arising thereof will be subject to the jurisdiction of the court of Delhi.
Other terms and Conditions	<ul style="list-style-type: none"><li>• As per applicable SEBI Guidelines</li><li>• The Issuer reserves its sole and absolute right to modify (pre-pone/ postpone/ deferment/ cancel (scrap)) the proposed bond issue schedule without giving any reasons or prior notice.</li></ul>

Note:

- **Participants are requested to follow the provisions as contained in the SEBI circular no SEBI/HO/DDHS/CIR/P/2018/05 Dated 05<sup>th</sup> January, 2018, SEBI/HO/DDHS/CIR/P/2018/122 Dated August 16, 2018, The Companies Act, 2013 in respect of issuance of debt securities on private placement basis through an EBP Platform provided by stock exchange(s). Also to follow the Operational Guidelines as prescribed by Recognized Stock Exchanges.**

## **2.(II) OTHER PARTICULAR RELATED TO OFFER**

a) **MATERIAL EVENT, DEVELOPMENT OR CHANGE AT THE TIME OF ISSUE**

The POWERGRID hereby declares that there has been no material event, development or change at the time of issue which may affect the issue or the investor's decision to invest/continue to invest in the debt securities of the POWERGRID.

b) **PERMISSION/CONSENT FROM PRIOR CREDITORS**

The Company hereby confirms that it is entitled to raise money through current issue of Bonds without the consent/ permission/ approval from the Bondholders/Trustees/ Lenders/ other creditors of the Company. The Company has obtained/will obtain consent from the existing charge holders, whenever required, for creation of security for the Bonds on pari-passu basis. In future, the Trustees shall provide consent to create pari-passu charge subject to Company's complying with the requisite terms of the Bonds issued without making any reference to the Beneficial Owners.

c) **NAME OF THE RECOGNISED STOCK EXCHANGES WHERE SECURITIES ARE PROPOSED TO BE LISTED CLEARLY INDICATING THE DESIGNATED STOCK EXCHANGE**

The proposed securities are in the nature of Debentures are proposed to be listed in the Wholesale Debt Market segment of Bombay stock Exchange Ltd (“BSE”) and/or Debt Market Segment of the National Stock Exchange of India Limited (“NSE”).

The POWERGRID shall make an application to the BSE and/or NSE to list the Bonds to be issued and allotted under this Disclosure Document and complete all the formalities relating to listing of the Bonds immediately after the allotment date of the Bond Issue.

In connection with listing of Bonds with BSE and/or NSE, the POWERGRID hereby undertakes that:

- 1) It shall comply with conditions of listing of bonds as may be specified in the Listing Agreement with BSE and/or NSE;
- 2) Any revision in the rating shall be promptly disclosed by the POWERGRID to BSE and/or NSE. Any change in rating shall be promptly disseminated to the holder(s) of the Bonds in such manner as BSE and/or NSE may determine from time to time;

Ratings obtained by the POWERGRID are periodically reviewed by the credit rating agencies;

- 3) The Company, the Trustees and Stock Exchange(s) shall disseminate all information and reports on Bonds including compliance reports filed by the Company and the Trustees regarding the Bonds to the holder(s) of Bonds and the general public by placing them on their websites.
- 4) Trustees shall disclose the information to the holder(s) of the bonds and the general public by issuing a press release in any of the following events: -
  - I. Default by the POWERGRID to pay interest on Bonds or redemption amount;

II. Revision of rating assigned to the bonds. The information referred to in Para(2) above shall also be placed on the website of the Trustee, Company and stock exchanges.

d) **STATEMENT CONTAINING PARTICULARS OF THE DATES AND PARTIES TO ALL MATERIAL CONTRACTS & AGREEMENTS INVOLVING FINANCIAL OBLIGATIONS OF THE ISSUER**

By very nature and volume of its business, the Company is involved in a large number of transactions involving financial obligations and therefore it may not be possible to furnish details of all material contracts and agreements involving financial obligations of the Company. However, the contracts referred to in Para A below (not being contracts entered into in the ordinary course of the business carried on by the Company) which are or may be deemed to be material have been entered into by the Company. Copies of these contracts together with the copies of documents referred to in Para B may be inspected at the Corporate Office of the Company between 10.00 a.m. and 2.00 p.m. on any working day until the issue closing date.

**A. MATERIAL CONTRACTS**

- a. Letter of consent from M/s MCS Share Transfer Agent Limited Ref No. dated 12<sup>th</sup> December, 2019 for acting as Registrars to the Issue.
- b. Letter of consent from IDBI Trusteeship Services Limited Ref No. 10645/ITSL/DEB/CL/19-20/1070 dated 13<sup>th</sup> December, 2019 for acting as Trustee for and on behalf of the holder(s) of the bonds.
- c. Bond Trustee Agreement for the issue.

**B. DOCUMENTS**

1. Memorandum and Articles of Association of the POWERGRID as amended from time to time.
2. Board Resolution of the 355 Meeting dated 10th July, 2018 authorizing issue of bonds offered under terms of this Document.
3. Special Resolution approved by Shareholders dated 18<sup>th</sup> September, 2018 authorizing issue of bonds.
4. Letter of consent from Indian Overseas Bank Ref No. 0762/ADV/PGCIL/2019-20 Dated 13th December, 2019 for acting as Banker to the Issue.
5. Letter from CRISIL conveying the credit rating dated 18<sup>th</sup> December, 2019, for the Bonds of the POWERGRID and the rating rationale pertaining thereto.
6. Letter from ICRA conveying the credit rating dated 20<sup>th</sup> December, 2019 for the Bonds of the POWERGRID and the rating rationale pertaining thereto.
7. Letter from CARE conveying the credit rating dated 20<sup>th</sup> December, 2019 for the Bonds of the POWERGRID and the rating rationale pertaining thereto.

8. Tripartite Agreement in April 2016 between POWERGRID, NSDL and MCS Share Transfer Agent Limited.
9. Tripartite Agreement in April 2016 between POWERGRID, CDSL and MCS Share Transfer Agent Limited.

### **OTHER DETAILS**

#### **1. BOND REDEMPTION RESERVE (BRR/DRR)**

Transfer to BRR suitable amounts in accordance with relevant provisions of the Companies Act, 2013 or other guidelines issued from time to time and in force during the currency of the Bonds.

#### **2. UNDERTAKING REGARDING COMMON FORM OF TRANSFER**

The bonds shall be transferred subject to and in accordance with the rules/procedures as prescribed by the NSDL/CDSL/Depository Participants of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the POWERGRID.

The POWERGRID undertakes that it shall use a common form/procedure for transfer of Bonds issued under terms of this Disclosure Document.

#### **3. APPLICATION PROCESS**

Procedure for applications by Mutual Funds/FII

The applications forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of

- 1 SEBI registration certificate
- 2 Resolution authorizing investment and containing operating instructions.
- 3 Specimen Signature of authorized signatories

#### **e) DOCUMENTS TO BE PROVIDED BY INVESTORS**

Investors need to submit the following documentation, along with the application form, as applicable.

1. Memorandum and Articles of Association / Documents Governing Constitution.
2. Resolution authorizing investment
3. Certified True Copy of the Power of Attorney
4. Form 15 AA for investors seeking exemption from Tax deduction at source from interest on the application money.
5. Specimen signatures of the authorized signatories duly certified by an appropriate authority.
6. SEBI Registration Certificate (for Mutual Funds)/Recognition Certificate of Trust – Provident, Pension, Superannuation and Gratuity Fund
7. Permanent Account Number (PAN)
8. Bank / Demat Account Number

f) **SUBMISSION OF COMPLETED APPLICATION FORMS**

The application duly filled and affixed the stamp of investor may be deposited to Sr.GM (Finance) Resource Mobilization Section, 4th Floor, **POWERGRID CORPORATION OF INDIA LTD, Corporate office, “Saudamini”, Plot No.2, Sector 29, Gurgaon – 122001 (Haryana).**

g) **RIGHT TO ACCEPT / REJECT APPLICATIONS**

Application forms which are incomplete or which do not fulfill the Terms & Conditions indicated on the back of the application form are liable to be rejected.

Further Issuer reserves its full, unqualified and absolute right to accept or reject any application in part or in full without assigning any reason thereof.

h) **PAYMENT ON APPLICATION**

Investors are requested to note the procedure for Clearing and Settlement of successful bids on Electronic Bidding Platform as notified by respective stock exchange (s) and are done through Clearing Corporation.

i) **MINIMUM LOT SIZE**

The minimum lot size for trading of the Bonds on the BSE and/or NSE is proposed to be of Rs.10, 00,000.00 (Rupees Ten Lakh Only).

j) **MINIMUM SUBSCRIPTION:**

As the current issue of bonds is being made on private placement basis, the requirement of minimum subscription shall not be applicable and therefore, POWERGRID shall not be liable to refund the issue subscription(s)/proceed(s) in the event of total issue collection falling short of issue size or certain percentage of issue size.

l) **Denomination of Bonds**

Each Bond shall have a face value of Rs.10 Lakhs each.

Applicants should mention their Depository Participant's (DP) name, DP-ID and Client-ID (Beneficiary Account Number), clear and legible, in the appropriate place in the Application Form.

m) **DEPOSITORY ARRANGEMENT**

The Company has made depository arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for issue and holding of the Bonds in dematerialized form.

As per the provisions of Depositories Act, 1996, the Bonds issued by the Company can be held in a dematerialized form, i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode. In this context:

Two tripartite agreements have been signed

1. Tripartite Agreement in April 2016 between POWERGRID, NSDL and MCS Share Transfer Agent Limited
2. Tripartite Agreement in April 2016 between POWERGRID, CDSL and MCS Share Transfer Agent Limited

An applicant applying for Bonds must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the application.

The applicant must necessarily fill in the details (including the beneficiary account number and Depository Participant's ID) appearing in the Application form under the heading 'Request for Bonds in Electronic Form'.

Bonds allotted to an applicant will be credited directly to the applicant's respective beneficiary account(s) with the DP.

Names in the application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.

The address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The Applicant is therefore responsible for the correctness of his/her demographic details given in the application form vis-à-vis those with his/her DP.

If incomplete/incorrect beneficiary account details are provided in the application form which does not match with the details in the depository system, the allotment of Bonds shall be held in abeyance till such time satisfactory demat account details are provided by the applicant.

In case the information is incorrect or insufficient, the Issuer will not be liable for losses, if any.

#### **n) PAYMENT OF INTEREST**

Interest would be payable annually from the date of allotment every year till the final date of redemption. The interest payable to each bondholder shall be paid by way of RTGS (in the bank account appearing in the Demat account).

In the absence of complete Bank Details i.e. Bank Account No., IFSC/RTGS Code/NEFT Code etc, Interest warrants will be dispatched at the address appearing in the Demat account at sole risk of bond holders. Such payments shall be made to the Bondholders whose names appear in the Register of Bondholders on the record date and in case of joint holders to the one whose name appears first in the Register of Bondholders.

In the event of the Corporation not receiving any notice of transfer on the record date i.e. 15 days before the interest payment date, the transferee(s) for the Bond shall not have any claim against the Corporation in respect of amount so paid to the registered Bondholders.

Wherever the signature(s) of such transferor(s) in the intimation sent to the Corporation is/are not in accordance with the specimen signature(s) of such transferor(s) available on the records of the Corporation, all payments on such Bond(s) will be kept at abeyance by the Corporation till such time as the Corporation is satisfied in this regard.

No interest / interest on interest shall accrue on the Bonds after the date of maturity of the respective instruments.

#### **o) PAYMENT ON REDEMPTION**

The payment of the redemption amount of the Bonds will be made by the Company to the Registered Bond-holders recorded in the books of the Company and in the case of joint holders, to the one whose name appears first in the Register of Bondholders as on the record date. In the event of the Company not receiving any notice of transfer, before the record date, the transferee(s) for the Bond(s) shall not have any claim against the Company in respect to the amount so paid to the Registered Bondholders.

The Bonds held in the Dematerialized Form shall be taken as discharged on payment of the redemption amount by the Company on maturity to the registered Bondholders whose name appears in the Register of Bondholders on the record date. Such payment will be a legal discharge of the liability of the Company towards the Bondholders. On such payment being made, the Company will inform NSDL/ CDSL and accordingly the account of the Bondholders with NSDL/ CDSL will be adjusted.

The Company's liability to the Bondholders towards all their rights including for payment or otherwise shall cease and stand extinguished from the due dates of redemption in all events. Further the Company will not be liable to pay any interest or compensation from the dates of such redemption.

On the Company dispatching the amount as specified above in respect of the Bonds, the liability of the Company shall stand extinguished.

**p) EFFECT OF HOLIDAYS**

If the interest payment date falls on a holiday, the payment may be made on the following working day however the dates of the future coupon payment would be as per the schedule originally stipulated at the time of issuing the security in line with SEBI circular No CIR/IMD/DF-1/122/2016 dtd. November 11, 2016.

If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.

Refer illustration given below:

<b>POWERGRID BOND LXV ISSUE</b>						
<b>YEARLY LIABILITY ON POWERGRID BOND SERIES LXV (BOND 65TH ISSUE) (UNSECURED, NON-CONVERTIBLE, NON-CUMULATIVE, REDEEMABLE, TAXABLE BONDS IN THE NATURE OF DEBENTURE) OF (FACE VALUE OF ₹10 LAKHS PER BOND)</b>						
Interest payment : Annually at 6.35% p.a. on 08 January each year, first Coupon on 08-01-2021						
Principal Payment: Bonds are redeemable at par, at the end of 03 Years, 03 Months and 08 Days from the date of allotment.						
<b>CASH FLOW</b>	<b>DUE DATE</b> ★	<b>Day Count (Actual/Actual)</b>	<b>No. of days in Coupon Period</b>	<b>INTEREST AMOUNT</b>	<b>PRINCIPAL</b>	<b>TOTAL</b>
1st Coupon	Friday, 8 January 2021	366/366	366	127000000		127000000
2nd Coupon	Monday, 10 January 2022	365/365	365	127000000		127000000
3rd Coupon	Monday, 9 January 2023	365/365	365	127000000		127000000
4th Coupon	Friday, 14 April 2023	96/365	365	33402740		33402740
Principal Redemption of ISIN	Friday, 14 April 2023				2000000000	2000000000
<b>TOTAL</b>				<b>414402740</b>	<b>2000000000</b>	<b>2414402740</b>
★ If the interest payment date falls on a holiday, the payment will be made on the following working day, in line with provisions contained in SEBI Circular CIR/IMD/DF-1/122/2016 dated November 11, 2016. If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.						

**Investor should note that this example is solely for illustrative purposes**

**q) TAX DEDUCTION AT SOURCE**

Tax applicable under the Income-Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source. Tax exemption certificate/ document, under section 193/194LD/195/196D/197/197A of the Income Tax Act, 1961, if any must be lodged

in duplicate at the office of the Issuer, at least 15 days prior to the interest payment date. In case of tax deducted at source, the Company will issue the TDS certificate to the investors.

#### **r) LOSS OF INTEREST WARRANTS**

Loss of interest warrants should be intimated to POWERGRID. The issue of duplicate interest warrants would be governed by such conditions as may be prescribed by POWERGRID.

#### **Purchase and Sale of Bonds (If Applicable)**

The Corporation may, at any time and from time to time, purchase Bonds at the price available in the Capital Market in accordance with the applicable laws. Such Bonds may, at the option of the Corporation, be canceled, held or reissued at such a price and on such terms and conditions as the Corporation may deem fit and as permitted by law.

#### **RE-ISSUE OF BONDS (If Applicable)**

Where the Corporation has redeemed any such Bonds, subject to the provisions of the Companies Act and other applicable provisions, the Corporation shall have and shall be deemed always to have had the right to keep such Bonds alive for the purpose of reissue and in exercising such right, the Corporation shall have and shall be deemed always to have had the power to re-issue such Bonds either by re-issuing the same Bonds or by issuing other Bonds in their place.

#### **s) TRANSFER OF BONDS**

All requests for registration of transfer, transmission, etc. along with appropriate documents should be sent to RTA – M/s MCS share Transfer Agent Limited, F-65, Okhla Industrial Area, Phase-I, New Delhi - 110 020 or such other persons at such addresses as may be notified by the Company from time to time.

#### **MODE OF TRANSFER**

The Company is a Government Company and the bonds will be transferable in accordance with the prevailing Provisions of the Companies Act.

Bonds held in Electronic (Dematerialized) form shall be transferred subject to and in accordance with the rules/procedures as prescribed by the Depository/ Depository Participant of the transferor/transferee and any other applicable laws and rules notified in respect thereof.

#### **SUCCESSION**

In the event of demise of the sole/first holder of the Bond, the Corporation will recognize the Executor or Administrator of the deceased Bondholder, or a holder of Succession Certificate or other legal representative as having title to the Bonds. The Corporation shall not be bound to recognize such executor, administrator or holder, unless such executor or administrator obtains probate or letter of administration or such holder is the holder of a succession certificate or other legal representation, as the case may be, from a duly constituted Court in India. The Board of Directors, if in their absolute discretion think fit, may dispense with production of probate or letter of administration, in order to recognize such holder as being entitled to the Bonds standing in the name of the deceased Bondholder.

t) **SECURITY**

The Bonds will be unsecured.

u) **SERVICING BEHAVIOR ON EXISTING DEBENTURES**

POWERGRID confirms that it has been regular in servicing all its past bonds.

v) **RIGHTS OF BONDHOLDERS**

The Bondholders will not be entitled to any rights and privileges of shareholders other than those available to them under statutory requirements. The Bonds shall not confer upon the holders the right to receive notice, or to attend and vote at the general meetings of the Corporation. The Bonds shall be subjected to other usual terms and conditions, as per the Memorandum and Articles of Association of the Corporation.

**MODIFICATION OF RIGHTS**

The rights, privileges, terms and conditions attached to the Bonds may be varied, modified or abrogated with the consent, in writing, of those holders of the Bonds who hold at least three fourth of the outstanding amount of the Bonds or with the sanction accorded pursuant to a special resolution passed at a meeting of the Bondholders, provided that nothing in such consent or resolution which modifies or varies the terms and conditions of the Bonds shall be operative against the Corporation, if the same are not accepted by the Corporation.

w) **FUTURE BORROWINGS**

The Corporation shall be entitled from time to time to make further issue of Bonds to the public, members of the Corporation and /or any other person(s) and to raise further loans, advances or such other facilities from Banks, Financial Institutions and / or any other person(s) on the security or otherwise of its assets without any further approval from the Bondholders.

x) **BONDHOLDER IS NOT A SHAREHOLDER:**

The Bondholders will not be entitled to any of the rights and privileges available to the Equity Shareholders.

y) **TRUSTEES FOR THE BONDHOLDERS**

The Company has appointed IDBI Trusteeship Services Limited to act as Trustees for the Bondholders (“Trustees”). The consent letter of the trustee is enclosed in the Appendix, for reference. The Company and the Trustees has entered into a Trustee Agreement. The Bondholder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustees or any of their agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Trustees may in their absolute discretion deem necessary or require to be done in the interest of the Bondholder(s). Any payment made by the Company to the Trustees on behalf of the Bondholder(s) shall discharge the Company pro tanto to the Bondholder(s).

The Trustees will protect the interest of the Bondholders in the event of default by the Company in regard to timely payment of interest and repayment of principal and they will take necessary action at the cost of the Company.

**z) UNDERTAKING BY THE ISSUER**

The Issuer Company undertakes that:

- i. the complaints received in respect of the Issue shall be attended to by the issuer company expeditiously and satisfactorily;
- ii. that all the steps for completion of the necessary formalities for listing and commencement of trading at Stock Exchange where the securities are to be listed shall be taken immediately after finalization of basis of allotment
- iii. Necessary co-operation to the credit rating agency (ies) shall be extended in providing true and adequate information till the debt obligations in respect of the instrument are outstanding.
- iv. That the company shall disclose the complete name and address of the debenture trustee in the annual report.
- v. That the company shall furnish a confirmation certificate to the debenture trustee (on yearly basis) that the security created by the company in favour of the Bond holders is properly maintained and is adequate enough to meet the payment obligations towards the Bond holders in the event of default

**aa) PURPOSE OF THE ISSUE**

Fund will be used to part finance the Capital expenditure, providing Inter-Corporate loans to wholly owned subsidiaries and for general corporate purpose.

## DEBT EQUITY RATIO PRIOR TO AND AFTER ISSUE OF DEBT SECURITIES (Standalone Basis)

(Rs. in Crore)

<b>Particular</b>	<b><u>Pre – Issue</u> As at 31.03.2019 (As per Ind AS)</b>	<b><u>Post Issue #</u></b>
<b>Debt</b>		
Short Term Debt	4300.00	3700.00
Long Term Debt	141786.36	144865.55
<b>Total Debt</b>	<b>146086.36</b>	<b>148565.55</b>
<b>Shareholder’s funds</b>		5231.59
Share Capital	5231.59	57142.99
Free Reserves	53785.55	<b>62374.58</b>
<b>Total Shareholder’s funds</b>	<b>59017.14</b>	
Long Term Debt/Shareholders Fund (Times)	<b>2.40</b>	<b>2.32</b>

# The impact of accretion to Shareholder’s Fund and impact of fair valuation after 30.09.2019 has not been considered. Figures are provisional and subject to Quarterly limited review by Auditors.

## ARRANGERS TO THE ISSUE

1. Axis Bank Limited